

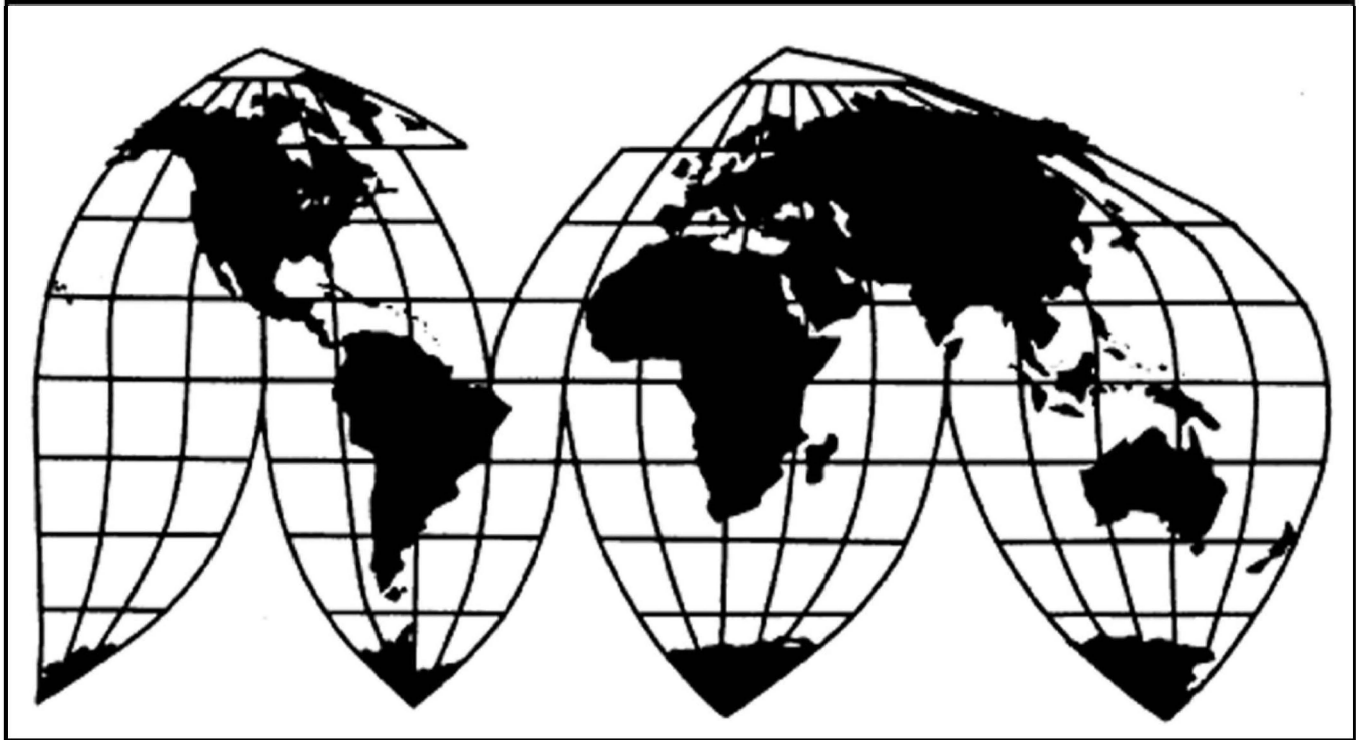
# **Laminated Woven Sacks from China**

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

**Publication 4944**

**August 2019**

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified (including by brackets or by headings) in confidential reports and is deleted and replaced with asterisks (\*\*\*) in public reports.

## **UNITED STATES INTERNATIONAL TRADE COMMISSION**

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

Laminated Woven Sacks from China

### **DETERMINATIONS**

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

### **BACKGROUND**

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on February 1, 2019 (84 FR 2249, February 6, 2019) and determined on May 7, 2019, that it would conduct expedited reviews (84 FR 32221, July 5, 2019).

The Commission made these determinations pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)).

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





## Views of the Commission

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

### I. Background

*Original Investigations.* On June 28, 2007, the Laminated Woven Sacks Committee (consisting of five domestic producers) filed antidumping and countervailing duty petitions on laminated woven sacks from China. In July 2008, the Commission determined that an industry in the United States was materially injured by reason of imports of laminated woven sacks from China that the U.S. Department of Commerce (“Commerce”) had found to be subsidized and sold at less than fair value.<sup>1</sup> Commerce issued antidumping and countervailing duty orders covering laminated woven sacks from China on August 7, 2008.<sup>2</sup>

*First Reviews.* The Commission instituted its first five-year reviews on July 1, 2013.<sup>3</sup> After conducting expedited reviews, the Commission reached affirmative determinations in March 2014.<sup>4</sup> Commerce subsequently issued continuations of the antidumping and countervailing duty orders on imports of laminated woven sacks from China.<sup>5</sup>

*Current Reviews.* The Commission instituted these second five-year reviews effective February 1, 2019.<sup>6</sup> The Commission received one substantive response to the notice of

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<sup>1</sup> *Laminated Woven Sacks from China*, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final), USITC Pub. 4025 (July 2008) (“*Original Determinations*”). See also *Laminated Woven Sacks from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 Fed. Reg. 35646 (Jun. 24, 2008); *Laminated Woven Sacks From the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances*, 73 Fed. Reg. 35639 (Jun. 24, 2008).

<sup>2</sup> *Notice of Antidumping Duty Order: Laminated Woven Sacks From the People’s Republic of China*, 73 Fed. Reg. 45941 (Aug. 7, 2008); *Laminated Woven Sacks From the People’s Republic of China: Countervailing Duty Order*, 73 Fed. Reg. 45955 (Aug. 7, 2008).

<sup>3</sup> *Laminated Woven Sacks From China; Institution of Five-Year Reviews*, 78 Fed. Reg. 39319 (Jul. 1, 2013).

<sup>4</sup> *Laminated Woven Sacks From China*, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review), USITC Pub. 4457 (March 2014) (“*First Review Determinations*”); *Laminated Woven Sacks From China*, 79 Fed. Reg. 15140 (Mar. 18, 2014).

<sup>5</sup> *Laminated Woven Sacks From the People’s Republic of China: Continuation of Countervailing Duty Order*, 79 Fed. Reg. 17134 (Mar. 27, 2014); *Laminated Woven Sacