Twist Ties from China

Investigation Nos. 701-TA-649 and 731-TA-1523 (Preliminary)

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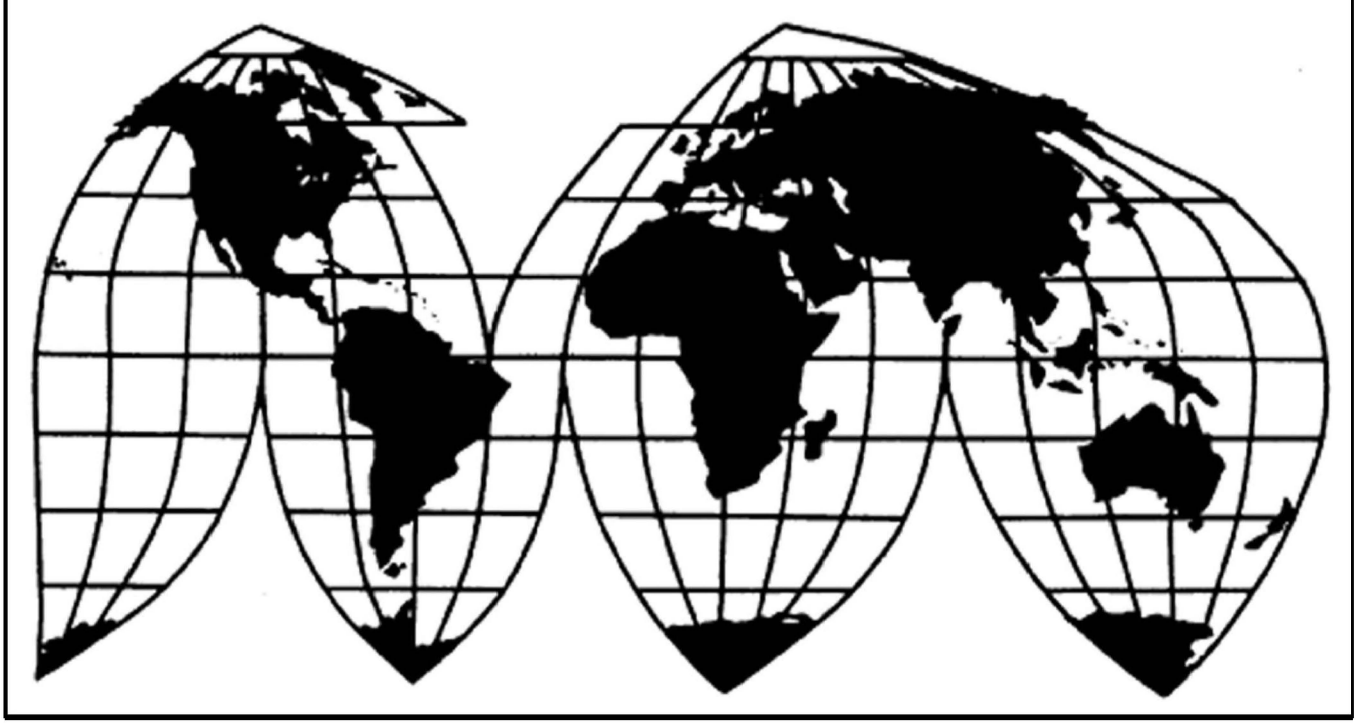
U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-649 and 731-TA-1523 (Preliminary)

Twist Ties from China

DETERMINATIONS

On the basis of the record[1] 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 twist ties from China, provided for in statistical reporting numbers 8309.90.0000 and 5609.00.3000 of the Harmonized Tariff Schedule of the United States that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the government of China.[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 § 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 §§ 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 §§ 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

[1] The record is defined in § 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

[2] Subject merchandise may also enter under HTSUS statistical reporting numbers 3920.51.5000, 3923.90.0080, 3926.90.9990, 4811.59.6000, 4821.10.2000, 4821.10.4000, 4821.90.2000, 4821.90.4000, and 4823.90.8600. Twist Ties From the People's Republic of China: Initiation of Less-Than-Fair Value Investigation 85 FR 45161, (July 27, 2020); and Twist Ties From the People's Republic of China: Initiation of Countervailing Duty Investigation 85 FR 45188, (July 27, 2020).

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 June 26, 2020, Bedford Industries Inc., Worthington, Minnesota filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of twist ties from China and LTFV imports of twist ties from China. Accordingly, effective June 26, the Commission instituted countervailing duty investigation No. 701-TA-649 and antidumping duty investigation No. 731-TA-1523 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference through written submissions 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 July 2, 2020 (85 FR 39933). In light of the restrictions on access to the Commission building due to the COVID-19 pandemic, the Commission conducted its conference through written questions, submissions of opening remarks and written testimony, written responses to questions, and postconference briefs. All persons who requested the opportunity were permitted to participate.

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 twist ties from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.

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

Bedford Industries, Inc. ("Bedford" or "Petitioner"), a U.S. producer of twist ties, filed the petitions in these investigations on June 26, 2020. Counsel and a representative for

[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 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).

Petitioner submitted written testimony and a postconference brief.[3] [4] No respondent entities were parties to these investigations or filed written submissions.[5]

U.S. industry data in the Commission's report are based on the questionnaire responses of two firms – Bedford and T and T Industries, Inc. ("T&T Industries") – accounting for the vast majority of U.S. production of twist ties in 2019.[6] Subject import volume is based on the quantity of exports reported in the questionnaire response of one foreign producer in China, Zhenjiang Hongda Commodity Co., Ltd. ("Hongda"), and subject import value is based on the quantity of Hongda's exports and the combined average unit values ("AUVs") reported in useable questionnaire responses from nine U.S. importers, who represented an estimated 21.1 percent of U.S. imports from China in 2019.[7] All other U.S. import data are based on

[3] *See* Opening Statement of Roy Goldberg, Esq. and Testimony of Jay Milbrandt, President, Bedford Industries, Inc. (July 15, 2020) ("Bedford's Written Testimony"), EDIS Doc. #714712; Preliminary Investigation Brief of Petitioner Bedford Industries, Inc. (July 22, 2020) ("Bedford's Postconference Brief"), EDIS Doc. #715378.

[4] In light of the restrictions on access to the Commission building due to the COVID-19 pandemic, the Commission conducted its conference in these investigations through opening remarks, written questions and responses, and submissions of written testimony, as well as post-conference briefs as set forth in procedures provided to the parties.

[5] Counsel for U.S. importers Saveway Supplies Inc. ("Saveway") and Schermerhorn Bros., Inc. ("Schermerhorn") filed an entry of appearance on July 9, 2020, which was later withdrawn on July 15, 2020, prior to the Commission's conference. *See* Letter from Lizbeth R. Levinson, Esq. to Hon. Lisa R. Barton, re: Entry of Appearance (July 9, 2020), EDIS Doc. #714286; Letter from Lizbeth R. Levinson, Esq. to Hon. Lisa R. Barton, re: Withdrawal of Entry of Appearance (July 15, 2020), EDIS Doc. #714740. Both *** and *** submitted responses to the Commission's U.S. importer's questionnaire.

[6] Confidential Report, INV-SS-087 (Aug. 3, 2020) (as revised by memorandum, INV-SS-088 (Aug. 5, 2020)) (CR) and Public Report (PR) at III-1.

[7] CR/PR at IV-1. We estimate the import coverage of importer questionnaire responses by comparing the total value of imports as reported in importer questionnaire responses, $***, with Petitioner's estimated value of imports in 2019, $***. *See* CR/PR at IV-1 n.3, Table E-1; Bedford's Postconference Brief at Exhibit 3, Exhibit GEN-S5.

As discussed further below, we are unable to use official import statistics as a source for import volume or value because twist ties are classified under HTS statistical reporting numbers that are basket categories that include out-of-scope merchandise. Instead, we relied on Hongda's export quantities and the combined AUVs from importer questionnaire responses to estimate import volume and value. *See* CR at IV-2 n.4.

questionnaire responses from the nine responding U.S. importers. Foreign industry data and related information is based on the questionnaire response of Hongda, which estimates that it accounts for *** percent of all twist tie production in China and approximately *** percent of overall twist tie exports to the United States from China in 2019.[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]

By statute, the Commission's "domestic like product" analysis begins with the "article subject to an investigation," *i.e.*, the subject merchandise as determined by Commerce.[12] Therefore, Commerce's determination as to the scope of the imported merchandise that is

[8] CR/PR at VII-3.

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(10).

[12] 19 U.S.C. § 1677(10). 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. *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).

subsidized and/or sold at less than fair value is "necessarily the starting point of the Commission's like product analysis."[13] The Commission then defines the domestic like product in light of the imported articles Commerce has identified.[14] 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.[15] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[16] The Commission looks for clear dividing lines among possible like products and disregards minor

[13] *Cleo Inc. v. United States*, 501 F.3d 1291, 1298 (Fed. Cir. 2007); *see also Hitachi Metals, Ltd. v. United States*, Case No. 19-1289, slip op. at 8-9 (Fed. Cir. Feb. 7, 2020) (the statute requires the Commission to start with Commerce's subject merchandise in reaching its own like product determination).

[14] *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *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); *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).

[15] *See*, *e.g.*, *Cleo*, 501 F.3d at 1299; *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; (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).

[16] *See*, *e.g.*, S. Rep. No. 96-249 at 90–91 (1979).

variations.[17] The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[18]

A. Scope Definition

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

> *…twist ties, which are thin, bendable ties for closing containers, such as bags, bundle items, or identifying objects. A twist tie in most circumstances is comprised of one or more metal wires encased in a covering material, which allows the tie to retain its shape and bind against itself. However, it is possible to make a twist tie with plastic and no metal wires. The metal wire that is generally used in a twist tie is stainless or galvanized steel and typically measures between the gauges of 19 (.0410" diameter) and 31 (.0132") (American Standard Wire Gauge). A twist tie usually has a width between .075" and 1" in the cross-machine direction (width of the tie – measurement perpendicular with the wire); a thickness between .015" and .045" over the wire; and a thickness between .002" and .020" in areas without wire. The scope includes an all-plastic twist tie containing a plastic core as well as a plastic covering (the wing) over the core, just like paper and/or plastic in a metal tie. An all-plastic twist tie (without metal wire) would be of the same measurements as a twist tie containing one or more metal wires. Twist ties are commonly available individually in pre-cut lengths ("singles"), wound in large spools to be cut later by machine or hand, or in perforated sheets of spooled or single twist ties that are later slit by machine or by hand ("gangs").*
>
> *The covering material of a twist tie may be paper (metallic or plain), or plastic, and can be dyed in a variety of colors with or without printing. A twist tie may have the same covering material on both sides or one side of paper and one side of plastic. When comprised of two sides of paper, the paper material is bound*

[17] *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.").

[18] *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).

together with an adhesive or plastic. A twist tie may also have a tag or label attached to it or a pre-applied adhesive attached to it.[19]

Twist ties are thin, bendable fasteners used in a variety of applications and industries, including for closing containers, such as plastic food bags, bread bags, dry cleaning bags, and garbage bags.[20] Twist ties are also used for coiling, bundling, or labeling products such as vegetables or other produce, garden supplies, and electrical cables.[21] Different sizes and strengths are used for different applications, from a small closure for a bag of bread to a large, heavy tie to hold unwieldy garden hoses in place.[22] Twist ties are also used as nose wires in facemasks.[23]

B. Analysis

Based on the record, we define a single domestic like product coextensive with the scope.[24]

[19] Twist ties are imported into the United States under Harmonized Tariff Schedule of the United States ("HTSUS") statistical reporting numbers 8309.90.0000 and 5609.00.3000. Subject merchandise may also enter under HTSUS statistical reporting numbers 3920.51.5000, 3923.90.0080, 3926.90.9990 (modified as of July 1, 2020; in-scope merchandise likely in 3926.90.9985), 4811.59.6000, 4821.10.2000, 4821.10.4000, 4821.90.2000, 4821.90.4000, and 4823.90.8600 (subdivided as of July 1, 2020; in-scope merchandise likely in 4823.90.8680). These HTSUS subheadings are provided for reference only. The written description of the scope of the investigation is dispositive. *See Twist Ties from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 85 Fed. Reg. 45161, 45165 (July 27, 2020); *Twist Ties from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 85 Fed. Reg. 45188, 45191 (July 27, 2020). These and other HTS numbers under which twist ties are imported are listed in Appendix D of the Commission's report, along with their tariff treatment as of July 1, 2020.

[20] CR/PR at I-8.

[21] CR/PR at I-8.

[22] CR/PR at I-8.

[23] CR/PR at II-5.

[24] Petitioner requests that the Commission define a single domestic like product, coextensive with the scope of these investigations. Bedford's Postconference Brief at 9.

Physical Characteristics and Uses. Twist ties are generally composed of one or more metal wires encased in a covering material, usually plastic or paper, which allows the twist tie to retain its shape and bind against itself.[25] Twist ties can also be made solely of plastic with a plastic core and with no metal wires.[26] A twist tie usually has a width between 0.075'' and 1'' and a thickness between 0.015'' and 0.045'' over the wire and 0.002'' and 0.020'' in areas without the wire.[27] Twist ties are commonly available individually in pre-cut lengths ("cut ties"), wound in large spools to be cut later by a machine or hand ("spooled ties"), or in perforated sheets of spooled or single twist ties that are later slit by machine or hand ("gang ties").[28] A twist tie may also have a bib, label, or preapplied adhesive attached to it.[29] Petitioner argues that all twist ties manufactured in the United States share the same physical characteristics, in that they generally consist of one or more metal wires encased by paper or plastic.[30] Petitioner also contends that twist ties all have the same end use, which is to close and fasten commercial, agricultural, or industrial products.[31]

Manufacturing Facilities, Production Processes, and Employees. Twist ties are generally manufactured in two steps.[32] The first step is a process that brings together wire, melted plastic, and printed or non-printed paper into a "web" with multiple wires and paper or plastic,

[25] CR/PR at I-8.

[26] CR/PR at I-8. Metal-free twist ties are used in certain applications such as those that might involve microwaving or going through metal detectors. *Id.* at n.27.

[27] CR/PR at I-9.

[28] CR/PR at I-9.

[29] CR/PR at I-8. Petitioner manufactures and sells a wide range of twist tie products, including cut ties, spooled ties, gang ties, and bib ties. *See* Petition at 4-5.

[30] Bedford's Postconference Brief at 10.

[31] Bedford's Postconference Brief at 10.

[32] CR/PR at I-11.

which can be spooled ***.[33] The equipment required for the first step is ***.[34] The second step is a finishing step where the master roll is converted into twist ties, such as cut ties, gang ties, or spooled ties.[35] A separate machine cuts the master roll into separate ties, perforates attached sheets of twist ties, or spools up individual strands.[36] A bib tie or label tie requires an additional processing step of printing the customer's specific labelling on the bib or label before attaching it to the finished twist tie.[37]

Petitioner argues that twist ties manufactured in the United States are all manufactured using similar types of machines, processes, and employee involvement.[38] It claims that it uses the same equipment to produce the full range of twist ties that it manufactures.[39] According to Petitioner, all of its manufacturing lines are capable of running all of its products, with only a few minor tooling changes required to make the change between products.[40] The tooling is built to be interchangeable across lines and, ***.[41]

Channels of Distribution. U.S. producers sold mainly *** during the January 1, 2017 – March 31, 2020 period of investigation ("POI").[42] Petitioner states that domestically manufactured twist ties are all sold in the same or similar channels of distribution in the United

[33] CR/PR at I-11.
[34] CR/PR at I-11.
[35] CR/PR at I-11.
[36] CR/PR at I-11 to I-12.
[37] CR/PR at I-12.
[38] Bedford's Postconference Brief at 11.
[39] Bedford's Postconference Brief at 11.
[40] Bedford's Postconference Brief at Exhibit 1, p. 6.
[41] Bedford's Postconference Brief at Exhibit 1, p. 6.
[42] CR/PR at Table II-2. U.S. producers' shipments to distributors ranged from *** percent to *** percent of total U.S. shipments, to end users ranged from *** percent to *** percent, and to retailers ranged from *** percent to *** percent throughout the POI. *Id.*

States.[43] It claims to sell twist ties to both wholesalers and retailers, and does so for the full range of twist ties that it manufactures.[44]

Interchangeability. The evidence indicates that twist ties are generally interchangeable. Petitioner contends that twist ties manufactured in the United States are interchangeable as, for example, one could use a garbage bag twist tie to close a dry cleaning bag or a produce twist tie to close a garbage bag.[45]

Producer and Customer Perceptions. The evidence indicates that consumer perceptions can vary based on the materials used and function of the twist tie. For instance, paper twist ties allow for printing, which is essential for produce ties, while plastic or metallic paper twist ties withstand water better than uncoated paper versions.[46]

Price. There is a range of prices for twist ties, depending on the type and the size of the twist tie.[47] Petitioner argues that twist ties from the United States are priced like the commodity products that they are, where there is a range of prices depending on how much

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[43] Bedford's Postconference Brief at 10.

[44] Bedford's Postconference Brief at 10.

[45] Bedford's Postconference Brief at 10. Most U.S. producers and importers reported that U.S. and Chinese, U.S. and nonsubject, and Chinese and nonsubject twist ties are always or frequently interchangeable. CR/PR at Table II-8.

[46] CR/PR at I-9.

[47] CR/PR at Table V-8. Per-unit prices for Products 1 and 2, which are cut tie products, ranged from $*** per 1,000 twist ties to $*** per 1,000 twist ties. *Id.* In comparison, per-unit prices for Products 3 and 4, which are produce tie products, ranged from $*** per 1,000 twist ties to $*** per 1,000 twist ties. *Id.*

Per-unit prices for Product 1, which is a 4'' cut tie, ranged from $*** per 1,000 twist ties to $*** per 1,000 twist ties. *Id*. In comparison, per-unit prices for Product 2, which is a 7'' cut tie with all other specifications the same as Product 1, ranged from $*** per 1,000 twist ties to $*** per 1,000 twist ties. *Id.*

Per-unit prices for Product 3, which is an 8'' produce tie, ranged from $*** per 1,000 twist ties to $*** per 1,000 twist ties. *Id*. In comparison, per-unit prices for pricing product 4, which is a 10'' produce tie with all other specifications the same as Product 3, ranged from $*** per 1,000 twist ties to $*** per 1,000 twist ties. *Id.*

metal is used and whether the tie is larger or whether there is printing involved, but there are no dramatic differences in pricing for the range of twist ties that it produces.[48]

Conclusion. Based on the record in the preliminary phase of these investigations, we define a single domestic like product that is coextensive with the scope of these investigations. All twist tie products share similar physical characteristics and end uses, are manufactured in the United States using similar types of machines and manufacturing processes, are generally interchangeable, and share similar channels of distribution. While consumers perceive some differences in twist tie products and there are a range of prices based on the materials used, function, and size of the product, there do not appear to be clear dividing lines between any of the domestically produced twist tie products. Therefore, we define a single domestic like product coextensive with the scope of these investigations, consisting of all domestically produced twist tie products.[49]

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."[50] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all

[48] Bedford's Postconference Brief at 11-12.

[49] In any final phase of these investigations, if any party intends to argue that the Commission should adopt an alternative domestic like product definition(s), it should provide specific information in its comments on the Commission's draft questionnaires to allow the Commission to seek appropriate information and data for its analysis. *See* 19 C.F.R. § 207.63(b).

[50] 19 U.S.C. § 1677(4)(A).

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.[51] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[52]

The record in this preliminary phase indicates that there are two domestic producers of twist ties accounting for the vast majority of U.S. production of twist ties: Bedford and T&T Industries.[53] Domestic producer *** is subject to possible exclusion from the domestic industry

[51] *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).

[52] 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. U.S. Int'l Trade Comm'n*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); *see also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[53] CR/PR at III-1. The petition lists two additional U.S. producers of twist ties, Hanscom, Inc. ("Hanscom") and Package Containers, Inc. ("PCI"). Petition at Exhibit 5. The Commission forwarded a domestic producer questionnaire to PCI, but did not receive any response. *See* CR at III-1. Petitioner indicated that it reached out to *** several times in the past twelve months, but was not able to ascertain the status of *** production operations in the United States. Bedford's Postconference Brief at Exhibit 3, p. 8. It estimates that, if *** remains in business, *** U.S. market share is less than one

under the related party provision in the preliminary phase of these investigations because it imported subject merchandise during the January 1, 2017 – March 31, 2020 POI.[54] *** accounted for *** to *** percent of total domestic production throughout the POI.[55] It imported *** twist ties from China in 2017 (the equivalent of *** percent of its domestic production), *** twist ties from China in 2018 (the equivalent of *** percent of its domestic production), and *** twist ties from China in 2019 (the equivalent of *** percent of its domestic production).[56] *** stated that it imported twist ties because ***.[57] *** operating income to net sales ratio, at *** percent in 2019, was lower than the industry average of *** percent.[58]

Given that *** domestic production far exceeded its volume of subject imports throughout the POI, and its volume of subject imports declined during the POI, the data indicate that *** principal interest lies in domestic production rather than importation. There is no indication that its domestic production operations benefitted from its limited quantity of imports of subject merchandise. Accordingly, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

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percent. *Id.* Petitioner believes that *** manufactured twist ties in the United States several years ago, and that *** resells bags imported from China. *Id.* It believes that *** has about $*** in annual revenues and that twist ties account for approximately 25 percent of its business. *Id.* Petitioner estimates that *** U.S. market share is about five percent or less. *Id.*

[54] CR/PR at III-6. Petitioner requests that the Commission define a single domestic industry consisting of all domestic producers of twist ties. Bedford's Postconference Brief at 12.

[55] CR/PR at Table III-3.

[56] CR/PR at Table III-7. *** did not report importing any twist ties during January 1, 2019 – March 31, 2019 ("interim 2019") and January 1, 2020 – March 31, 2020 ("interim 2020"). *Id.*

[57] *See* CR/PR at Table III-7.

[58] CR/PR at Table VI-3.

We consequently define the domestic industry to include all domestic producers of twist ties within the scope definition. On the current record, this encompasses Bedford and T&T Industries.

V. Negligible Imports

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.[59]

Based on data submitted in response to the Commission's U.S. importer's questionnaire, subject imports from China accounted for *** percent of total U.S. imports of twist ties in the 12-month period (June 1, 2019 – May 31, 2020) preceding the filing of the petitions.[60] Thus, we find that subject imports from China are not negligible.

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

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

[59] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

[60] CR/PR at Table IV-3. Only one U.S. importer, ***, reported importing twist ties from a source other than China during the 12-month period preceding the filing of the petitions; it reported importing *** twist ties from ***. *** U.S. Importer's Questionnaire Response at II-3b, II-6a. Petitioner contends that there is no other country that exports twist ties to the United States with any volume approaching that of China. Bedford's Postconference Brief at Exhibit 1, p. 14. It claims that there is a small volume exported from the Netherlands and possibly from Mexico, but it has not identified any imports of twist ties from Mexico. *Id.*

investigation.[61] 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 operations.[62] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[63] 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.[64] 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."[65]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[66] 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.[67] 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

[61] 19 U.S.C. §§ 1671b(a), 1673b(a).

[62] 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 ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[63] 19 U.S.C. § 1677(7)(A).

[64] 19 U.S.C. § 1677(7)(C)(iii).

[65] 19 U.S.C. § 1677(7)(C)(iii).

[66] 19 U.S.C. §§ 1671b(a), 1673b(a).

[67] *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).

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.[68]

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 injury threshold.[69] In performing its examination, however, the Commission need not isolate

[68] The Federal Circuit, in addressing the causation standard of the statute, 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. U.S. Int'l Trade Comm'n*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where 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. U.S. Int'l Trade Comm'n*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[69] SAA at 851-52 ("{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,

the injury caused by other factors from injury caused by unfairly traded imports.[70] 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.[71] It is clear that the existence of injury caused by other factors does not compel a negative determination.[72]

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."[73] The Commission ensures that it has "evidence in the record" to "show that the

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developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[70] 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.").

[71] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[72] *See Nippon Steel Corp*., 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.").

[73] *Mittal Steel*, 542 F.3d at 876 & 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

harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports."[74] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[75]

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.[76] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[77]

B. Data Issues

There are a number of data issues in the preliminary phase of these investigations, including the appropriate method to ascertain the most accurate import data[78] and the appropriate unit of measure for collecting data on twist ties (*e.g.*, weight (pounds), length (feet), or units (twist ties)).

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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 comporting with the Court's guidance in *Mittal*.

[74] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

[75] *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.").

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

[77] *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.").

[78] CR/PR at IV-2 n.4.

Petitioner reported that twist tie imports entered under numerous Harmonized Tariff Schedule ("HTS") statistical reporting numbers, but that the "primary" HTS numbers were 8309.90.0000 and 5609.00.3000.[79] However, both of these HTS numbers are basket categories that appear to include significant quantities of out-of-scope merchandise; import volume as reported by importer questionnaire responses was equivalent to approximately 1.2 percent of total imports under those two HTS numbers.[80] Thus, we do not rely on official import statistics to measure imports of twist ties.

Petitioner provided estimates of the total U.S. market by value as $*** in 2017, $*** in 2018, and $*** in 2019, with the value of subject imports estimated at $*** in 2017, $*** in 2018, and $*** in 2019.[81] The Commission received questionnaire responses from most of the importers identified in the petition.[82] Importer questionnaire responses placed subject import volume at *** twist ties in 2017, *** twist ties in 2018, and *** twist ties in 2019, with subject import values at $*** in 2017, $*** in 2018, and $*** in 2019.[83] Thus, the overall subject import values obtained from importer questionnaire responses are *** than Petitioner's estimates.[84]

[79] *See* Petition at 11-12; Bedford's Postconference Brief at 28.

[80] *See* Questionnaire Importer Coverage 2019 Worksheet, EDIS Doc. #715973.

[81] Bedford's Postconference Brief at Exhibit 3, Exhibit GEN-S5; *see also* Petition at 7-8, Exhibit 13 (estimates based on ***).

[82] *Compare* Petition at Exhibit 7 *with* CR/PR at Table IV-1.

[83] CR/PR at Table E-1.

[84] *Compare* CR/PR at Table E-1 *with* Petitioner's subject import value estimates described above. Specifically, whereas the importer questionnaire responses placed subject import values at $*** in 2017, $*** in 2018, and $*** in 2019, Petitioner estimates subject import value at $*** in 2017, $*** in 2018, and $*** in 2019. Petitioner's Postconference Brief at Exhibit 3, Exhibit GEN-S5.

The record includes only one foreign producer questionnaire response, from Hongda; this foreign producer was cited several times in the petition.[85] Hongda estimates that it accounted for approximately *** percent of all twist tie exports to the United States from China and approximately *** percent of overall production of twist ties in China in 2019.[86] Hongda reported in its foreign producer questionnaire response that its subject exports from China to the United States were *** twist ties in 2017, *** twist ties in 2018, and *** ties in 2019; thus, its reported exports each year were *** the number of twist ties reported by responding importers.[87]

Due to the limitations of the available data sources, we constructed the value of subject imports by applying the AUVs from the importer questionnaire responses to Hongda's export quantities, and combined this with total U.S. shipments by value reported by domestic producers to calculate estimated apparent U.S. consumption by value for each full year of the POI. This methodology resulted in apparent U.S. consumption (by value) data very close to the total U.S. market value estimates of Petitioner.[88] In light of the foregoing, for the purposes of these preliminary determinations, we use Hongda's export quantities and the AUVs from importer questionnaire responses to estimate subject import volume and value as the best information available on this record. In any final phase of these investigations, we intend to further examine the best methodology for measuring import volumes and value. As part of

[85] *See* Petition at 14, 17, 29, and Exhibit 10.

[86] CR/PR at VII-3.

[87] *Compare* Hongda's Foreign Producers' Questionnaire Response at II-8 *with* importer questionnaire responses' subject import volume described above. Hongda's foreign producer questionnaire response did not include values for its reported exports.

[88] *Compare* CR/PR at Table IV-5 (apparent U.S. consumption by value of $*** million in 2017, $*** in 2018, $*** in 2019) *with* Petitioner's total U.S. market estimates described above.

that effort, we invite parties, in their comments on the draft questionnaires, to offer any suggestions to improve import coverage, including identifying any importers or foreign exporters of twist ties missing from the data collection in the preliminary phase of these investigations.

Additionally, for purposes of these preliminary determinations, we used units (twist ties) as our unit of measure for quantity. However, for any final phase of these investigations, we intend to further consider the appropriate unit of measure for collecting data on twist ties (*e.g.*, weight (pounds), length (feet), or units (twist ties)). We also invite parties, in their comments on the Commission's draft questionnaires for any final phase of these investigations, to provide comments on the most appropriate unit of measure.

C. 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

U.S. demand for twist ties depends on the demand for products that use twist ties in their packaging or downstream products.[89] Reported end uses include packaging ties for bundles of produce and bakery items, bundling ties for computer and TV cords, closing ties for dry cleaning and garbage bags, and nose wires for facemasks.[90] Twist ties account for a small share of the cost of the end-use products in which they are used.[91]

[89] CR/PR at II-5.

[90] CR/PR at II-5.

[91] CR/PR at II-5. For end uses such as packaging for products and produce, cost shares ranged from 1 to 6 percent of total cost. *Id.*

Most market participants reported no change in U.S. demand for twist ties since January 1, 2017.[92] Apparent U.S. consumption of twist ties decreased from *** twist ties in 2017 to *** twist ties in 2018 and to *** twist ties in 2019.[93]

2. Supply Conditions

During the POI, the domestic industry was the largest source of supply in the U.S. market. Its share of apparent U.S. consumption was *** percent in 2017, *** percent in 2018, and *** percent in 2019.[94]

Subject imports were the second largest source of supply in the U.S. market. Subject imports' share of apparent U.S. consumption was *** percent in 2017, *** percent in 2018, and *** percent in 2019.[95]

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[92] CR/PR at Table II-5. Petitioner claims that there was an increase in demand for twist ties used as the nose wire in facemasks in the second quarter of 2020 in response to the COVID-19 pandemic. It claims this increase will likely only be temporary as production of facemasks is moved back overseas and U.S. manufacturers switch back to products that they traditionally manufacture. *See* Bedford's Postconference Brief at 27-28, Exhibit 1, p. 9. U.S. importer *** reported that twist ties for produce packaging are slowly being replaced with other packaging solutions that allow for greater traceability and that demand has shifted towards more recyclable solutions. *See* *** U.S. Importer's Questionnaire Response at III-14. In any final phase of these investigations, we intend to further examine demand trends for the different end uses of twist ties, including the impact of COVID-19 on the demand for twist ties used as nose wires in facemasks, as well as demand trends for produce packaging.

[93] CR/PR at Table IV-5. Apparent U.S. consumption was lower in interim 2020, at *** twist ties, than in interim 2019, at *** twist ties. *Id.*

[94] CR/PR at Table IV-5. The domestic industry's share of apparent U.S. consumption was higher in interim 2020, at *** percent, than in interim 2019, at *** percent. *Id.* Petitioner reported that it ***. CR/PR at Table III-2.

[95] CR/PR at Table IV-5. Subject imports' share of apparent U.S. consumption was lower in interim 2020, at *** percent, than in interim 2019, at *** percent. *Id.* Foreign producer Hongda reported that the decrease in its exports to the United States in 2019 was due to ***. CR/PR at VII-4, n.6. Hongda also reported that its lower exports to the United States in interim 2020 resulted from ***. CR/PR at VII-4 n.7. Petitioner alleges that Hongda and other Chinese manufacturers have gained business in the U.S. facemask nose wire market, and that imports of Chinese twist ties for facemask production in the United States are being reported under HTS numbers different than those normally used for twist ties. Bedford's Postconference Brief at 28, Exhibit 1, p. 9.

Nonsubject imports were the smallest source of supply to the U.S. market. Nonsubject imports were not present in the market in 2017 or 2018, and their share of apparent U.S. consumption was *** percent in 2019 and *** percent in 2020.[96] Only one responding U.S. importer reported importing nonsubject imports during the POI; these imports were from ***.[97]

3. Substitutability and Other Conditions

The current record indicates that there is a moderate-to-high degree of substitutability between domestically produced twist ties and subject imports. The degree of substitutability depends on such factors as relative price, quality, conditions of sale (such as lead times between order and delivery dates), reliability of supply, and product services.[98] Both responding U.S. producers and most importers reported that domestically produced twist ties and subject imports are always or frequently interchangeable.[99] Two importers reported that domestically produced twist ties and subject imports are only sometimes interchangeable and cited tolerances and customer specifications as factors that limit interchangeability.[100] U.S.

[96] CR/PR at Table IV-5.

[97] CR/PR at IV-3 n.7. Petitioner claims that nonsubject imports may have been sourced from the Netherlands, Japan, and Mexico, but estimates each source country to have accounted for a share of 1 percent or less of apparent U.S. consumption. Bedford's Postconference Brief at Exhibit 1, p. 20.

[98] CR/PR at II-6 to II-7.

[99] CR/PR at Table II-7. Four of the six responding importers reported that the domestic like product and subject imports were always or frequently interchangeable. *Id.*

[100] CR/PR at II-8.

importer *** reported that the interchangeability of a twist tie is determined by quality control rather than country-of-origin.[101]

Price is an important factor in purchasing decisions. Purchasers responding to the Commission's lost sales/lost revenue survey identified price, along with quality, customer service, lead/delivery time, food safety, packaging, and source, as the main factors affecting their purchasing decisions for twist ties.[102] When asked to report the top three factors considered in their purchasing decisions, responding purchasers most frequently cited price (4 firms), followed by quality (3 firms), customer service (2 firms), and lead time/delivery time (2 firms).[103] When asked how often differences other than price were significant in the sales of domestically produced twist ties and subject imports, U.S. producers and importers gave mixed responses.[104] Both responding U.S. producers indicated that differences other than price were frequently or sometimes significant, while two responding importers indicated that differences

[101] *** U.S. Importer's Questionnaire Responses at III-20.

[102] CR/PR at II-7.

[103] CR/PR at Table II-6. Quality was the most frequently cited first-most important factor (2 firms), followed by price/cost (1 firm) and customer service (1 firm). *Id.* Price was the most frequently cited second-most important factor (2 firms), followed by quality (1 firm) and customer service (1 firm). *Id*. Lead time/delivery time was the most frequently cited third-most important factor (2 firms), followed by price/cost (1 firm). *Id.*

[104] *See* CR/PR at II-9.

other than price were always significant, two indicated that they were frequently significant, and two indicated that they were sometimes significant.[105]

Twist ties are generally produced from stainless steel or galvanized steel wire, paper, and/or plastic.[106] Raw materials as a share of the domestic industry's cost of goods sold ("COGS") decreased from *** percent in 2017 to *** percent in 2018 and *** percent in 2019.[107] Both responding U.S. producers reported that raw material prices had increased since 2017.[108] In addition, both responding U.S. producers reported that the imposition of Section 232 tariffs on steel imports ***.[109] Three of the five responding importers reported that the Section 232 tariffs led to an increase in raw material costs, while two indicated no change in raw material costs.[110] Two responding importers indicated that there was a corresponding

[105] CR/PR at Table II-8. Petitioner contends that the main determinant in the decision-making process for U.S. purchasers of twist ties is price, but concedes that its customers also make their purchasing decisions based on quality, customer service, lead times, and responsiveness to documentation requests. *See* Bedford's Postconference Brief at 19, Exhibit 1, p. 11.

Importers *** and *** both concede that price is an important factor but cite other factors as important as well, such as product quality, printing capability, lead time, continuity of supply, product availability and offerings, customer service, ability to service smaller orders, and level of trust between supplier and purchaser. *See* *** U.S. Importer's Questionnaire Response at III-16 and III-21; *** U.S. Importer's Questionnaire Response at III-21. While we find that price is an important factor in purchasing decisions, in any final phase of these investigations we intend to further examine the extent to which factors other than price affect purchasing decisions.

[106] CR/PR at V-1.

[107] CR/PR at Table VI-1. The ratio of raw materials to COGS was higher in interim 2020, at *** percent, than in interim 2019, at *** percent. *Id.* The domestic industry's total raw material costs decreased from $*** in 2017 to $*** in 2018 before increasing to $*** in 2019. CR/PR at Table VI-1. Total raw material costs were higher in interim 2020, at $***, than they were in interim 2019, at $***. *Id.*

[108] CR/PR at V-1.

[109] CR/PR at Table V-1.

[110] CR/PR at Table V-1.

increase in U.S. prices for twist ties due to the Section 232 tariffs, while two indicated no change in prices.[111]

U.S. producers reported selling the vast majority of their twist ties on the spot market, while importers reported selling *** of their twist tie shipments through annual contracts, with approximately *** of their shipments sold on the spot market and approximately the other *** via short-term contracts.[112] Furthermore, U.S.-produced twist ties are primarily ***, while subject imports are primarily sold from inventory.[113] U.S. producers reported that *** percent of their commercial shipments were produced-to-order with lead times averaging *** days, while importers reported that *** percent of their commercial shipments were sold from U.S. inventories with lead times averaging *** days.[114]

With respect to the impact of the imposition of tariffs on Chinese-origin twist ties under Section 301 of the Trade Act of 1974, as amended ("Section 301"),[115] U.S. producer Bedford reported that the U.S. supply of twist ties ***.[116] Most responding importers reported that the Section 301 tariffs did not lead to changes in the supply of twist ties from any source, U.S.

[111] CR/PR at Table V-1.
[112] *See* CR/PR at Table V-3.
[113] CR/PR at II-7.
[114] CR/PR at II-7.
[115] 19 U.S.C. §§ 2411-2417.
[116] CR/PR at Table II-1. Petitioner claims that only some Chinese twist tie imports may be subject to Section 301 tariffs, depending on the HTS number associated with the shipment, but that Section 301 tariffs have not caused purchasers to stop buying Chinese twist ties. Bedford's Postconference Brief at 27.

demand, or raw material costs; however, most responding importers reported that prices for twist ties increased as a result of the Section 301 tariffs.[117]

D. 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."[118]

Subject imports by quantity were *** twist ties in 2017, *** twist ties in 2018, and *** twist ties in 2019.[119] By value, subject imports were $*** in 2017, $*** in 2018, and $*** in 2019.[120] Subject imports were able to maintain at least a *** percent share of apparent U.S. consumption by quantity during each of the full years of the POI; subject imports' share was *** percent in 2017, *** percent in 2018, and *** percent in 2019.[121]

[117] CR/PR at Table II-1. Two of three responding importers indicated that there had been no change in the U.S. supply of twist ties, three of five indicated no change in the Chinese supply, and all three responding importers indicated no change in other country supply. *Id.* Three of four responding importers indicated that there had been no change in U.S. demand for twist ties and all four responding importers indicated that there had been no change in raw material costs. *Id.* Four of five responding importers indicated that prices for twist ties had increased as a result of the Section 301 tariffs, with the remaining importer reporting no change in prices. *Id.*

[118] 19 U.S.C. § 1677(7)(C)(i).

[119] CR/PR at Table IV-2. Subject imports by quantity were lower in interim 2020, at *** twist ties, than in interim 2019, at *** twist ties. *Id.*

[120] CR/PR at Table IV-2. By value, subject imports were lower in interim 2020, at $***, than in interim 2019, at $***. *Id.*

[121] CR/PR at Tables IV-5. Subject import's share of apparent U.S. consumption was lower in interim 2020, at *** percent, than in interim 2019, at *** percent. *Id.*

In light of the foregoing, we find, for purposes of our preliminary determinations, that the volume of subject imports is significant in both absolute terms and relative to consumption in the United States.[122]

E. 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
>
> (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.[123]

As addressed in Section VI.C.3 above, the record indicates that there is a moderate-to-high degree of substitutability between subject imports and the domestic like product and that price is an important factor in purchasing decisions.

The Commission collected quarterly pricing data from U.S. producers and importers on four twist tie products shipped to unrelated U.S. customers during the POI.[124] One U.S. producer (***) and two importers of twist ties from China provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all

[122] As described above, for the purposes of these preliminary determinations we relied on Hongda's export quantities and the combined AUVs from importer questionnaire responses to estimate subject import volume and value. As discussed earlier, in any final phase of these investigations we intend to further examine the best methodology for measuring import volumes and value, and we invite parties in their comments on draft questionnaires to suggest appropriate methodologies to measure subject imports.

[123] 19 U.S.C. § 1677(7)(C)(ii).

[124] CR/PR at V-4. Product 1 is paper/paper 29 gauge cut tie, ranging from 4'' x 5/32'' to 4'' x 3/16''. Product 2 is paper/paper 29 gauge cut tie, ranging from 7'' x 5/32'' to 7'' x 3/16''. Product 3 is produce tie, wet strength paper/paper 27 gauge, galvanized wire, 8'' x 7/16''. Product 4 is produce tie, wet strength paper/paper 27 gauge, galvanized wire, 10'' x 7/16''. *Id.*

quarters.[125] Reported pricing data accounted for approximately *** percent of U.S. producers' U.S. commercial shipments and *** percent of U.S. commercial shipments of subject imports, as reported in importer questionnaires, in 2019.[126] There was significant underselling throughout the POI. Subject imports undersold the domestic like product in 43 of 46 quarterly comparisons, at margins ranging from *** percent to *** percent; the total volume of subject imports in quarters with underselling was *** twist ties, compared to *** twist ties in quarters with overselling.[127]

Information collected in response to lost sales/lost revenue allegations further supports a finding that subject imports were often priced lower than the domestic like product, and indicates that subject imports gained sales as a result. A majority (three of four) of responding purchasers reported that, since 2017, they had purchased subject imports instead of the domestic like product and that subject imports were lower priced than the domestic like product.[128] Furthermore, half of responding purchasers reported that price was a primary reason for their decision to purchase subject imports rather than the domestic like product and

[125] CR/PR at V-4.

[126] CR/PR at V-4. U.S. importer *** reported pricing data accounted for *** of price data for subject imports. *Id.* at n.7.

We note that U.S. producer ***. *Id.* at n.8. In addition, U.S. producers reported selling a variety of wire gauge sizes, including ***, while U.S. importers reported mostly shipments of gauges 25 through 29. CR/PR at Table IV-4. In any final phase of these investigations, we intend to further examine the pricing product definitions, and invite parties, in their comments on draft questionnaires, to propose pricing product definitions that may increase price comparisons between domestically produced and subject import twist ties, and provide "apples-to-apples" comparisons.

[127] CR/PR at Table V-9. Conversely, subject imports oversold the domestic like product in 3 of 46 quarterly comparisons, at margins ranging from *** to *** percent. *Id.*

[128] CR/PR at Table V-12.

estimated that they purchased a total of *** lower-priced twist ties from China instead of the domestic like product.[129]

In light of the foregoing, we find, for purposes of our preliminary determinations, that the underselling by subject imports is significant.

We have also considered price trends for the domestic like product and subject imports during the POI. Prices for three of the four domestically produced pricing products increased over the POI, with increases from the first quarter of 2017 to the first quarter of 2020 ranging from *** to *** percent.[130] Subject import prices for three of the four pricing products also increased over the POI, with increases ranging from *** percent to *** percent.[131] For the one pricing product, Product 3, in which prices for the domestically produced product went down over the POI, subject import prices increased.[132]

We have also considered cost trends for the domestic like product. The domestic industry's average unit COGS increased each year of the POI, from $*** per 1,000 twist ties in 2017 to $*** per 1,000 twist ties in 2018 and $*** per 1,000 twist ties in 2019.[133] The domestic

[129] CR/PR at Table V-12.

[130] CR/PR at Table V-8. Prices for domestically produced Product 1 increased by *** percent from the first quarter of 2017 to the first quarter of 2020, prices for domestically produced Product 2 increased by *** percent, and prices for domestically produced Product 4 increased by *** percent. *Id.* Prices for domestically produced Product 3 decreased by *** percent from the first quarter of 2017 to the first quarter of 2020. *Id*.

[131] CR/PR at Table V-8. Subject import prices for Product 1 increased by *** percent from the from the first quarter of 2017 to the first quarter of 2020, subject import prices for Product 3 increased by ***, and subject import prices for Product 4 increased by *** percent. *Id.* Subject imports prices for Product 2 decreased by *** percent from the first quarter of 2017 to the second quarter of 2018. CR/PR at Tables V-5 and V-8.

[132] CR/PR at Table V-8. Prices for domestically produced Product 3 decreased by *** percent while subject imports prices for Product 3 increased by *** percent. *Id.*

[133] CR/PR at VI-1. Average unit COGS were lower in interim 2020, at $*** per 1,000 twist ties, than in interim 2019, at $*** per 1,000 twist ties. *Id.*

industry's ratio of COGS to net sales also increased each year of the POI, from *** percent in 2017 to *** percent in 2018 and *** percent in 2019.[134] Because, based on the available data, apparent U.S. consumption decreased each year of the POI, it is unclear whether domestic producers could reasonably expect to raise prices to fully cover rising costs.[135]

In light of the foregoing, including the significant underselling and lost sales on this record, we cannot conclude, for purposes of our preliminary determinations, that subject imports did not have significant adverse price effects. In any final phase of these investigations, we intend to further investigate the price effects of subject imports, including the extent to which any cost-price squeeze experienced by the domestic industry was due to subject imports as opposed to other factors.[136]

F. Impact of the Subject Imports[137]

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 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

[134] CR/PR at VI-1. The COGS to net sales ratio was higher in interim 2020, at *** percent, than in interim 2019, at *** percent. *Id*.

[135] CR/PR at Table IV-5. We note that the industry's ratio of raw materials costs to total COGS decreased each year of the POI, as direct labor and other factory costs also contributed to the increases in unit COGS and COGS to net sales ratios, and the ratio of raw materials costs to net sales increased only slightly over the POI. CR/PR at Table VI-1.

[136] We note that none of the four purchasers responding to the Commission's lost sales/lost revenue survey reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China, although two reported that they did not know. CR/PR at V-16.

[137] In its notice initiating the antidumping duty investigation on twist ties from China, Commerce estimated a dumping margin of 72.96 percent. *Twist Ties from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 85 Fed. Reg. at 45163.

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."[138]

The domestic industry's output-related indicators generally declined throughout the full years of the POI. The industry's production capacity fell by *** percent overall,[139] and its production declined by *** percent.[140] The industry did experience an increase in its capacity utilization, *** percentage points overall,[141] which was due to the decline in production capacity. The domestic industry's U.S. shipments by quantity fluctuated, but decreased overall by *** percent.[142] The domestic industry's U.S. shipment and net sales values both fluctuated, but increased overall during the full years of the POI, by *** and *** percent, respectively.[143] Petitioner claims that the overall increases in its U.S. shipment and net sales values, while U.S.

[138] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[139] CR/PR at Table C-1. The domestic industry's production capacity decreased from *** twist ties in 2017 to *** twist ties in 2018 and *** twist ties in 2019. CR/PR at Table III-3. Its production capacity was lower in interim 2020, at *** twist ties, than in interim 2019, at *** twist ties. *Id.*

[140] CR/PR at Table C-1. The domestic industry's production decreased from *** twist ties in 2017 to *** twist ties in 2018 and *** twist ties in 2019. CR/PR at Table III-3. Its production was higher in interim 2020, at *** twist ties, than in interim 2019, at *** twist ties. *Id.*

[141] CR/PR at Table C-1. The domestic industry's capacity utilization increased from *** percent in 2017 to *** percent in 2018 and *** percent in 2019. CR/PR at Table III-3. Its capacity utilization was higher in interim 2020, at *** percent, than in interim 2019, at *** percent. *Id.*

[142] CR/PR at Table C-1. The domestic industry's U.S. shipments by quantity decreased from *** twist ties in 2017 to *** twist ties in 2018 before increasing to *** twist ties in 2019. CR/PR at Table III-5. Its U.S. shipments by quantity were higher in interim 2020, at *** twist ties, than in interim 2019, at *** twist ties. *Id.*

[143] CR/PR at Table C-1. The domestic industry's U.S. shipments by value decreased from $*** in 2017 to $*** in 2018 before increasing to $*** in 2019. CR/PR at Table III-5. Its U.S. shipments by value were higher in interim 2020, at $***, than in interim 2019, at $***. *Id.*

The domestic industry's net sales value decreased from $*** in 2017 to $*** in 2018 before increasing to $*** in 2019. CR/PR at Table VI-1. Its net sales value was higher in interim 2020, at $***, than in interim 2019, at $***. *Id.*

shipment and net sales quantities decreased, reflects the fact that it has been forced to move up the value chain in terms of the twist tie products that it produces due to competition from subject imports.[144] The domestic industry's inventories fluctuated, but decreased overall by *** percent during the full years of the POI.[145]

The domestic industry's employment indicators generally improved during the full years of the POI, with the exception of hours worked per production and related worker ("PRW") and productivity. The domestic industry's number of PRWs fluctuated, but increased overall by *** percent during the full years of the POI.[146] Total hours worked fluctuated, but increased overall by *** percent.[147] Hours worked per PRW fluctuated, but decreased overall.[148] Total wages paid increased each year of the POI and by *** percent overall.[149] Hourly wages increased each

[144] *See* Bedford's Postconference Brief at Exhibit 1, p. 12.

[145] CR/PR at Table C-1. The domestic industry's end-of-period inventory decreased from *** twist ties in 2017 to *** twist ties in 2018 before increasing to *** twist ties in 2019. CR/PR at Table III-6. Its end-of-period inventory was lower in interim 2020, at *** twist ties, than in interim 2019, at *** twist ties. *Id.*

[146] CR/PR at Table C-1. The number of PRWs increased from *** in 2017 to *** in 2018 before decreasing to *** in 2019. CR/PR at Table III-8. The number of PRWs was lower in interim 2020, at ***, than in interim 2019, at ***. *Id.*

[147] CR/PR at Table C-1. Total hours worked increased from *** hours in 2017 to *** hours in 2018 before decreasing to *** hours in 2019. CR/PR at Table III-8. Total hours worked were lower in interim 2020, at *** hours, than in interim 2019, at *** hours. *Id.*

[148] CR/PR at Table III-8. Hours worked per PRW decreased from *** hours in 2017 to *** hours in 2018 before increasing to *** hours in 2019. *Id.* Hours worked per PRW were *** in interim 2020 and interim 2019, at *** hours. *Id.*

[149] CR/PR at Table C-1. Total wages paid increased from $*** in 2017 to $*** in 2018 and $*** in 2019. CR/PR at Table III-8. Total wages paid were higher in interim 2020, at $***, than in interim 2019, at $***. *Id.*

year of the POI, and by *** percent overall.[150] The domestic industry's productivity fluctuated, but decreased overall by *** percent.[151]

The domestic industry's gross profits, operating income, and net income all declined throughout the POI. The domestic industry's gross profits decreased each year of the POI, and by *** percent overall.[152] The domestic industry's operating income and operating income to net sales ratio decreased each year of the POI, and, respectively, by *** percent and *** percentage points overall.[153] The domestic industry's net income and net income to net sales ratio decreased each year of the POI, and, respectively, by *** percent and *** percentage points overall.[154]

[150] CR/PR at Table C-1. Hourly wages increased from $*** per hour in 2017 to $*** per hour in 2018 and $*** per hour in 2019. CR/PR at Table III-8. Hourly wages were higher in interim 2020, at $*** per hour, than in interim 2019, at $*** per hour. *Id.*

[151] CR/PR at Table C-1. Productivity decreased from *** twist ties per hour in 2017 to *** twist ties per hour in 2018 before increasing to *** twist ties per hour in 2019. CR/PR at Table III-8. Productivity was higher in interim 2020, at *** twist ties per hour, than in interim 2019, at *** twist ties per hour. *Id.*

[152] CR/PR at Table C-1. The domestic industry's gross profits decreased from $*** in 2017 to $*** in 2018 and $*** in 2019. CR/PR at Table VI-1. Its gross profits were lower in interim 2020, at $***, than in interim 2019, at $***. *Id.*

[153] CR/PR at Table C-1. The domestic industry's operating income decreased from $*** in 2017 to $*** in 2018 and $*** in 2019. CR/PR at Table VI-1. Its operating income was lower in interim 2020, at $***, than in interim 2019, at $***. *Id.* The domestic industry's operating income as a share of net sales decreased from *** percent in 2017 to *** percent in 2018 and *** percent in 2019. *Id*. Its operating income as a share of net sales was lower in interim 2020, at *** percent, than in interim 2019, at *** percent. *Id.*

[154] CR/PR at Table C-1. The domestic industry's net income decreased from $*** in 2017 to $*** in 2018 and $*** in 2019. CR/PR at Table VI-1. Its net income was lower in interim 2020, at $***, than in interim 2019, at $***. *Id.* The domestic industry's net income as a share of net sales decreased from *** percent in 2017 to *** percent in 2018 and *** percent in 2019. *Id*. Its net income as a share of net sales was lower in interim 2020, at *** percent, than in interim 2019, at *** percent. *Id.*

The domestic industry's capital expenditures decreased each year of the POI, and by *** percent overall.[155] Its research and development expenses increased each year of the POI, and by *** percent overall.[156] Its total net assets increased each year of the POI, and by *** percent overall.[157] The domestic industry's return on assets decreased each year of the POI, and by *** percentage points overall.[158] Both domestic producers reported actual and anticipated negative effects on investment and on growth and development due to the effects of subject imports.[159]

We cannot conclude, for purposes of these preliminary determinations, that there is not a causal link between the significant volume of low-priced subject imports and the observed declines in many key indicators of the domestic industry's performance. Available evidence on the record of the preliminary phase of these investigations indicates that a significant volume of subject imports undersold the domestic like product to a significant degree. Furthermore, information collected in response to the lost sales survey indicates that lower-priced subject imports took sales from domestic producers on the basis of price. Thus, the record of the

[155] CR/PR at Table C-1. The domestic industry's capital expenditures decreased from $*** in 2017 to $*** in 2018 and $*** in 2019. CR/PR at Table VI-5. Its capital expenditures were higher in interim 2020, at $***, than in interim 2019, at $***. *Id.*

Petitioner claims that it explored opportunities for expansion of its factory and output but decided against expansion because of pressure from subject imports. Bedford's Postconference Brief at 27. T&T Industries also reported that it was ***. T&T Industries U.S. Producer Questionnaire Response at III-12b.

[156] CR/PR at Table C-1. The domestic industry's research and development expenses increased from $*** in 2017 to $*** in 2018 and $*** in 2019. CR/PR at Table VI-5. Its research and development expenses were higher in interim 2020, at $***, than in interim 2019, at $***. *Id.*

[157] CR/PR at Table C-1. The domestic industry's total net assets increased from $*** in 2017 to $*** in 2018 and $*** in 2019. CR/PR at Table VI-5.

[158] CR/PR at Table VI-5. The domestic industry's return on assets decreased from *** percent in 2017 to *** percent in 2018 and *** percent in 2019. *Id.*

[159] CR/PR at Tables VI-7 and VI-8.

preliminary phase of these investigations does not clearly establish that subject imports were not having a significant adverse impact on the domestic industry's production and U.S. shipments, or that the observed declines in domestic industry's financial performance was unrelated to the subject imports. In light of these considerations, we cannot find that subject imports did not have a significant impact on the domestic industry.

We are aware that subject imports' share of apparent U.S. consumption declined sharply in 2019 and in interim 2020, which may be related to a number of conditions of competition present during this period. Petitioner contends that two large U.S. retailers implemented a new labeling requirement for bib ties in late 2018 and 2019 and that it was able to accommodate the agricultural producers who were subject to this requirement faster than Chinese suppliers; however, it also contends that Chinese suppliers can now meet these purchasers' needs.[160] Petitioner further claims that there was an increase in demand for twist ties used as the nose wire in facemasks in the second quarter of 2020 in response to COVID-19, which it claims will likely only be temporary and that this demand is now being supplied by subject imports.[161] Furthermore, the two primary HTS numbers under which twist ties are imported became subject to a 10 percent tariff under Section 301 in September 2018, which increased to a 25 percent tariff in May 2019, and most importers reported that the Section 301 tariffs had the effect of increasing prices for twist ties.[162] Hongda cited *** as one of the reasons for the decrease in its exports in 2019;[163] it also reported that its lower exports in

[160] *See* Bedford's Postconference Brief at 24.
[161] *See* Bedford's Postconference Brief at 27-28, Exhibit 1, p. 9.
[162] CR/PR at I-7, Table II-1.
[163] CR/PR at VII-4 n.6.

interim 2020 resulted from ***.[164] In any final phase of these investigations, we intend to further examine these more recent conditions, as well as any others, which will inform our analysis of whether the domestic industry has been materially injured by reason of subject imports.

Finally, we have also considered the role of factors other than subject imports to ensure that we are not attributing injury from other factors to subject imports. In this context, we first note that, despite decreases in demand, the evidence indicates that subject imports maintained a significant presence in the U.S. market throughout the full years of the POI and undersold the domestic like product to a significant degree. Moreover, nonsubject imports maintained only a very small presence in the U.S. market during the POI.[165] Therefore, for purposes of our preliminary determinations, we do not find that changes in demand or the presence of nonsubject imports explain the observed declines in the domestic industry's performance. In any final phase of these investigations, we intend to further examine any adverse effects of these factors, as well as any others, so as to ensure that we are not attributing injury from them to subject imports.

VII. 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 twist ties from

[164] CR/PR at VII-4 n.7.

[165] There were *** nonsubject imports in 2017, 2018, and interim 2019, and their share of apparent U.S. consumption in 2019 and interim 2020 was *** and *** percent, respectively. CR/PR at Table IV-5.

China that are allegedly sold in the United States at less than fair value and subsidized by the government of China.

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 Bedford Industries Inc., Worthington, Minnesota, on June 26, 2020, 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 twist ties[1] from China. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
June 26, 2020	Petitions filed with Commerce and the Commission; institution of Commission investigations (85 FR 39933, July 2, 2020)
July 16, 2020	Commerce's notice of initiation (85 FR 45161, July 27 (AD) and 85 FR 45188, July 27, 2020 (CVD))
July 17, 2020	Commission's conference (conducted through written statements, testimony, questions, and responses, July 15-July 22, 2020)
August 7, 2020	Scheduled date for the Commission's vote
August 10, 2020	Scheduled date for the Commission's determinations
August 17, 2020	Scheduled date for the Commission's views

[1] See the section entitled "The subject merchandise" in Part I of this report for a complete description of the merchandise subject in this proceeding.

[2] Pertinent *Federal Register* notices are referenced in appendix A and may be found at the Commission's website (www.usitc.gov).

[3] A list of witnesses appearing at the conference is presented in appendix B of this 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--

> *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--[4]

> *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.*

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

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

(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 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

Twist ties are thin, bendable fasteners for closing containers such as bags, bundling items, or identifying objects. The leading U.S. producers of twist ties are Bedford Industries, Inc. ("Bedford") and T and T Industries, Inc. ("T and T" or "T&T"), while leading producers of twist ties outside the United States include Zhenjiang Hongda Commodity Co., Ltd ("Hongda") of China. The leading U.S. importers of twist ties from China are ***, ***, and ***.

Apparent U.S. consumption of twist ties totaled approximately *** ties in 2019.[6] Currently, two firms are known to produce twist ties in the United States. U.S. producers' U.S. shipments of twist ties totaled approximately *** in 2019 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled approximately *** ties in 2019 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources

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

[6] Bedford estimates the size of the U.S. market, by value, to be ***, Petitioner's postconference brief, p. 16.

totaled *** ties in 2019 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

Summary data and data sources

A summary of data collected in these investigations are presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of two firms that accounted for the vast majority U.S. production of twist ties during 2019. U.S. import volume is based on exports reported in a questionnaire response from a foreign producer in China.[7] Other information regarding U.S. imports is based on questionnaire responses received from nine companies, representing an estimated 21.1 percent of U.S. imports from China in 2019.[8]

Nature and extent of alleged subsidies and sales at LTFV

Alleged subsidies

On July 27, 2020, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on twist ties from China.[9] Commerce identified the following government programs in China:

- Export Policy Loans from Chinese State-Owned Banks
- Export Seller's Credits
- Export Credit Guarantees
- Export Buyer's Credits
- Export Credit Insurance
- Provision of Wire Rod for LTAR
- Provision of Zinc for LTAR
- Provision of Electricity for LTAR
- Income Tax Deductions for R&D Expenses
- GOC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands
- SME International Market Exploration/Development Fund

[7] See Part IV.

[8] Based on the value of responding U.S. importers combined 2019 imports from China *** relative to petitioner's estimated combined value for all 2019 imports of twist ties from China ***. See App. E. and Petitioner's postconference brief, exh. GEN-S5.

[9] 85 FR 45188, July 27, 2020.

- SME Technology Innovation Fund
- Export Assistance Grants
- Grants for Energy Conservation and Emission Reduction
- Currency Undervaluation

Alleged sales at LTFV

On July 27, 2020, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on twist ties from China.[10] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 72.96 percent for product from China.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[11]

> *The merchandise covered by this investigation consists of twist ties, which are thin, bendable ties for closing containers, such as bags, bundle items, or identifying objects. A twist tie in most circumstances is comprised of one or more metal wires encased in a covering material, which allows the tie to retain its shape and bind against itself. However, it is possible to make a twist tie with plastic and no metal wires. The metal wire that is generally used in a twist tie is stainless or galvanized steel and typically measures between the gauges of 19 (.0410" diameter) and 31 (.0132") (American Standard Wire Gauge). A twist tie usually has a width between .075" and 1" in the cross-machine direction (width of the tie – measurement perpendicular with the wire); a thickness between .015" and .045" over the wire; and a thickness between .002" and .020" in areas without wire. The scope includes an all-plastic twist tie containing a plastic core as well as a plastic covering (the wing) over the core, just like paper and/or plastic in a metal tie. An all-plastic twist tie (without metal wire) would be of the same measurements as a twist tie containing one or more metal wires. Twist ties are commonly available individually in pre-cut lengths ("singles"), wound in large spools to be cut later by machine or hand, or in perforated sheets of spooled or single twist ties that are later slit by machine or by hand ("gangs").*

[10] 85 FR 45161, July 27, 2020.
[11] 85 FR 45161, 45165, July 27, 2020.

The covering material of a twist tie may be paper (metallic or plain), or plastic, and can be dyed in a variety of colors with or without printing. A twist tie may have the same covering material on both sides or one side of paper and one side of plastic. When comprised of two sides of paper, the paper material is bound together with an adhesive or plastic. A twist tie may also have a tag or label attached to it or a pre-applied adhesive attached to it.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations are provided for in the Harmonized Tariff Schedule of the United States ("HTS" or "HTSUS") in subheadings 8309.90.00 and 5609.00.30. Subject merchandise may also be imported under HTS 3920.51.5000, 3923.90.0080, 3926.90.9990 (modified as of July 1, 2020; subject goods likely in 3926.90.9985), 4811.59.6000, 4821.10.2000, 4821.10.4000, 4821.90.2000, 4821.90.4000, and 4823.90.8600 (subdivided as of July 1, 2020; subject goods likely in 4823.90.8680). Based on additional HTS statistical reporting numbers listed in the petition and in the response to the Commission's questionnaires, subject merchandise may also be reported under HTS 3906.90.2000 and 7326.90.8688.[12] Based on information reported in responses to the Commission's conference questions, twist ties are being used as components in face masks in response to the COVID-19 pandemic, and subject merchandise produced for use in face masks may enter under HTS 7217.10, 7217.20, 7312.10, 3902.10, 3916.90, 3926.90, 5607.50, 5806.20, and 6307.90. [13]

The 2020 general rates of duty for each of the tariff lines above are shown in Appendix D.[14] Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

[12] Email from *** to USITC, July 20, 2020.
[13] Petitioner's postconference brief, p. 28.
[14] HTSUS (2020), Revision 15, USITC Publication 5095, July 2020.

Section 232 and Section 301 tariff treatment

HTS subheadings 8309.90.00 and 5609.00.30 were included in USTR's third enumeration ("Tranche 3" or "List 3") of products imported from China that became subject to the additional 10 percent ad valorem duties (annexes A and C of 83 FR 47974, on or after September 24, 2018) under Section 301 of the Trade Act of 1974.[15] Escalation of this duty to 25 percent ad valorem was rescheduled from January 1, 2019 (annex B of 83 FR 47974)[16] to March 2, 2019 (83 FR 65198),[17] but was subsequently postponed until further notice,[18] and then was implemented effective May 10, 2019 (84 FR 20459).[19] A subsequent modification was provided for subject goods exported from China prior to May 10, 2019 not to be subject to the escalated 25 percent duty as long as such goods entered into the United States prior to June 1, 2019 (84 FR 21892).[20] [21] See also U.S. notes 20(e), 20(f), and 20(l) to subchapter III of HTS chapter 99. On February 5, 2020, USTR announced its determination to grant certain exclusion requests.[22] Effective April 29, 2020, exclusions have been granted for HTS subheading 5609.00.30 for particular out-of-scope products originating in China and have not been granted for HTS subheading 8309.90.00 originating in China.[23] For a summary and all other HTS subheadings and statistical reporting numbers, see Appendix D.

HTS subheadings 8309.90.00 and 5609.00.30 were not included in the enumeration of steel or iron products that are subject to the additional 25-percent ad valorem Section 232 national-security duties under HTS chapter 99. See U.S. note 16(b), subchapter III of chapter 99 of the HTS. HTS subheadings 8309.90.00 and 5609.00.30 were also not included in the enumeration of aluminum products that are subject to the additional 25-percent ad valorem Section 232 national-security duties under HTS chapter 99. See U.S. note 19(b), subchapter III of chapter 99 of the HTS.

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[15] 83 FR 47974, September 21, 2018.

[16] Ibid.

[17] 83 FR 65918, December 19, 2018.

[18] 84 FR 7966, March 5, 2019.

[19] 84 FR 20459, May 9, 2019.

[20] 84 FR 21892, May 15, 2019.

[21] USTR proposed raising this additional duty from 25 percent to 30 percent on such products imported from China, on or after October 1, 2019 (Annex C – (List 3 - $200 Billion Action), Part 1, of 84. FR 46212). 84 FR 46212, September 3, 2019.

[22] 85 FR 6674, February 5, 2020.

[23] *HTSUS (2020) Revision 15*, July 2020, Change Record; pp. 99-III-132, 99-III-134. USITC, "About Harmonized Tariff Schedule," no date, https://www.usitc.gov/harmonized_tariff_information, retrieved July 15, 2020.

The product

Description and applications

Twist ties are thin, bendable fasteners used in a variety of applications and industries, including for closing containers, such as plastic food bags, bread bags, dry cleaning bags, and garbage bags. Twist ties are also used for coiling, bundling, or labeling products such as vegetables or other produce, garden supplies, and electrical cables. Different sizes and strengths are used for different applications, from a small closure for a bag of bread to a large, heavy tie to hold unwieldy garden hoses in place.[24] [25] [26] Product examples are depicted in figures I-1, I-2, I-3, and I-4.

A twist tie is generally composed of one or more metal wires encased in a covering material, usually plastic or paper, which allows the twist tie to retain its shape and bind against itself. The metal wire used in a twist tie is generally stainless or galvanized steel and typically measures between the gauges of 19 (.0410" diameter) and 31 (.0132") (American Standard Wire Gauge). The covering material of a twist tie may be paper (metallic or plain) or plastic, and can be dyed in a variety of colors, with or without printing. A twist tie may have the same covering material on both sides, or one side of paper and one side of plastic. When comprised of two sides of paper, the paper material is bound together with an adhesive or plastic. Twist ties can also be made solely with plastic with a plastic core and with no metal wires.[27] Relevant plastic polymers include polypropylene, polystyrene, polyethylene, polyethylene terephthalate, polyvinyl chloride.[28] A twist tie may also have a tag, label, or preapplied adhesive attached to it.

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[24] Petitioner's postconference brief, pp. 6-8.

[25] Transparency Market Research, "Pre-cut Twist Ties Market-Global Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2019-2027," September 2020. https://www.transparencymarketresearch.com/precut-twist-ties-market.html.

[26] Cole Market Research, "Global Pre-cut Twist Ties Market 2020, Industry Analysis, Key Players, Type and Application, Regions, Forecast to 2025," June 16, 2020. https://coleofduty.com/technology/2020/06/16/global-pre-cut-twist-ties-market-2020-industry-analysis-key-players-type-and-application-regions-forecast-to-2025/.

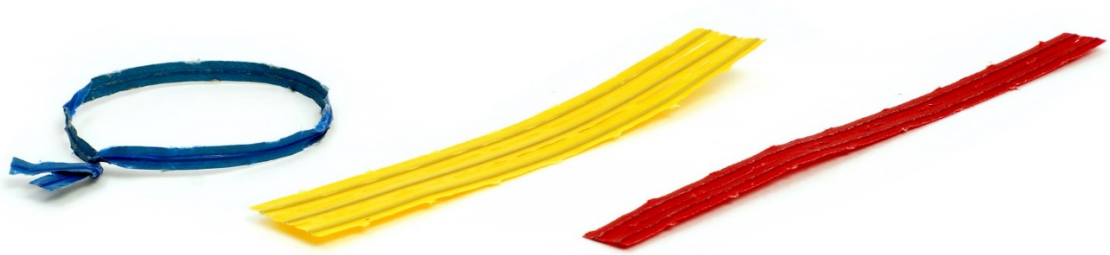
[27] The petitioner's metal-free all-plastic brand is called Polytwist®. Metal-free ties are used in certain applications such as microwaving and when a product needs to go through metal detectors, such as bread with ties entering U.S. prisons. Petitioner's postconference brief, pp. 6-8, 10.

[28] Transparency Market Research, "Pre-cut Twist Ties Market-Global Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2019-2027," September 2020. https://www.transparencymarketresearch.com/precut-twist-ties-market.html; PRNewswire, "Bag Closures Market: Global Industry Analysis 2014-2018 and Opportunity Assessment 2019-2029," June 10, 2019. https://www.prnewswire.com/news-releases/bag-closures-market-global-industry-analysis-2014-
(continued...)

Consumer twist tie preferences can be derived from various factors. For instance, paper allows for printing which is essential for produce twists ties. For cut ties, paper is a way to reduce the amount of plastic and thus reduce cost.[29] Plastic or metallic paper twist ties withstand water better than uncoated paper versions.[30]

A twist tie usually has a width between .075" and 1" in the cross-machine direction (width of the tie – measurement perpendicular with the wire); a thickness between .015" and .045" over the wire; and a thickness between .002" and .020" in areas without wire. An all-plastic twist tie (without metal wire) would be of the same measurements as a twist tie containing one or more metal wires. Twist ties are commonly available individually in pre-cut lengths ("singles"), wound in large spools to be cut later by machine or hand, or in perforated sheets of spooled or single twist ties that are later slit by machine or by hand ("gangs").[31]

Figure I-1
Twist Ties: Cut



Ties
Source: Wikimedia Commons, https://commons.wikimedia.org/wiki/File:Twist-ties.jpg, retrieved July 23, 2020.

(…continued)

2018-and-opportunity-assessment-2019-2029-300864533.html. The petitioner reports using *** for its plastic twist ties. Petitioner's postconference brief, pp. 7, 17.

[29] Petitioner's postconference brief, p. 7.

[30] Ibid.

[31] Petitioner's postconference brief, pp. 6-8.

Figure I-2
Twist Ties: Twist Tie Spool

Source: ShippingSupply.com website, http://www.shippingsupply.com/p-12160-532-x-7000-green-plastic-twist-tie-spool.aspx, retrieved July 23, 2020.

Figure I-3
Twist Ties: Produce Twist Tie

Source: Petition, p. 5.

Figure I-4
Twist Ties: Flag Ties/Bib Ties

Source: Bedford website, retrieved July 23, 2020. https://www.bedford.com/brandable.

Manufacturing processes

Twist ties are generally manufactured in two steps. First, an extrusion process makes a "web" of tie. Second, a finishing step creates the final form. The first step, generally called extrusion or lamination, is a process that brings together wire, melted plastic, and optionally a printed or non-printed paper (or foil or other substrate). The equipment required for this first step is ***[32] Once the materials are combined, they are in a form with multiple wires and paper/plastic. The web of material might be as narrow as one wire or as wide as dozens or hundreds of wires. The web can be ***.[33]

The second step is a finishing step where the web is converted into its final form, such as a cut tie or spooled tie. In this step, the master roll is taken to a separate machine. To make cut ties, the machine slits and cuts the tie to length (generally a few inches) and a human or machine "catches" the tie and places it into boxes at predetermined amounts. To make gang ties, the producer follows the cut tie process but exchanges the slitting roller for a perforating roller, which then makes small attached sheets of twist tie. To make spooled tie, the machine slits the master roll into individual strands and spools up those strands onto small spools at predetermined lengths.[34]

[32] Petitioner's postconference brief, p. 4.
[33] Petitioner's postconference brief, p. 7.
[34] Petitioner's postconference brief, pp. 6-8.

Once the wire with paper or plastic is completed, it can be sold to downstream customers. A flag tie/bib tie requires additional processing, as it is a twist tie that is combined with a paper and potentially plastic lamination (see figure I-4). The flag ties/bib ties are typically printed with a customer's specific labeling which are printed on paper before being attached to the strip that will encircle the product. For flag ties/bib ties and Polytwist® tie composition and methods of manufacture, the petitioner holds nine patents.[35]

The twist ties manufactured in the United States are manufactured using similar types of machines, processes, and employee involvement in the process. The twist ties manufactured in the United States and in China are manufactured using similar types of machines, processes and employee involvement in the process.[36]

Domestic like product issues

No issues with respect to domestic like product have been raised in these investigations. The petitioner proposes that based upon the scope of the investigation the investigation involves a single domestic like product.[37]

[35] Flag Ties/Bib Ties (Three US Patents: 9,947,247 for "Perforated Bib Tie Articles and Methods of Manufacture and Use," 9,403,610 and likely 10,118,430 for "In-line Tie Articles and Methods of Manufacture and Use." One Australian patent: 2014215622 for "In-line Tie Articles and Methods of Manufacture and Use"); Polytwist (Five US Patents: 5,989,683 and 6,663,809 for "Wireless Polymeric Twist Tie"; 6,372,068, 6,673,413, and 7,011,879 for "Composite Polymeric Tie"). Petitioner's postconference brief, p. 6; Google Patent Search, https://patents.google.com/ retrieved July 23, 2020.

[36] Petitioner's postconference brief, p. 11.

[37] Petitioner's postconference brief, p. 9.

Part II: Conditions of competition in the U.S. market

U.S. market characteristics

Twist ties are used for fastening items in business, agricultural, and industrial applications such as packaging for produce and bakery goods, garden supplies, and computer cords or television cables.[1] Twist ties may be made with some combination of metal wire, paper, or plastic.[2] Apparent U.S. consumption of twist ties decreased during January 2017-March 2020. Overall, apparent U.S. consumption in 2019 was *** percent lower than in 2017, and *** percent lower in January-March 2020 than in January-March 2019.

U.S. producers and importers were asked if the imposition of tariffs on Chinese-origin products under section 301 had an impact on the twist ties market in the United States (see table II-1). U.S. producer Bedford reported that U.S. supply ***, and most responding importers reported that there had been no change in supply of twist ties from any source, in U.S. demand, or in raw material costs. Most importers reported that prices for twist ties increased as a result of the section 301 tariffs. Petitioner Bedford stated only some Chinese twist ties may be subject to section 301 duties, and that section 301 tariffs have not caused purchasers to stop buying Chinese twist ties.[3]

Table II-1
Twist ties: Impact of 301 investigation

	U.S. producers				U.S. importers			
Item	Increase	No change	Decrease	Fluctuate	Increase	No change	Decrease	Fluctuate
U.S. supply	***	***	***	***	1	2	---	---
China supply	***	***	***	***	---	3	2	---
Other country supply	***	***	***	***	---	3	---	---
Prices	***	***	***	***	4	1	---	---
U.S. demand	***	***	***	***	---	3	1	---
Raw material costs	***	***	***	***	---	4	---	---

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

[1] Petition, p. 19; Petitioner's postconference brief, pp. 1, 7, and 9.
[2] Petitioner's postconference brief, p. 9.
[3] Petitioner's postconference brief, p. 27.

Channels of distribution

U.S. producers sold mainly to *** as shown in table II-2. Nearly *** of U.S. importers' sales of twist ties were made to distributors during 2017 and 2018, however more *** imported Chinese twist ties were sold to end users during 2019. This shift was driven by importer *** to end users.

Table II-2
Twist ties: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, January 2017-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Share of U.S. shipments (percent)				
U.S. producers: to Distributors	***	***	***	***	***
to Retailers	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: China to Distributors	***	***	***	***	***
to Retailers	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: Nonsubject to Distributors	***	***	***	***	***
to Retailers	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: All sources: to Distributors	***	***	***	***	***
to Retailers	***	***	***	***	***
to End users	***	***	***	***	***

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

Geographic distribution

U.S. producers and importers reported selling twist ties to all regions in the contiguous United States (table II-3). 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-3
Twist ties: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Subject U.S. importers
Northeast	***	3
Midwest	***	3
Southeast	***	3
Central Southwest	***	3
Mountains	***	3
Pacific Coast	***	6
Other[1]	***	2
All regions (except Other)	***	3
Reporting firms	2	6

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

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

Supply and demand considerations

U.S. supply

Table II-4 provides a summary of the supply factors regarding twist ties from U.S. producers and from China.

Table II-4
Twist ties: Supply factors that affect the ability to increase shipments to the U.S. market

	Capacity (millions of twist ties)		Capacity utilization (percent)		Inventories as a ratio to total shipments (percent)		Shipments by market in 2019 (percent)		Able to shift to alternate products
Item	2017	2019	2017	2019	2017	2019	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***

Note: Responding U.S. producers accounted for the vast majority of U.S. production of twist ties in 2019. Responding foreign producer/exporter firms accounted for all known U.S. imports of twist ties from China during 2019. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, 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 twist ties have the ability to respond to changes in demand with moderately large changes in the quantity of shipments of U.S.-produced twist ties 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 shipments from alternate markets and inventories.

U.S. producers' capacity decreased more than production during 2017-19, leading to a *** percent increase in capacity utilization. U.S. producer *** reported exporting to ***, and reported an ability to produce *** on the same equipment as twist ties. The production of these other products can be done with ***.

Subject imports from China

Based on available information, producers of twist ties from China have the ability to respond to changes in demand with large changes in the quantity of shipments of twist ties to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the ability to shift shipments from alternate markets, the availability of unused capacity, and the ability to shift production to or from alternate products.

The responding Chinese producer reported capacity of nearly *** and estimated that it accounts for approximately *** percent of production in China. The Chinese producer also reported that it also exports to ***. Other products that the responding foreign producer reportedly can produce on the same equipment as twist ties are ***.

Imports from nonsubject sources

Petitioner Bedford estimates that the Netherlands and Japan are the largest nonsubject sources of twist ties, but that they each likely account for less than one percent of the U.S. market.[4] For more information, please refer to Part VII.

Supply constraints

U.S. producer *** reported that it ***.

[4] Petitioner's postconference brief, Exhibit 1, p. 20.

U.S. demand

Based on available information, the overall demand for twist ties is likely to experience small 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 twist ties in most end uses.

End uses and cost share

U.S. demand for twist ties depends on the demand for products that use twist ties in their packaging or downstream products such as facemasks. Reported end uses include packaging ties for bundles of produce and bakery items, bundling ties for computer and TV cords, closing ties for dry cleaning and garbage bags, and nose wires for facemasks. All-plastic twist ties are used in applications that require metal detection, in products that will be microwaved, or in food services, and Petitioner's Bib Ties® are used in applications requiring product identification with barcodes and origin information.[5]

Twist ties account for a small share of the cost of the end-use products in which they are used. For end uses as packaging for food products and produce, cost shares ranged from 1 to 6 percent of total cost.

In April 2020, Petitioner Bedford was able to use its twist tie technology to provide twist ties for use in facemasks, and shipped these twist ties to manufacturers that had shifted production away from their usual products to the production of facemasks, such as ***.[6]

Both responding U.S. producers and one importer reported that there had been changes to their product mix due to changes in produce packaging. U.S. producer Bedford reported that its *** and U.S. producer T and T reported that ***. U.S. importer *** reported that twist ties for produce packaging are slowly being replaced with other packaging solutions due to changing demand from retailers and consumers.

Business cycles

Both U.S. producers and three of six U.S. importers indicated that the market was subject to business cycles or conditions of competition distinct to the twist tie market. Specifically, demand for twist ties used for packaging produce is seasonal based on harvest

[5] Petitioner's postconference brief, Exhibit 1, pp. 10-11.
[6] Petitioner's postconference brief, pp. 27-28.

seasons. The largest harvest season for leafy greens occurs during the fall and winter, but harvest seasons vary depending on region and specific commodity. U.S. importer *** reported that the twist tie market is seasonal and peaks during the holiday season. *** two importers reported that the twist tie market is subject to distinct conditions of competition. Importer *** cited the small number of twist tie manufacturers worldwide and in the United States. When asked if there had been changes to business cycles or conditions of competition since 2017, *** and importer *** reported that demand has shifted towards more sustainable and recyclable solutions.

Demand trends

Most firms reported constant U.S. demand for twist ties since January 1, 2017 (table II-5).

Table II-5
Twist ties: 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	***	***	***	***
U.S. importers	---	3	2	---
Demand outside the United States:				
U.S. producers	***	***	***	***
U.S. importers	---	3	---	1

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

Substitute products

*** three of six responding importers reported that there are substitutes, but that these substitutes do not affect the price of twist ties. Reported substitutes for twist ties include bag sealing tape, clamshells, drawstrings, heat seals, plastic tabs, plastic bags, rubber bands and rubber band tags, and twine.

Substitutability issues

The degree of substitution between domestic and imported twist ties 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 a moderate-to-high degree of substitutability between domestically produced twist ties and twist ties imported from subject sources. This degree of substitutability is largely driven by the

importance of quality and lead times, and the mixed responses of firms regarding interchangeability and the significance of differences other than price.

Lead times

U.S.-produced twist ties are primarily *** and Chinese twist ties are primarily sold from inventory. U.S. producers reported that *** percent of their commercial shipments were produced-to-order with lead times averaging *** days.[7] U.S. importers reported that *** percent of their commercial shipments were sold from U.S. inventories, with lead times averaging *** days.[8]

U.S. producer *** stated that in 2018 and 2019, two large U.S. retailers implemented new labeling requirements that it was able to fulfill with a much shorter lead time than Chinese producers, which led to a temporary increase in its shipments.[9]

Factors affecting purchasing decisions

Purchasers responding to lost sales and lost revenue allegations[10] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for twist ties (table II-6). The major purchasing factors identified by firms include price (4 purchasers), quality (3 purchasers), customer service (2 purchasers), lead/delivery time (2 purchasers), food safety, packaging, and source (1 purchaser each). Purchasers also indicated that packaging, food safety, and country source were important factors.

[7] *** percent of U.S.-produced twist ties were sold from U.S. inventories with lead times averaging *** days.

[8] The remaining *** percent of importers' U.S. shipments were produced-to-order, with an average lead time of *** days.

[9] Petitioner's postconference brief, p. 24.

[10] This information is compiled from responses by purchasers identified by the lost sales lost revenue allegations. See Part V for additional information.

Table II-6
Twist ties: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Item	1st	2nd	3rd	Total
	Number of firms (number)			
Price / Cost	1	2	1	4
Quality	2	1	---	3
Customer service	1	1	---	2
Lead time/delivery time	---	---	2	2

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

Petitioner Bedford described several measures of twist tie quality, such as shrinkage, cracking, width, and thickness.[11] Bedford stated that its customers make their purchasing decisions based on quality, customer service, lead times, and its responsiveness to documentation requests.[12]

Comparison of U.S.-produced and imported twist ties

In order to determine whether U.S.-produced twist ties can generally be used in the same applications as imports from China, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-7, most U.S. producers and importers reported that U.S. and Chinese twist ties are always or frequently interchangeable. Two importers reported that U.S.-produced and Chinese twist ties are only sometimes interchangeable and cited different tolerances and customer specifications. Importer *** reported that the interchangeability of a twist tie is determined by a particular producer's quality control rather than country-of-origin.

Table II-7
Twist ties: Interchangeability between twist ties 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. China	***	***	***	***	1	3	2	---
United States vs. Other	***	***	***	***	1	2	1	---
China vs. Other	***	***	***	***	1	2	1	---

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

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

[11] Petitioner's postconference brief, Exhibit 1, p. 10.
[12] Petitioner's postconference brief, Exhibit 1, p. 11.

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of twist ties from the United States, subject, or nonsubject countries. As seen in table II-8, U.S. producers and importers responses were mixed. Of the firms reporting that differences other than price were always or frequently significant cited differences in certifications, customer service, lead times, and quality.

Table II-8
Twist ties: Significance of differences other than price between twist ties produced in the United States and in other countries, by country pair

	U.S. producers				U.S. importers			
Country pair	A	F	S	N	A	F	S	N
United States vs. China	***	***	***	***	2	2	2	---
United States vs. Other	***	***	***	***	1	---	2	---
China vs. Other	***	***	***	***	1	---	2	---

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

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

U.S. importer *** reported that the most important factors are quality and branding and added that when it purchased from Bedford ***, those factors were not satisfied. U.S. importer *** reported that while price is important, product availability and lead times are important factors for the firm so it can provide customized solutions for its customers usually with ***. U.S. importer *** reported that in addition to price, product quality, printing capability, continuity of supply, customer service, and trust are significant differences between U.S.-produced and Chinese twist ties.

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 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 two firms that accounted for the vast majority of U.S. production of twist ties during 2019.[1]

U.S. producers

The Commission issued a U.S. producer questionnaire to three firms based on information contained in the petition. Two firms provided usable data on their operations. Staff believes that these responses represent the vast majority of U.S. production of twist ties.

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

Table III-1
Twist ties: U.S. producers of twist ties, their positions on the petition, production locations, and shares of reported production, 2019

Firm	Position on petition	Production location(s)	Share of production (percent)
Bedford	Petitioner	Worthington, MN	***
T and T	***	Bullhead City, AZ	***
Total			***

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

[1] Based on estimates provided in the petition. Petition, exh. GEN-1, Declaration of Jay Milbrandt.

Table III-2 presents U.S. producers' reported changes in operations since January 1, 2017.

Table III-2
Twist ties: U.S. producers' reported changes in operations, since January 1, 2017

Item / Firm	Reported changed in operations
Expansions:	
***	***

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

U.S. production, capacity, and capacity utilization

Table III-3 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. U.S. producers' capacity decreased by *** percent between 2017 and 2018, and then further decreased by *** percent between 2018 and 2019, for a decline of *** percent between 2017 and 2019. U.S. producers' combined capacity was *** percent lower during January-March 2020 compared to January-March 2019. U.S. producer *** accounted for all reported changes in domestic producer capacity between January 2017 and March 2020.

U.S. producers' combined production decreased by *** percent between 2017 and 2018, and then further decreased by *** percent between 2018 and 2019, for a decline of *** percent between 2017 and 2019. U.S. producers' combined production was *** percent higher during January-March 2020 compared to January-March 2019.

U.S. producers' combined capacity utilization ranged from *** percent to *** percent between January 2017 and March 2020.

Table III-3
Twist ties: U.S. producers' production, capacity, and capacity utilization, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Capacity (1,000 twist ties)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Production (1,000 twist ties)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Capacity utilization (percent)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Share of production (percent)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***

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

Figure III-1
Twist Ties: U.S. producers' production, capacity, and capacity utilization, 2017-19, January to March 2019, and January to March 2020

* * * * * * *

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

Alternative products

As shown in table III-4, *** percent of the product produced between January 2017 and March 2020 by U.S. producers was twist ties.[2] [3]

Table III-4
Twist ties: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
Overall capacity	***	***	***	***	***
Production:					
Twist ties	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Twist ties	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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

U.S. producers' U.S. shipments and exports

Table III-5 presents U.S. producers' U.S. shipments, export shipments, and total shipments. U.S. shipments by quantity decreased by *** percent between 2017 and 2018 and then increased by *** percent between 2018 and 2019, for an overall decline of *** percent between 2017 and 2019. U.S. shipments by quantity were *** percent higher during January-March 2020 compared to January-March 2019. More than *** percent of U.S. producers' shipments by quantity were U.S. shipments, as opposed to export shipments, between January 2017 and March 2020.

U.S. producers' export shipments increased by *** percent between 2017 and 2018 and then decreased by *** percent between 2018 and 2019. U.S. producers' export shipments by quantity were *** percent higher during January-March 2020 compared to January-March 2019. Between 2017 and 2019, unit values for U.S. shipments increased by *** percent but

[2] Other products include ***. *** U.S. producer questionnaire response, question II-3a.
[3] U.S. producer *** reported that ***. *** U.S. producer questionnaire response, question II-3a.

were *** percent lower during January-March 2020 compared to January-March 2019. Between 2017 and 2019, unit values for U.S. producers' export shipments increased by *** percent but were *** percent lower during January-March 2020 compared to January-March 2019.

Table III-5
Twist ties: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 twist ties)				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Value (1,000 dollars)				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Unit value (dollars per 1,000 twist ties)				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of quantity (percent)				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of value (percent)				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

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

U.S. producers' inventories

Table III-6 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**.** U.S. producers' end-of-period inventories decreased by *** percent between 2017 and 2018 and then increased by *** percent between 2018 and 2019. U.S. producers' end-of-period inventories were *** percent lower during January-March 2020 compared to January-March 2019. The ratios of inventories to U.S. production and U.S. shipments were lower in 2018 than in 2017 but higher in 2019 than in 2018.

Table III-6
Twist ties: U.S. producers' inventories, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 twist ties)				
U.S. producers' end-of-period inventories	***	***	***	***	***
	Ratio (percent)				
Ratio of inventories to.--					
U.S. production	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

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

U.S. producers' imports and purchases

U.S. producers' imports and purchases of twist ties are presented in table III-7. One U.S. producer, ***, imported twist ties from *** between January 2017 and March 2020. *** U.S. imports from *** decreased by *** percent between 2017 and 2018, and then further decreased by *** percent between 2018 and 2019. *** ratio to U.S. production of imports from *** decreased by *** percentage points between 2017 and 2019.

Table III-7
Twist ties: U.S. producers' U.S. production, imports and purchases, January to March 2019, and January to March 2020

* * * * * * *

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

U.S. employment, wages, and productivity

Table III-8 shows U.S. producers' employment-related data. Between 2017 and 2018, the number of production and related workers ("PRWs"), total hours worked, and wages paid increased. Between 2018 and 2019, the number of production and related workers ("PRWs") and total hours worked decreased; however, both total wages paid and hourly wages increased.[4]

Table III-8
Twist ties: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
Production and related workers (PRWs) (number)	***	***	***	***	***
Total hours worked (1,000 hours)	***	***	***	***	***
Hours worked per PRW (hours)	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***
Productivity (1,000 twist ties per hour)	***	***	***	***	***
Unit labor costs (dollars per 1,000 twist ties)	***	***	***	***	***

Note: Due to U.S. producer *** limited questionnaire response, staff estimated U.S. producer *** number of PRWs and hours worked by PRWs based on U.S. producer *** employment indicia relative to U.S. producer *** reported wages paid to PRWs.

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

[4] Producer ***. *** U.S. producer questionnaire response, question II-10.

Part IV: U.S. imports, apparent U.S. consumption, and market shares

U.S. importers

The Commission issued importer questionnaires to 16 firms believed to be importers of twist ties.[1] Usable questionnaire responses were received from nine companies, representing an estimated 21.1 percent of U.S. imports from China in 2019.[2] [3] Table IV-1 lists all responding U.S. importers of twist ties from China and other sources, their locations, and their shares of U.S. imports, in 2019.

Table IV-1
Twist Ties: U.S. importers by source, 2019

Firm	Headquarters	Share of imports by source (percent)		
		China	Nonsubject sources	All import sources
Ben Clements	South Hackensack, NJ	***	***	***
Cleaners Supply	Conklin, NY	***	***	***
Cole & Ashcroft	Houston, TX	***	***	***
Elkay	Commerce, CA	***	***	***
JSC	Bakersfield, CA	***	***	***
PEMCO	San Diego, CA	***	***	***
Saveway	Riverside, CA	***	***	***
Schermerhorn	Houston, TX	***	***	***
T and T	Fullerton, CA	***	***	***
All firms		***	***	***

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

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports under HTS subheadings 8309.90.00 and 5609.00.30 in 2019.

[2] U.S. importers *** and *** did not provide a U.S. importers' questionnaire response but provided staff with quantity and value data for imports of twist ties from all sources during January 2017 – March 2020.

[3] Based on the value of responding U.S. importers combined 2019 imports from China *** relative to petitioner's estimated combined value for all 2019 imports of twist ties from China ***. See App. E. and Petitioner's postconference brief, exh. GEN-S5.

U.S. imports

Table IV-2 and figure IV-1 present data for U.S. imports of twist ties from China and all other sources.[4] The vast majority of reported imports between January 2017 and March 2020 were from China. During the same time period, imports from China decreased after every subsequent year.[5] Nonsubject imports were only reported in 2019 and during January-March 2020.

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[4] Petitioner reported that twist ties entered under numerous HTS numbers, Petition at 10 and Petitioner's postconference brief at 28, but Petitioner indicated that 8309.90.0000 and 5609.00.3000 were the "primary" HTS numbers, supported by Customs decisions. Petition at 11 and Exhs. GEN-2, GEN-3, and GEN-4. However, both of these HTS numbers cover broad categories, including out-of-scope merchandise, and import volume as reported by importer questionnaire responses was equivalent to approximately 1.2 percent of combined imports under those two categories. Questionnaire Importer Coverage 2019, EDIS Doc. 715973. Thus, this report does not rely on official import statistics to measure imports of twist ties.

The record includes petitioner's estimate of the U.S. market for 2017, 2018, and 2019 by value. Petitioner's postconference brief at Bedford-3, Exh. GEN-S5. Petitioner estimated the total U.S. market as $*** in 2017, $*** in 2018, and $*** in 2019, with the value of imports estimated at $*** in 2017, $*** in 2018, and $*** in 2019. *Id.*

The record includes responses from most of the importers identified by the Petition. Importer questionnaire responses provide volume, value, and an average unit value. Importer questionnaires placed import volume at *** ties in 2017, *** in 2018, and at *** in 2019, with value at $*** in 2017, $*** in 2018, and $*** in 2019. *See* App. E. However, this total falls *** of petitioner's estimate, suggesting the importer record may be incomplete.

The record includes only one response from a foreign producer, Hongda, but that foreign producer was cited several times in the Petition, Petition at 14, 17, 29, and GEN-10, and, according to Hongda, accounted for approximately *** percent of all twist ties exports to the U.S. from China and approximately *** percent of overall production of twist ties in China. Hongda's foreign producer questionnaire showed exports from China of *** in 2017, *** in 2018, and *** in 2019. Hongda's Foreign Producers' Questionnaire Response at II-8. The foreign producer's exports in 2019 were *** the number of ties reported by responding importers. The foreign producer questionnaire did not include values for the reported exports.

Applying average unit values from the combined importer questionnaire data to the foreign producer export data yielded, together with values reported by the domestic producers, total U.S. apparent consumption value numbers that were close to those estimated by petitioner. *Compare* Table IV-5 (*** million in 2017, *** in 2018, $*** in 2019 *with* petitioner's total U.S. market estimates described above. Therefore, Part IV of this report relies on exports as reported by foreign producer Hongda for import volume with import value estimated by applying average unit values from importer questionnaires to Hongda's exports.

[5] Bedford estimates imports of twist ties, by value, to be *** during calendar year 2017, *** during calendar year 2018, and *** during calendar year 2019, Petitioner's postconference brief, exh. GEN-S5.

Between 2017 and 2018, U.S. imports from China,[6] by quantity, decreased by *** percent and then decreased by *** percent between 2018 and 2019, for an overall decline of *** percent between 2017 and 2019. U.S. imports from China were *** percent lower during January-March 2020 compared to January-March 2019. Between 2017 and 2018, U.S. imports from China, by value, increased by *** percent and then decreased by *** percent between 2018 and 2019, for an overall decline of *** percent between 2017 and 2019. U.S. imports from China, by value, were *** percent lower during January-March 2020 compared to January-March 2019.

Nonsubject imports were approximately *** twist ties during calendar year 2019 and *** twist ties during January-March 2020.[7]

Average unit values of U.S. imports from China increased by *** percent between 2017 and 2018, but then decreased by *** percent between 2018 and 2019, for an overall increase of *** percent between 2017 and 2019. Average unit values were *** percent higher during January-March 2020 compared to January-March 2019.

[6] U.S. imports from China by volume are represented by exports to the U.S. market as reported by foreign producer Hongda in response to the foreign producer questionnaire. *See* App. E for U.S. imports and apparent U.S. consumption as represented by responses to U.S. importer questionnaires.

[7] Responding U.S. importers noted *** as the only nonsubject source of imports.

Table IV-2
Twist Ties: U.S. imports by source, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 twist ties)				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per 1,000 twist ties)				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Ratio to U.S. production				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Note.--U.S. imports from China by quantity are derived from reported exports to the U.S. from one foreign producer Hongda. U.S. imports from China by value are then derived from the adjusted quantity and reported U.S. importers unit value for subject imports. Nonsubject import quantity and value reported by ***.

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

Figure IV-1
Twist Ties: U.S. import quantities and average unit values, 2017-19, January to March 2019, and January to March 2020

* * * * * * *

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

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[8] 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.[9] Imports from China accounted for *** percent of total imports of twist ties by quantity during June 2019 – May 2020. Volume data for U.S. imports from China and nonsubject sources in the 12-month period preceding the filing of the petition are shown in table IV-3.

Table IV-3
Twist ties: U.S. imports in the twelve-month period preceding the filing of the petition, June 2019 through May 2020

Item	June 2019 through May 2020	
	Quantity (1,000 twist ties)	Share quantity (percent)
U.S. imports from.--		
China	***	***
Nonsubject sources	***	***
All import sources	***	***

Note.—U.S imports quantity from China derived from U.S. importers' questionnaire responses. Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

[8] 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)).

[9] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Product Mix

Table IV-4 presents data on the mix of twist tie products manufactured and sold by U.S. producers and imported by U.S. importers based on core type, wire gauge size, covering, and cutting. ***. No U.S. importers reported imports of twist ties with a core type of more than one stainless steel wire, or imports of twist ties with wire gauge sizes 20 through 24 or 30 and larger.

Table IV-4
Twist ties: Product mix for U.S. producers and U.S. importers

Item	U.S. producers	China	Nonsubject sources
Core type.--			
Single stainless steel wire	***	4	---
Single galvanized steel wire	***	3	---
More than one stainless steel wire	***	---	---
More than one galvanized steel wire	***	1	---
Plastic	***	1	---
Wire gauge sizes.--			
Gauge <= 19	***	1	---
Gauge 20 through 24	***	---	---
Gauge 25 through 29	***	5	---
Gauge >= 30	***	---	---
Coverings.--			
Dry paper	***	4	---
Wet paper	***	2	---
Polyethylene	***	3	---
Other plastic	***	3	---
Paper and plastic combo	***	3	---
Cutting.--			
Pre-cut <=4" lengths	***	2	---
Pre-cut > 4" and <=6" lengths	***	3	---
Pre-cut > 6" and <=8" lengths	***	5	---
Pre-cut > 8" and <=10" lengths	***	5	---
Pre-cut > 10" lengths	***	3	---
Spool	***	2	---
Gangs	***	1	---

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

Apparent U.S. consumption

Table IV-5 and figure IV-2 present data on apparent U.S. consumption and U.S. market shares for twist ties. Apparent consumption by quantity decreased by *** percent between 2017 and 2018, and then further decreased by *** percent between 2018 and 2019, for an overall decline of *** percent between 2017 and 2019. Apparent consumption by quantity was *** percent lower during January-March 2020 compared to January-March 2019. Apparent consumption by value decreased by *** percent between 2017 and 2018, and then further decreased by *** percent between 2018 and 2019, for an overall decline of *** percent. Apparent consumption by value was *** percent lower during January-March 2020 compared to January-March 2019

The share of U.S. producers' U.S. shipments by quantity decreased by *** percentage points between 2017 and 2018, and then increased by *** percentage points between 2018 and 2019, for an overall increase of *** percentage points. The share of U.S. producers' U.S. shipments by quantity was *** percentage points higher during January-March 2020 compared to January-March 2019. The share of U.S. producers' U.S. shipments by value decreased by *** percentage points between 2017 and 2018, and then increased by *** percentage points between 2018 and 2019, for an overall increase of *** points. The share of U.S. producers' U.S. shipments by quantity was *** percentage points higher during January-March 2020 compared to January-March 2019.

Table IV-5
Twist ties: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 twist ties)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. imports from.--China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. imports from.--China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***

Table continued on next page.

Table IV-5—Continued
Twist ties: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. imports from China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. imports from China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Note.-- U.S. imports from China by quantity are derived from reported exports to the U.S. from one foreign producer Hongda. U.S. imports from China by value are then derived from the adjusted quantity and reported U.S. importers unit value for subject imports. Nonsubject import quantity and value reported by ***.

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

Figure IV-2
Twist ties: Apparent U.S. consumption, 2017-19, January to March 2019, and January to March 2020

* * * * * * *

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

Part V: Pricing data

Factors affecting prices

Raw material costs

Twist ties are generally produced from stainless or galvanized steel wire, paper, and/or plastic. Prices for twist ties vary based on how much metal is used, how much plastic is used, the size of the twist tie, and if there is printing or labeling on the twist tie.[1] Raw materials as a share of cost of goods sold decreased from *** percent in 2017 to *** percent in 2019. However, both responding U.S. producers reported that raw material prices had increased since 2017. Four of seven responding importers reported that raw material prices had remained constant, and two of the three importers that reported increasing raw material costs stated that they were able to pass on at least some of the increases to their customers.

Petitioner Bedford stated that low-carbon steel and plastic resin are the primary drivers of raw material costs. Bedford added that in August 2018, it cited steel and plastic raw material costs as justification for increased prices.[2] Bedford stated that while it rarely produces twist ties using alternate metals, such as aluminum, such production is possible, especially if there is a need for a lightweight or especially malleable product.[3]

U.S. producers and importers were asked about the impact of section 232 tariffs (table V-1). U.S. producers reported that section 232 tariffs ***. Three of the five responding U.S. importers reported that section 232 tariffs had led to an increase in raw material costs, and two of the four responding U.S. importers indicated that there was an increase in prices of twist ties.

[1] Petitioner's postconference brief, pp. 10-11.
[2] Petitioner's postconference brief, Exhibit 1, p. 17.
[3] Petitioner's postconference brief, Exhibit 1, p. 5.

Table V-1
Twist ties: Firm's perceptions regarding the impact of section 232 tariffs

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
232: Impact on raw material costs.-- U.S. producers	***	***	***	***
U.S. importers	3	2	---	---
232: Impact on prices.-- U.S. producers	***	***	***	***
U.S. importers	2	2	---	---

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

U.S. inland transportation costs

Both responding U.S. producers and half of responding importers (3 of 6) reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from *** to *** percent of total cost while most importers reported costs of *** to *** percent.[4]

Pricing practices

Pricing methods

U.S. producers and importers reported setting prices using a variety of pricing methods (table V-2). Most U.S. importers reported price setting on a transaction-by-transaction basis, but some importers also reported using contracts, set price lists, and set prices on retail websites.

Table V-2
Twist ties: U.S. producers' and importers' reported price setting methods, by number of responding firms

Method	U.S. producers	U.S. importers
Transaction-by-transaction	***	4
Contract	***	1
Set price list	***	2
Other	***	1
Responding firms	2	6

Note: 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.

[4] U.S. importer *** reported transportation costs averaging 20 percent of total cost.

U.S. producers reported selling the vast majority of their twist ties on the spot market, while importers reported selling *** of their twist tie shipments through annual contracts, with approximately *** of their shipments sold on the spot market or via short-term sales contracts (table V-3). U.S. producers and most U.S. importers reported that their contracts are fixed price, do not allow for price renegotiation, and are not indexed to raw material prices.

Table V-3
Twist ties: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2019

Item	U.S. producers	Subject U.S. importers
	Share (percent)	
Share of commercial U.S. shipments.--		
Long-term contracts	***	***
Annual contract	***	***
Short-term contracts	***	***
Spot sales	***	***

Note: Because of rounding, figures may not add to the totals shown.

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

Sales terms and discounts

U.S. producers typically quote on a delivered basis and most responding importers (4 of 7) typically quote prices on an f.o.b. basis. Both U.S. producers reported offering quantity discounts and ***. Petitioner Bedford stated that each price list has quantity discounts but that there is a cap on quantity discounts.[5] Similarly, four of six responding importers reported offering quantity discounts, two reported offering total volume discounts, one reported early payment discounts, and two reported offering no discounts.

[5] Petitioner's postconference brief, Exhibit 1, p. 17.

Price data

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following twist ties products shipped to unrelated U.S. customers during January 2017-March 2020.

Product 1.-- Paper/paper 29 gauge cut tie, ranging from 4" x 5/32" to 4" x 3/16"

Product 2.-- Paper/paper 29 gauge cut tie, ranging from 7" x 5/32" to 7" x 3/16"

Product 3.-- Produce tie, wet strength paper/paper 27 gauge, galvanized wire, 8" x 7/16"

Product 4.-- Produce tie, wet strength paper/paper 27 gauge, galvanized wire, 10" x 7/16"

One U.S. producer and two importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[6] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' commercial shipments of twist ties and *** percent of U.S. commercial shipments of subject imports from China in 2019.[7] [8]

Price data for products 1-4 are presented in tables V-4 to V-7 and figures V-1 to V-4.

[6] 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.

[7] Importer *** reported pricing data accounted for *** of price data for China. Importer *** reported price data for ***. Importers' U.S. commercial shipments of twist ties are reported in Appendix E.

[8] U.S. producer ***. See footnote 6, Part VI. Additionally, while U.S. producers reported selling a variety of wire gauge sizes, including ***, U.S. importers reported only shipments of gauges 25 through 29. See table IV-4 for additional information.

Table V-4
Twist ties: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2017-March 2020

Period	United States		China		
	Price (dollars per 1,000 twist ties)	Quantity (1,000 twist ties)	Price (dollars per 1,000 twist ties)	Quantity (1,000 twist ties)	Margin (percent)
2017:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2018:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2019:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2020:					
Jan.-Mar.	***	***	***	***	***

Note: Product 1: Paper/paper 29 gauge cut tie, ranging from 4” x 5/32” to 4” x 3/16”

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

Table V-5
Twist ties: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2017-March 2020

Period	United States		China		
	Price (dollars per 1,000 twist ties)	Quantity (1,000 twist ties)	Price (dollars per 1,000 twist ties)	Quantity (1,000 twist ties)	Margin (percent)
2017:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2018:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2019:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2020:					
Jan.-Mar.	***	***	***	***	***

Note: Product 2: Paper/paper 29 gauge cut tie, ranging from 7” x 5/32” to 7” x 3/16”

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

Table V-6
Twist ties: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2017-March 2020

Period	United States		China		
	Price (dollars per 1,000 twist ties)	Quantity (1,000 twist ties)	Price (dollars per 1,000 twist ties)	Quantity (1,000 twist ties)	Margin (percent)
2017:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2018:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2019:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2020:					
Jan.-Mar.	***	***	***	***	***

Note: Product 3: Produce tie, wet strength paper/paper 27 gauge, galvanized wire, 8” x 7/16”

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

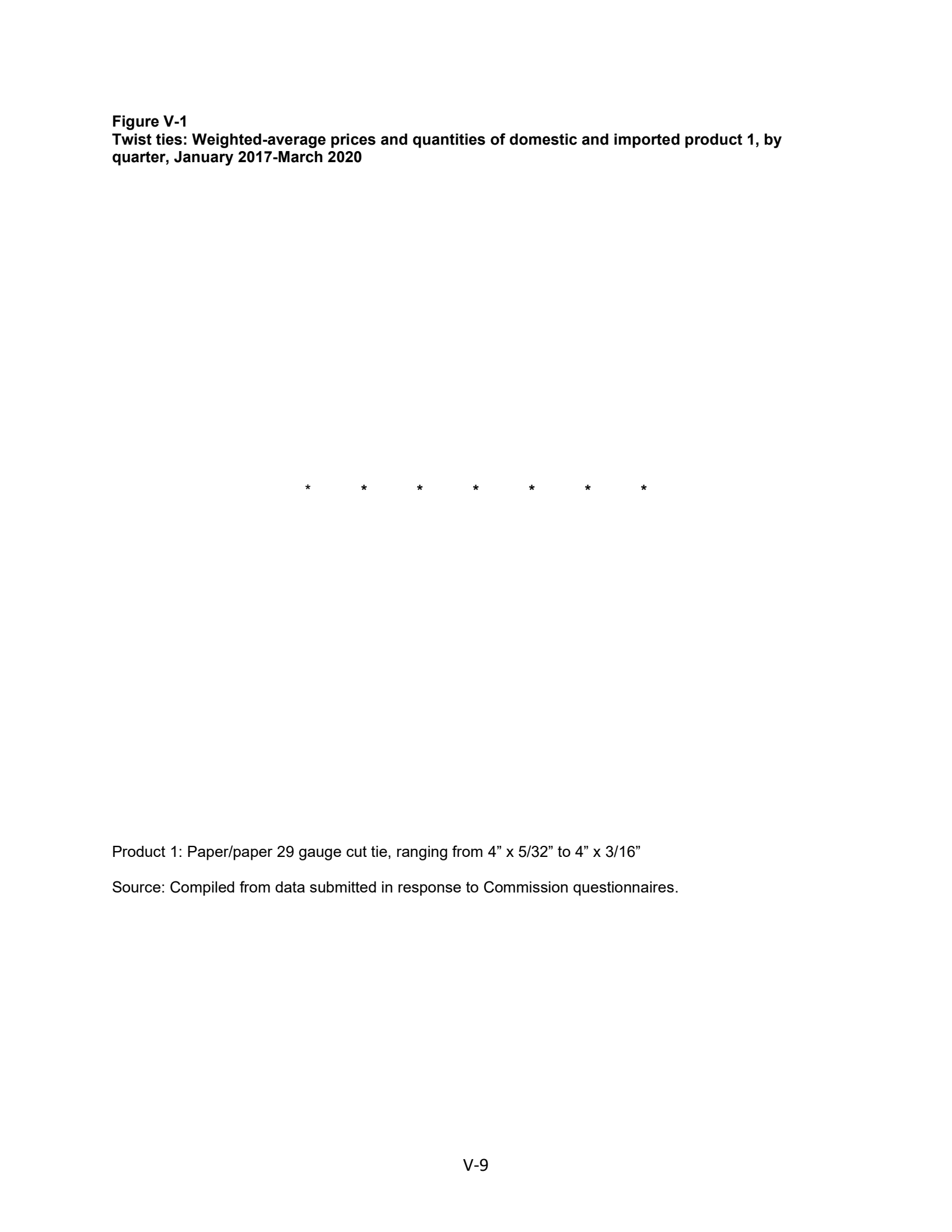
Table V-7
Twist ties: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2017-March 2020

Period	United States		China		
	Price (dollars per 1,000 twist ties)	Quantity (1,000 twist ties)	Price (dollars per 1,000 twist ties)	Quantity (1,000 twist ties)	Margin (percent)
2017:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2018:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2019:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2020:					
Jan.-Mar.	***	***	***	***	***

Note: Product 4: Produce tie, wet strength paper/paper 27 gauge, galvanized wire, 10” x 7/16”

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

Figure V-1
Twist ties: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2017-March 2020



* * * * * * *

Product 1: Paper/paper 29 gauge cut tie, ranging from 4” x 5/32” to 4” x 3/16”

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

Figure V-2
Twist ties: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2017-March 2020

* * * * * * *

Product 2: Paper/paper 29 gauge cut tie, ranging from 7” x 5/32” to 7” x 3/16”

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

Figure V-3
Twist ties: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2017-March 2020

* * * * * * *

Product 3: Produce tie, wet strength paper/paper 27 gauge, galvanized wire, 8” x 7/16”

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

Figure V-4
Twist ties: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2017-March 2020

* * * * * * *

Product 1: Paper/paper 29 gauge cut tie, ranging from 4” x 5/32” to 4” x 3/16”

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

Price trends

In general, prices increased during January 2017-March 2020. Table V-8 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from *** percent to *** percent during January 2017-March 2020 while import price increases ranged from *** percent to *** percent. Prices for U.S.-produced *** decreased by *** percent and prices for prices of *** from China decreased by *** percent during January 2017-March 2020.

Table V-8
Twist ties: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China

Item	Number of quarters	Low price (dollars per 1,000 twist ties)	High price (dollars per 1,000 twist ties)	Change in price over period[1] (percent)
Product 1:				
United States	***	***	***	***
China	***	***	***	***
Product 2:				
United States	***	***	***	***
China	***	***	***	***
Product 3:				
United States	***	***	***	***
China	***	***	***	***
Product 4:				
United States	***	***	***	***
China	***	***	***	***

Note: Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

Price comparisons

As shown in table V-9, prices for product imported from China were below those for U.S.-produced product in 43 of 46 instances (*** twist ties); margins of underselling ranged from *** percent to *** percent. In the remaining three instances (*** twist ties), prices for product from China were between *** percent and *** percent above prices for the domestic product.

Table V-9
Twist ties: Instances of underselling/overselling and the range and average of margins, by country, January 2017-March 2020

Source	Underselling				
	Number of quarters	Quantity (1,000 twist ties)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total, underselling	43	***	***	***	***
Source	**(Overselling)**				
	Number of quarters	Quantity (1,000 twist ties)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total, overselling	3	***	***	***	***

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

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

Lost sales and lost revenue

The Commission requested that U.S. producers of twist ties report purchasers with which they experienced instances of lost sales or revenue due to competition from imports of twist ties from China during January 2017-March 2020. Of the two responding U.S. producers, *** reported that *** had to either reduce prices or roll back announced price increases, and *** reported that *** had lost sales. One U.S. producer submitted lost sales and lost revenue allegations identifying 21 firms with which they lost sales or revenue (8 consisting of lost sales allegations, 2 consisting of lost revenue allegations, and 11 consisting of both types of allegations). Of the 21 allegations, *** instances occurred during the first two quarters of 2018.

Staff contacted 21 purchasers and received responses from 4 purchasers. Responding purchasers reported purchasing (or importing) *** twist ties during January 2017-December 2019 (table V-10).

Table V-10
Twist ties: Purchasers' reported purchases and imports, 2017-19

Purchaser	Purchases and imports in 2017-19 (1,000 twist ties)			Change in domestic share[2] (pp, 2017-19)	Change in subject country share[2] (pp, 2017-19)
	Domestic	Subject	All other[1]		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	***	***	***	***	***

Note: All other includes all other sources and unknown sources.
Note: Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

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

During 2019, responding purchasers purchased *** percent from U.S. producers and *** percent from China. Purchasers were asked about changes in their purchasing patterns from different sources since 2017(table V-11). Two of four responding purchasers reported that their purchases of U.S.-produced twist ties had increased, one reported their purchases had decreased, and one reported that their purchases had fluctuated. Two of three responding purchasers reported that their purchases of Chinese twist ties had decreased since 2017, and one reported that their purchases had fluctuated. All responding purchasers reported that they had not purchased twist ties from nonsubject or unknown sources.

Table V-11
Twist ties: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	---	1	2	---	1
China	---	2	---	---	1
Nonsubject sources	2	---	---	---	---
Sources unknown	2	---	---	---	---

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

Purchaser *** reported that its purchases of domestically produced twist ties increased because a customer placed an unanticipated order and it had to supplement its existing inventories. However, *** explained that with the exception in 2017, that it had not purchased from Bedford for the past *** due to quality and branding issues in

the past.[9] Purchaser *** reported that its purchases had increased because of an increase in its own business. One purchaser reported a decrease in purchases from U.S. producers, but also indicated that its purchases from Chinese producers had decreased as well, due to reduced demand and reduced economic feasibility.

Of the four responding purchasers, three reported that, since 2017, they had purchased imported twist ties from China instead of U.S.-produced product. All three purchasers reported that subject import prices were lower than U.S.-produced product, and two of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. These two purchasers estimated the quantity of twist ties from China purchased instead of domestic product; quantities ranged from *** twist ties to *** twist ties (table V-12). Purchaser *** identified quality and packaging as non-price reasons for purchasing imported rather than U.S.-produced product, but also highlighted the predictable pricing of Chinese twist ties.

None of the four responding purchasers reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China; two reported that they did not know.

In responding to the lost sales lost revenue survey, some purchasers provided additional information on purchases and market dynamics. U.S. purchaser *** reported that ***. U.S. purchaser *** stated that ***.

[9] *** email to USITC staff, July 16, 2020.

Table V-12
Twist ties: Purchasers' responses to purchasing subject imports instead of domestic product

Purchaser	Subject imports purchased instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased subject imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity (1,000 twist ties)	If No, non-price reason
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	Yes--3; No--1	Yes--3; No--0	Yes--2; No--1	***	

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

Part VI: Financial experience of U.S. producers

Background

Two U.S. producers (Bedford and T and T) provided usable financial data.[1] [2] Both U.S. producers have a fiscal year end of December 31 and provided financial data on the basis of generally accepted accounting principles (GAAP). These two questionnaire responses are believed to account for virtually all sales of twist ties by U.S. producers.[3]

Figure VI-1 presents each producer's share of the total reported net sales quantity in 2019. Revenue reflects commercial sales only (no internal consumption or transfers to related firms were reported during the period for which data were requested).

Figure VI-1
Twist Ties: Share of net sales quantity, by firm, 2019

* * * * * * *

[1] Bedford is a privately-held, family-owned business that started manufacturing twist ties in 1966. Testimony of Milbrandt, p. 2.

[2] T and T is a privately-held company manufacturing and selling twist ties and packaging products for over 60 years. *T and T Webpage*, http://www.twistems.com/pages/profile.html, retrieved July 23, 2020.

[3] The petition listed two additional U.S. producers of twist ties, Hanscom, Inc. (Warren, Rhode Island) and Package Containers, Inc. (Canby, Oregon) ("PCI"). Petitioner believes that Hanscom and PCI are ***. The petitioner estimates that ***. Petition, p. 8, exh. 1, and exh. 5 and petitioner's postconference brief, exh. 3 (p. 8).

Operations on twist ties

Table VI-1 presents aggregated data on U.S. producers' operations in relation to twist ties over the period examined, while table VI-2 presents corresponding changes in average unit values. Table VI-3 presents selected company-specific financial data.

Table VI-1
Twist ties: Results of operations of U.S. producers, 2017-19, January to March 2019, and January to March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 twist ties)				
Total net sales	***	***	***	***	***
	Value (1,000 dollars)				
Total net sales	***	***	***	***	***
Cost of goods sold.-- Raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Total COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Other expense / (income), net	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
Depreciation/amortization	***	***	***	***	***
Cash flow	***	***	***	***	***
	Ratio to net sales (percent)				
Cost of goods sold.-- Raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***

Table continued on next page.

Table VI-1—Continued
Twist ties: Results of operations of U.S. producers, 2017-19, January to March 2019, and January to March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Ratio to total COGS (percent)				
Cost of goods sold.-- Raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
	Unit value (dollars per 1,000 twist ties)				
Total net sales	***	***	***	***	***
Cost of goods sold.-- Raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
	Number of firms reporting				
Operating losses	***	***	***	***	***
Net losses	***	***	***	***	***
Data	***	***	***	***	***

Note: ***.

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

Table VI-2
Twist ties: Changes in AUVs, between fiscal years and between partial year periods

Item	Between fiscal years			Between partial year period
	2017-19	2017-18	2018-19	2019-20
	Change in AUVs (percent)			
Total net sales	***	***	***	***
Cost of goods sold.-- Raw materials	***	***	***	***
Direct labor	***	***	***	***
Other factory costs	***	***	***	***
Average COGS	***	***	***	***
	Change in AUVs (dollars per 1,000 twist ties)			
Total net sales	***	***	***	***
Cost of goods sold.-- Raw materials	***	***	***	***
Direct labor	***	***	***	***
Other factory costs	***	***	***	***
Average COGS	***	***	***	***
Gross profit	***	***	***	***
SG&A expense	***	***	***	***
Operating income or (loss)	***	***	***	***
Net income or (loss)	***	***	***	***

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

Table VI-3
Twist ties: Select results of operations of U.S. producers, by company, 2017-19, January to March 2019, and January to March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Total net sales (1,000 twist ties)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Total net sales (1,000 dollars)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Cost of goods sold (1,000 dollars)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Gross profit or (loss) (1,000 dollars)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	SG&A expenses (1,000 dollars)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Operating income or (loss) (1,000 dollars)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3—Continued
Twist ties: Select results of operations of U.S. producers, by company, 2017-19, January to March 2019, and January to March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Net income or (loss) (1,000 dollars)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	COGS to net sales ratio (percent)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Gross profit or (loss) to net sales ratio (percent)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	SG&A expense to net sales ratio (percent)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Operating income or (loss) to net sales ratio (percent)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Net income or (loss) to net sales ratio (percent)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3—Continued
Twist ties: Select results of operations of U.S. producers, by company, 2017-19, January to March 2019, and January to March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit net sales value (dollars per 1,000 twist ties)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Unit COGS (dollars per 1,000 twist ties)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Unit gross profit or (loss) (dollars per 1,000 twist ties)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Unit SG&A expenses (dollars per 1,000 twist ties)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Unit operating income or (loss) (dollars per 1,000 twist ties)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***
	Unit net income or (loss) (dollars per 1,000 twist ties)				
Bedford	***	***	***	***	***
T and T	***	***	***	***	***
All firms	***	***	***	***	***

Note: ***.

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

Net sales

Total net sales reflect only commercial sales. Total net sales quantity declined from 2017 to 2019, declining by *** percent from 2017 to 2018 and declining by *** percent from 2018 to 2019 as shown in table VI-1. Total net sales value fluctuated but increased overall from 2017 to 2019, declining by *** percent from 2017 to 2018 before increasing by *** percent from 2018 to 2019. Both net sales quantity and value were higher in January-March 2020 ("interim 2020") than in January-March 2019 ("interim 2019").[4] Average unit net sales values increased from $*** in 2017 to $*** in 2019, reflecting the decline in total net sales quantity compared to the small increase in total net sales value during this period. Average unit net sales value was lower in interim 2020 than in interim 2019.

Twist ties include a wide variety of product mix, with large variations in sales prices and production costs.[5] As shown in table VI-3, *** due to product mix variations.[6]

Cost of goods sold and gross profit or (loss)[7]

As shown in table VI-1, total cost of goods sold ("COGS") *** increased in absolute value from 2017 to 2019, but *** increased on a per-unit basis and as a ratio to net sales. Average per unit value of COGS increased from $*** to $***, while as a ratio to net sales total COGS increased from *** to *** percent. The trend in per-unit values was impacted mostly by the declines in net sales quantity in each reporting period, while the trend in ratio to sales data reflect the larger increase in total COGS relative to total net sales value.

Raw material costs represent the *** share of total COGS, ranged from *** to *** percent of total COGS during the period examined. Raw materials costs ***

[4] ***. Email from ***, July 20, 2020.

[5] Twist ties all have steel wire but can vary in length, width, thickness, color, and other materials. ***. Ibid.

[6] ***. Ibid.

[7] See footnote 11 in this section of the report.

increased by *** percent in absolute values from 2017 to 2019 and were higher in interim 2020 than in interim 2019. The increases in raw material costs during 2018 and 2019 primarily reflect the price increases as a result of Section 232 tariffs on steel wire.[8] On a per unit basis, raw materials costs increased each year from $*** to $*** from 2017 to 2019; average per unit raw material costs were higher in interim 2020 than in interim 2019. As a ratio to net sales, raw materials costs stayed relative steady, at *** percent in 2017 and 2018 and *** percent in 2019; raw material costs as a ratio to net sales were higher in interim 2020 than in interim 2019.

Table VI-4 presents details on specific raw material inputs as a share of total raw material costs in 2019. Steel wire accounted for the largest share of raw material costs, followed by plastic components and then paper. Other raw materials included ink and colorants and accounted for the smallest share of total raw material costs. Both U.S. producers sell twist ties ***.[9]

Table VI-4
Twist Ties: Raw material costs by type, 2019

Raw materials	Calendar year 2019		
	Value (1,000 dollars)	Unit value (dollars per 1,000 twist ties)	Share of value (percent)
Wire	***	***	***
Paper	***	***	***
Plastic components	***	***	***
Other material inputs	***	***	***
Total, raw materials	***	***	***

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

Direct labor costs represent the *** share of total COGS and were ***, ranging from *** percent to *** percent during the period examined. Direct labor costs increased each year from 2017 to 2019, as well as between the comparable interim periods, in absolute values and as a ratio to net sales. Average per unit direct labor costs also increased each year, from $*** per unit in 2017 to $*** in 2019; per unit direct labor costs remained the same in interim 2019 and interim 2020.

[8] See table V-1 for additional information on the impact of Section 232. ***. Email from ***, July 20, 2020.

[9] Email from ***, July 20, 2020 and email from ***, July 22, 2020.

***.[10]

Other factory costs represent the *** share of total COGS and were also ***, ranging from *** percent to *** percent during the period examined. Other factory costs increased in absolute values, as a ratio to net sales, and on a per unit basis from 2017 to 2019. Other factory costs were lower in absolute values, as a ratio to net sales, and on a per unit basis in interim 2020 than in interim 2019.[11]

As presented in table VI-1, gross profit *** by *** percent from 2017 to 2019 (***). Gross margins *** declined, from *** percent in 2017 to *** percent in 2018 and *** to *** percent in 2019. Gross profit and gross margins were both lower in interim 2020 than in interim 2019. Gross profit declined because COGS increased more than revenue during the full years and between the interim periods.

SG&A expenses and operating income or (loss)

U.S. producers' selling, general, and administrative ("SG&A") expense ratios (i.e., total SG&A expenses divided by net sales) *** increased from 2017 to 2019, ranging from *** percent to *** percent. General and administrative expense made up approximately two-thirds of total SG&A expenses and selling expenses made up the remaining one-third. Absolute and per unit SG&A costs increased each year from 2017 to 2019; absolute value of SG&A expenses were higher while per unit SG&A expenses were lower in interim 2020 than in interim 2019. Bedford explained that SG&A expense increases from 2017 to 2019 were the result of normal cost of living increases, with COVID lowering selling expenses in interim 2020.[12]

As presented in table VI-1, U.S. producers' operating income *** its gross profit trends, declining by *** percent from 2017 to 2019

[10] Email from ***, July 20, 2020.
[11] ***. Staff telephone interview with ***, July 23, 2020.
[12] COVID resulted in ***. Email from ***, July 20, 2020.

(***). Operating margins (i.e. operating income divided by net sales) followed the same directional pattern as gross margins, declining from *** percent in 2017 to *** percent in 2018 and declining further to *** percent in 2019. Operating income in both absolute and per unit measures as well as operating margins were lower in interim 2020 than in interim 2019.

All other expenses and net income or (loss)

Classified below the operating income level are interest expenses, other expenses, and other income. In table VI-1, these items are aggregated with the net amount shown. The net "all other expenses" fluctuated from 2017 to 2019 and was higher in interim 2020 than in interim 2019.[13] ***.[14] ***, *** U.S. producers reported declining net income from 2017 to 2019 and lower net income in interim 2020 than in interim 2019.[15]

[13] *** U.S. producers reported interest expenses, with *** accounting for *** interest expenses from 2017 to 2019 and in interim 2020.

[14] ***. Email from ***, July 20, 2020.

[15] A variance analysis is not shown due to the large variety of product mixes and T and T's reporting methods for specific COGS items.

Capital expenditures, research and development expenses, assets, and return on assets

Table VI-5 presents capital expenditures, research and development ("R&D") expenses, assets, and return on assets ("ROA") of U.S. producers. Table VI-6 provides U.S. producers' narrative responses regarding the nature and focus of their capital expenditures and R&D expenses as well as substantial changes in assets.

Table VI-5
Twist ties: Capital expenditures, R&D expenses, total assets, and ROA of U.S. producers, 2017-19, January to March 2019, and January to March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Value (1,000 dollars)				
Capital expenditures	***	***	***	***	***
R&D expenses	***	***	***	***	***
Total net assets	***	***	***		
	Percent				
Operating ROA	***	***	***		

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

Table VI-6
Twist Ties: U.S. producers' narrative responses relating to capital expenditures, R&D expenses, and assets since January 1, 2014

Firm	Nature and focus of capital expenditures
***	***
***	***
	Nature and focus of R&D expenses
***	***
***	***
	Substantial changes in net assets
***	***

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

Capital and investment

The Commission requested U.S. producers of twist ties to describe any actual or potential negative effects of imports of twist ties from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-7 presents the number of firms reporting an impact in each category and table VI-8 provides the U.S. producers' narrative responses.

Table VI-7
Twist Ties: Actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2017

Item	No	Yes
Negative effects on investment	0	2
Cancellation, postponement, or rejection of expansion projects		0
Denial or rejection of investment proposal		0
Reduction in the size of capital investments		0
Return on specific investments negatively impacted		2
Other		1
Negative effects on growth and development	0	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		2
Anticipated negative effects of imports	0	2

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

Table VI-8
Twist Ties: Narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2017

Item / Firm	Narrative
Return on specific investments negatively impacted:	
***	***
***	***
Other negative effects on investments:	
***	***
Other effects on growth and development:	
***	***
***	***
Anticipated effects of imports:	
***	***
***	***

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

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 factors*[1]*--*
>
> *(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 China

The Commission issued foreign producers' or exporters' questionnaires to three firms believed to produce and/or export twist ties from China.[3] Usable responses to the Commission's questionnaire were received from one firm: Zhenjiang Hongda Commodity Co., Ltd. ("Hongda"). According to estimates requested of the responding Chinese producer, Hongda's exports to the United States accounted for approximately *** percent of overall twist ties exports to the U.S. from China.[4] Hongda also estimates the production of twist ties reported in its questionnaire accounts for approximately *** percent of overall production of twist ties in China in 2019.[5] Table VII-1 presents information on the twist ties operations of Hongda.

Table VII-1
Twist Ties: Summary data for producer Hongda in China, 2019

Firm	Production (1,000 twist ties)	Share of reported production (percent)	Exports to the United States (1,000 twist ties)	Share of reported exports to the United States (percent)	Total shipments (1,000 twist ties)	Share of firm's total shipments exported to the United States (percent)
Hongda	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

Changes in operations

As presented in table VII-2 Hongda reported one change in operations since January 1, 2017.

Table VII-2
Twist Ties: Producer Hongda's reported changes in operations, since January 1, 2017

Item / Firm	Reported changed in operations
Relocations:	
***	***

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

[3] These firms were identified through a review of information submitted in the petition.
[4] Hongda's foreign producer questionnaire response, section II-6b.
[5] Hongda's foreign producer questionnaire response, section II-6a.

Operations on twist ties

Table VII-3 presents information on the twist ties operations of Hongda. Hongda's capacity *** between January 2017 and March 2020. Between 2017 and 2019, Hongda's production increased by *** percent, but was *** percent lower during January-March 2020 compared to January-March 2019. Hongda projects production to decrease by *** percent between 2020 and 2021. Hongda's capacity utilization increased by *** percentage points between 2017 and 2019 but was *** percentage points lower during January-March 2020 compared to January to March 2019. Hongda's inventories decreased by *** percent between 2017 and 2019 but were *** percent higher during January-March 2020 compared to January-March 2019. Hongda projects inventories to decline by *** percent between 2020 and 2021.

Hongda's export shipments to the United States decreased by *** percent between 2017 and 2018, and then further decreased by *** percent between 2018 and 2019. [6] Hongda's export shipments to the United States were *** percent lower during January-March 2020 compared to January-March 2019.[7]

[6] Hongda stated *** as the reasons for the change in exports from 2018 to 2019, Email from Hongda, July 26, 2020.

[7] Hongda stated *** as the reason for the change in exports during January-March 2020 compared to January-March 2019., Email from Hongda, July 26, 2020.

Table VII-3
Twist ties: Data for producer Hongda, 2017-19, January to March 2019, and January to March 2020

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (1,000 twist ties)						
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

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

Alternative products

As shown in table VII-4, Hongda produced other products on the same equipment and machinery used to produce twist ties.[8] The share of in-scope production decreased from *** percent of total production to *** percent of total production between 2017 and 2019 but was *** percentage points higher during January-March 2020 compared to January-March 2019.

Table VII-4
Twist ties: Producer Hongda's overall capacity and production on the same equipment as subject production, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
Overall capacity	***	***	***	***	***
Production:					
Twist ties	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Twist ties	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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

U.S. inventories of imported merchandise

Table VII-5 presents data on U.S. importers' reported inventories of twist ties. Inventories of imports from China decreased by *** percent between 2017 and 2018, and then increased by *** percent between 2018 and 2019. Inventories of imports from China were *** percent higher during January-March 2020 compared to January-March 2019. The ratio of inventories of imports from China to U.S. imports increased by *** percentage points between 2017 and 2018, and then further increased by *** percentage points between 2018 and 2019.

[8] ***. Hongda's foreign producer questionnaire, question II-3a.

Table VII-5
Twist ties: U.S. importers' inventories, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Inventories (1,000 twist ties); Ratios (percent)				
Imports from China					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from nonsubject sources:					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources:					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

Source: Compiled from data submitted in response to Commission U.S. importers' questionnaires.

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of twist ties from China after April 2020.

Table VII-6
Twist ties: Arranged imports, April 2020 through March 2021

Item	Period				
	Apr-Jun 2020	Jul-Sept 2020	Oct-Dec 2020	Jan-Mar 2021	Total
	Quantity (1,000 twist ties)				
Arranged U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires

Antidumping or countervailing duty orders in third-country markets

There were no antidumping or countervailing orders on twist ties from China in third-country markets listed in the relevant WTO database.[9] In addition, counsel for petitioner stated they are not aware of any antidumping or countervailing duty orders in place in any third-country market on twist ties imported from China.[10]

Information on nonsubject countries

Global Trade Atlas (GTA) publishes data on global exports, including those for the subheadings relevant to this investigation. However, all the subheadings described in the tariff treatment section of this report also include global trade of products outside the scope of these investigations. Due to this data limitation, GTA data is not presented here. The petitioner contends there is no other country that exports twist ties to the United States with a volume approaching that of China.[11] The petitioner also contends that the Netherlands, Japan, and Mexico may have exported a small quantity of twist ties to the United States during the POI, but each country is estimated to have accounted for 1 percent or less of the U.S. market.[12]

The Netherlands is focused on selling in Europe and is the main supplier for the European continent. The Netherlands product mix includes cut ties, spooled tie, and a double-wire tie product that is a common bag closure in Europe, which they refer to as a "clip band." The Netherlands is not reported to manufacture a custom-printed twist tie. The petitioner estimates the Netherlands holds about 10-20 percent of the global capacity. Japan is reported to be solely focused on selling small spools (approximately 1500 feet) of all-plastic metal-free tie. Japan's global capacity is unknown. The petitioner roughly estimates that China holds about 30 percent of global tie capacity.[13]

[9] Based on publicly available information from the WTO's dispute web portal.
[10] Petitioner's postconference brief, p. 20.
[11] Petitioner's postconference brief, p. 14.
[12] Petitioner's postconference brief, p. 20.
[13] Petitioner's postconference brief, p. 20.

Various sources report a positive growth outlook for bag closures, which include twist ties and plastic clip closures, with some predictions of a short-term drop in sales due to COVID-19.[14] One source forecasts a global compound annual growth rate of 5.9 percent for bag closures from 2019-2029.[15] The Asia Pacific region is forecasted to have a high compound annual growth rate for packaged food as well as the wires and cables market from 2019-27.[16] Europe and Oceania are expected to have high average growth for bag closures in the same period.[17] China and India have been forecasted to drive growth in Asia for twist ties, due to the countries' rapid growth in industrialization and high growth in the food, electrical, and electronics industries.[18]

[14] Transparency Market Research, "Pre-cut Twist Ties Market-Global Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2019-2027," September 2020. https://www.transparencymarketresearch.com/precut-twist-ties-market.html; Cole Market Research, "Twist Tie Recorded Strong Growth in 2019; COVID-19 Set to Drop Sales," July 13, 2020. https://coleofduty.com/military-news/2020/07/13/twist-tie-market-recorded-strong-growth-in-2019-covid-19-pandemic-set-to-drop-sales/.

[15] Future Market Insights, "Bag Closures Market to Expand at a CAGR of 5.6% During 2019 to 2029 - Future Market Insights," August 29, 2019. https://www.globenewswire.com/news-release/2019/04/29/1811353/0/en/Bag-Closures-Market-to-Expand-at-a-CAGR-of-5-6-During-2019-to-2029-Future-Market-Insights.html.

[16] Twist ties are used to bundle the cables and used in the food packaging market for closing bags. Future Market Insights, "Bag Closures Market to Expand at a CAGR of 5.6% During 2019 to 2029 - Future Market Insights," August 29, 2019. https://www.globenewswire.com/news-release/2019/04/29/1811353/0/en/Bag-Closures-Market-to-Expand-at-a-CAGR-of-5-6-During-2019-to-2029-Future-Market-Insights.html.

[17] Ibid.

[18] Future Market Insights, "Twist Tie Market: Global Industry Analysis 2014-2018 and Opportunity Assessment 2019 –2029," September 2020. https://www.futuremarketinsights.com/reports/twist-tie-market

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
85 FR 39933, July 2, 2020	*Twist Ties From China; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2020-07-02/pdf/2020-14297.pdf
85 FR 45161, July 27, 2020	*Twist Ties From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*	https://www.govinfo.gov/content/pkg/FR-2020-07-27/pdf/2020-16233.pdf
85 FR 45188, July 27, 2020	*Twist Ties From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2020-07-27/pdf/2020-16232.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PRELIMINARY CONFERENCE

Those listed below participated in the United States International Trade Commission's preliminary conference. The Commission conducted its preliminary conference through submissions of written testimony and postconference briefs:

Subject: Twist Ties from China

Inv. Nos.: 701-TA-649 and 731-TA-1523 (Preliminary)

Date: July 17, 2020

OPENING REMARKS:

In Support of Imposition (**Roy Goldberg**, Stinson LLP)

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

Stinson LLP
Washington, DC
on behalf of

Bedford Industries, Inc.

Jay Milbrandt, President, Bedford Industries, Inc.

Roy Goldberg)
) – OF COUNSEL
Denyse Zosa)

-END-

APPENDIX C

SUMMARY DATA

Table C-1
Twist ties: Summary data concerning the U.S. market, 2017-19, January to March 2019, and January to March 2020
(Quantity=1,000 twist ties; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per 1,000 twist ties; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
U.S. consumption quantity:									
Amount	***	***	***	***	***	▼***	▼***	▼***	▼***
Producers' share (fn1)	***	***	***	***	***	▲***	▼***	▲***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▼***	▲***	▼***	▼***
Nonsubject sources	***	***	***	***	***	▲***	***	▲***	▲***
All import sources	***	***	***	***	***	▼***	▲***	▼***	▼***
U.S. consumption value:									
Amount	***	***	***	***	***	▼***	▼***	▼***	▼***
Producers' share (fn1)	***	***	***	***	***	▲***	▼***	▲***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▼***	▲***	▼***	▼***
Nonsubject sources	***	***	***	***	***	▲***	***	▲***	▲***
All import sources	***	***	***	***	***	▼***	▲***	▼***	▼***
U.S. importers' U.S. imports from:									
China:									
Quantity (fn3)	***	***	***	***	***	▼***	▼***	▼***	▼***
Value (fn3)	***	***	***	***	***	▼***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▲***
Ending inventory quantity	***	***	***	***	***	▲***	▼***	▲***	▲***
Nonsubject sources:									
Quantity	***	***	***	***	***	▲***	***	▲***	▲***
Value	***	***	***	***	***	▲***	***	▲***	▲***
Unit value	***	***	***	***	***	▲***	***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Value	***	***	***	***	***	▼***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▲***
Ending inventory quantity	***	***	***	***	***	▲***	▼***	▲***	▲***
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 (1,000 twist ties per hour)	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit labor costs	***	***	***	***	***	▲***	▲***	▲***	▼***

Table continued.

Table C-1--Continued
Twist ties: Summary data concerning the U.S. market, 2017-19, January to March 2019, and January to March 2020
(Quantity=1,000 twist ties; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per 1,000 twist ties; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
Net sales:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Value	***	***	***	***	***	▲***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▼***
Cost of goods sold (COGS)	***	***	***	***	***	▲***	▼***	▲***	▲***
Gross profit or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
SG&A expenses	***	***	***	***	***	▲***	▲***	▲***	▲***
Operating income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
Capital expenditures	***	***	***	***	***	▼***	▼***	▼***	▲***
Research and development expenses	***	***	***	***	***	▲***	▲***	▲***	▲***
Net assets	***	***	***	***	***	▲***	▲***	▲***	***
Unit COGS	***	***	***	***	***	▲***	▲***	▲***	▼***
Unit SG&A expenses	***	***	***	***	***	▲***	▲***	▲***	▼***
Unit operating income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▼***
COGS/sales (fn1)	***	***	***	***	***	▲***	▲***	▲***	▲***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▼***	▼***	▼***

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.
fn3.--China imports quantities are derived from reported exports to the U.S. from one foreign producer ***. China imports values are then calculated using the derived quantity and U.S. importers' subject imports unit values as reported in questionnaire responses.

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

APPENDIX D

Tariff Treatment

Table D-1
Twist ties: Tariff treatment as of July 1, 2020

HTS	General Rate of Duty (*ad valorem*)	Section 301 Rate of Duty (*ad valorem*)	Section 301 exclusions	232 Duties	Miscellaneous Tariff Bills (MTBs)
8309.90.0000	2.6%	25%	No	No	No
5609.00.3000	4.5%	25%	Yes[1]	No	No
3906.90.2000	6.3%	25%	Yes[2]	No	No
3920.51.5000	6.5%	25%	No	No	Yes, general rate reduced to 3.5%[3]
3923.90.0080	3.0%	25%	Yes[4]	No	No
3926.90.9985	5.3%	7.5%	Yes[5]	No	Yes, general rate reduced ranging from free to 1%[6]

[1] There is an exclusion for one product provided for in this HTS subheading. USTR granted an exclusion for "ropes of man-made fibers, each measuring 1.7 m or more but not over 6.1 m in length with breaking strength of 22 kg or more but not over 230 kg, with hooks of base metal and locking mechanisms to maintain tension on the rope (described in statistical reporting number 5609.00.3000)." HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 Footnote 20 (oo)(19), p. 99-III-132.
[2] There is an exclusion for one product provided for in this HTS subheading. USTR granted an exclusion for "expandable plastics beads, 0.30 to 0.50 mm in diameter, consisting of copolymers of methylmethacrylate (62 to 64 percent by weight) and styrene (26 to 28 percent by weight) (described in statistical reporting number 3906.90.2000)." HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 Footnote 20 (o)(3), p. 99-III-65.
[3] Under provision 9902.11.84, certain products provided for in HTS 3920.51.50 have a reduced duty rate to 3.5%. They are sheets of plastics of poly(methylmethacrylate), noncellular and not reinforced, laminated, supported or similarly combined with other materials, not flexible, the foregoing of a kind used to produce countertops or edging, cabinet tops, faces or edges for home or office furnishings (provided for in subheading 3920.51.50). This temporary legislation will expire on December 31, 2020. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99, p. 99-II-93.
[4] There is an exclusion for one product provided for in this HTS subheading. USTR granted an exclusion for "cups of polypropylene, with a fluted wood paper filter fitted and affixed to the inside, measuring 44.1 mm in height, of a kind used to produce capsules for single-cup coffee brewing systems (described in statistical reporting number 3923.90.0080)." HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 Footnote 20 (w)(2), p. 99-III-108.
[5] Under subheading 3926.90.99, USTR has granted exclusions to the entirety of HTS 3926.90.9910 and 3926.90.9925. In addition to those two 10-digit statistical reporting numbers, USTR has granted an additional fifteen exclusions for products provided for in subheading 3926.90.99. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 footnotes 20(uu)(1-5), p. 99-III-148; 20(ww)(6-9), p. 99-III-159; 20(zz)(5), p. 99-III-174; 20(bbb)(6), p. 99-III-179, 20(ddd)(6-9), p. 99-III-182.
[6] Miscellaneous Tariff Bill provisions 9902.12.05, 9902.12.06, 9902.12.07, 9902.12.09, 9902.12.11, 9902.12.12, 9902.12.13, 9902.12.14, 9902.12.15, 9902.12.16, 9902.12.17, 9902.12.18, 9902.12.19, 9902.12.20, 9902.12.21, 9902.12.22, 9902.12.23, 9902.12.24, 9902.12.25, 9902.12.26, 9902.12.27, and 9902.12.28 have a rate of duty of free, 9902.12.08 has a rate of duty of 0.2%, and 9902.12.10 has a rate of duty of 1% (the products covered by each of these provisions are provided for in subheading 3926.90.99). This temporary legislation is scheduled to expire on December 31, 2020. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99, pp. 99-II-94-97.

Table D-1 – Continued
Twist ties: Tariff treatment as of July 1, 2020

HTS	General Rate of Duty (*ad valorem*)	Section 301 Rate of Duty (*ad valorem*)	Section 301 exclusions	232 Duties	Miscellaneous Tariff Bills (MTBs)
4811.59.6000	Free	25%	No	No	No
4821.10.2000	Free	25%	No	No	No
4821.10.4000	Free	25%	Yes[7]	No	No
4821.90.2000	Free	25%	No	No	No
4821.90.4000	Free	25%	No	No	No
4823.90.8680	Free	25%	Yes[8]	No	No
7326.90.8688	2.9%	25%	Yes[9]	No	Yes, general rate reduced to free[10]

Table continued on next page.

[7] There is an exclusion for one product provided for in this HTS subheading. USTR granted an exclusion "for paper and paperboard printed labels, personalized, not lithographic, on matte self-adhesive stock, with foil embellishments, each measuring 2 cm or more but not more than 6 cm in diameter, on sheets measuring not more than 21 cm in width and not more than 29 cm in length, packaged in a sealed direct mail package (described in statistical reporting number 4821.10.4000)." HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 Footnote 20 (qq)(34), p. 99-III-139.
[8] There is an exclusion for one product provided for in this HTS subheading. USTR granted an exclusion for "drinking straws of paper, each measuring 12.5 cm or more but not more than 26.5 cm in length and 5 mm or more but not more than 10 mm in diameter (described in statistical reporting number 4823.90.8600)." HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 Footnote 20 (qq)(35), p. 99-III-139.
[9] USTR has granted sixteen exclusions for products provided for in subheading 7326.90.86. One is described in statistical reporting number 7326.90.8660 and the other 15 are described in statistical reporting number 7326.90.8660. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 footnotes 20(ll)(29-30), p. 99-III-124; (mm)(8), p. 99-III-129; 20(oo)(21), p. 99-III-132; 20(pp)(20-22), pp. 99-III-134-135; 20(qq)(46-48), p. 99-III-140, 20(vv)(85-87), p. 99-III-153; 20(xx)(35-36), p. 99-III-161; 20(yy)(57), p. 99-III-169; 20(aaa)(59), p. 99-III-177.
[10] Miscellaneous Tariff Bill provisions 9902.15.02, 9902.15.03, 9902.15.04, 9902.15.05, and 9902.15.06 are products provided for in subheading 7326.90.86 and have a rate of duty of free. This temporary legislation is scheduled to expire on December 31, 2020. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99, pp. 99-II-133-134.

Table D-1 – Continued
Twist ties: Tariff treatment as of July 1, 2020

HTS for twist ties produced for face masks	General Rate of Duty (*ad valorem*)	Section 301 Rate of Duty (*ad valorem*)	Section 301 exclusions	232 Duties	Miscellaneous Tariff Bills (MTBs)
3902.10.00	6.5%	25%	No	No	Yes, general rate reduced to free[11]
3916.90.10	6.5%	25%	No	No	No
3916.90.20	3.1%	25%	No	No	No
3916.90.30	6.5%	25%	No	No	No
3916.90.50	5.8%	25%	No	No	Yes, general rate reduced to free[12]
3926.90.99[13]	5.3%	7.5%	Yes[14]	No	Yes, general rate reduced ranging from free to 1%[15]
5607.50.25	7%	25%	No	No	No
5607.50.35	19.9 cents per kg + 10.8%	25%	No	No	No
5607.50.40	3.6%	25%	No	No	No
5806.20.00	7%	25%	No	No	No

Table continued on next page.

[11] Miscellaneous Tariff Bill provision 9902.10.65 has a product provided for in subheading 3902.10.00. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99, p. 99-II-82.
[12] Miscellaneous Tariff bill provision 9902.11.79 has a rate of duty of free (the product is provided for in subheading 3916.90.50). This temporary legislation is scheduled to expire on December 31, 2020. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99, pp. 99-II-92.
[13] USITC staff provided the 8-digit level HTS categorization.
[14] Under subheading 3926.90.99, USTR has granted exclusions to the entirety of HTS 3926.90.9910 and 3926.90.9925. In addition to those two 10-digit statistical reporting numbers, USTR has granted an additional fifteen exclusions for products provided for in subheading 3926.90.99. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 footnotes 20(uu)(1-5), p. 99-III-148; 20(ww)(6-9), p. 99-III-159; 20(zz)(5), p. 99-III-174; 20(bbb)(6), p. 99-III-179, 20(ddd)(6-9), p. 99-III-182.
[15] Miscellaneous Tariff Bill provisions 9902.12.05, 9902.12.06, 9902.12.07, 9902.12.09, 9902.12.11, 9902.12.12, 9902.12.13, 9902.12.14, 9902.12.15, 9902.12.16, 9902.12.17, 9902.12.18, 9902.12.19, 9902.12.20, 9902.12.21, 9902.12.22, 9902.12.23, 9902.12.24, 9902.12.25, 9902.12.26, 9902.12.27, and 9902.12.28 have a rate of duty of free, 9902.12.08 has a rate of duty of 0.2%, and 9902.12.10 has a rate of duty of 1% (the products covered by each of these provisions are provided for in subheading 3926.90.99). This temporary legislation is scheduled to expire on December 31, 2020. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99, pp. 99-II-94-97.

Table D-1 – Continued
Twist ties: Tariff treatment as of July 1, 2020

HTS for twist ties produced for face masks	General Rate of Duty (*ad valorem*)	Section 301 Rate of Duty (*ad valorem*)	Section 301 exclusions	232 Duties	Miscellaneous Tariff Bills (MTBs)
6307.90.30	7.9%	7.5%	No	No	No
6307.90.40	Free	7.5%	No	No	No
6307.90.50	Free	7.5%	No	No	No
6307.90.60	Free	7.5%	Yes[16]	No	No
6307.90.68	Free	7.5%	Yes[17]	No	No
6307.90.72	4.5%	7.5%	No	No	No
6307.90.75	4.3%	none	No	No	No
6307.90.85	5.8%	7.5%	No	No	No
6307.90.89	7%	none	No	No	No
6307.90.98	7%	7.5%	Yes[18]	No	Yes, general rate reduced to free[19]

Table continued on next page.

[16] Under subheading 6307.90.60, USTR has granted exclusions to the entirety of HTS 6307.90.6090. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 footnotes 20(rr)(7), p. 99 - III – 144.
[17] Under subheading 6307.90.68, USTR has granted exclusions to the entirety of HTS 6307.90.6800. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 footnotes 20(rr)(8), p. 99 - III – 144.
[18] USTR has granted 21 exclusions for products provided for under subheading 6307.90.98. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 footnotes 20(uu)(6-17), p. 99-III-148-149; 20(ww)(10-12), p. 99-III-149; 20(bbb)(13), p. 99-III-179; 20(ddd)(15-19), p. 99-III-183.
[19] Miscellaneous Tariff Bill provisions 9902.13.80, 9902.13.82, 9902.13.83, 9902.13.84, 9902.13.85, 9902.13.86, 9902.13.87, 9902.13.88, 9902.13.89, 9902.13.90, and 9902.13.91 have a rate of duty of free (the products covered by each of these provisions are provided for in subheading 6307.90.98). This temporary legislation is scheduled to expire on December 31, 2020. HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99, pp. 99-II-115-116.

Table D-1 – Continued
Twist ties: Tariff treatment as of July 1, 2020

HTS for twist ties produced for face masks	General Rate of Duty (*ad valorem*)	Section 301 Rate of Duty (*ad valorem*)	Section 301 exclusions	232 Duties	Miscellaneous Tariff Bills (MTBs)
7217.10.10	Free	7.5%	No	Yes[20]	No
7217.10.20	Free	7.5%	No	Yes	No
7217.10.30	Free	7.5%	No	Yes	No
7217.10.40	Free	7.5%	No	Yes	No
7217.10.50	Free	7.5%	No	Yes	No
7217.10.60	Free	7.5%	No	Yes	No
7217.10.70	Free	7.5%	No	Yes	No
7217.10.80	Free	7.5%	No	Yes	No
7217.10.90	Free	7.5%	No	Yes	No
7217.20.15	Free	7.5%	No	Yes	No
7217.20.30	Free	7.5%	No	Yes	No

Table continued on next page.

[20] HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 footnote 16(b)(ii), p. 99-lll-6. Imports of steel wire (other than stainless steel) from Argentina (2,076 kg), Brazil (5,683,988 kg), and Korea (40,508,288 kg) are exempt from duties but instead are subject to absolute annual quota limits. The quota limit is shared by products contained in multiple subheadings, as listed in HTS provision 9903.80.47: Wire (other than of stainless steel), provided for in subheading 7217.10.10, 7217.10.20, 7217.10.30, 7217.10.40, 7217.10.50, 7217.10.60, 7217.10.70, 7217.10.80, 7217.10.90, 7217.20.15, 7217.20.30, 7217.20.45, 7217.20.60, 7217.20.75, 7217.30.15, 7217.30.30, 7217.30.45, 7217.30.60, 7217.30.75, 7217.90.10, 7217.90.50, 7229.20.00, 7229.90.10, 7229.90.50 or 7229.90.90. See U.S. note 16(e), subchapter III of chapter 99 of the HTSUS. Also, see U.S. Customs and Border Protection, QB 20-601 Steel Mill Articles AR BR KR 1st QTR, https://www.cbp.gov/trade/quota/bulletins/qb-20-601-absolute-steel-mill-articles-ar-br-kr-1st-qtr.

Table D-1 – Continued
Twist ties: Tariff treatment as of July 1, 2020

HTS for twist ties produced for face masks	General Rate of Duty (*ad valorem*)	Section 301 Rate of Duty (*ad valorem*)	Section 301 exclusions	232 Duties	Miscellaneous Tariff Bills (MTBs)
7217.20.45	Free	7.5%	Yes[21]	Yes	No
7217.20.60	Free	7.5%	No	Yes	No
7217.20.75	Free	7.5%	No	Yes	No
7312.10.05	Free	25%	No	No	No
7312.10.10	Free	25%	No	No	No
7312.10.20	Free	25%	No	No	No
7312.10.30	Free	25%	No	No	No
7312.10.50	Free	25%	No	No	No
7312.10.60	Free	25%	No	No	No
7312.10.70	Free	25%	No	No	No
7312.10.80	Free	25%	No	No	No
7312.10.90	Free	25%	No	No	No

[21] There is an exclusion for one product provided for in this HTS subheading. USTR granted an exclusion for "bright C1060 galvanized round wire, containing by weight 0.6 percent or more of carbon, measuring at least 0.034 mm but not more than 0.044 mm in diameter (described in statistical reporting number 727.20.4530)." HTSUS (2020), Revision 15, USITC Publication 5095, July 2020, Chapter 99 Footnote 20(ddd)(21), p. 99-lll-183.

APPENDIX E

U.S. IMPORTS, APPARENT CONSUMPTION AND MARKET SHARE DATA

Table E-1

Twist ties: U.S. imports, by source, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 twist ties)				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per 1,000 twist ties)				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Ratio to U.S. production				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.
Source: Compiled from data submitted in response to Commission U.S. importers' questionnaires.

Table E-2

Twist ties: Apparent U.S. consumption and market shares, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 twist ties)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.
Source: Compiled from data submitted in response to Commission questionnaires.

Figure E-1

Twist ties: Apparent U.S. consumption, 2017-19, January to March 2019, and January to March 2020

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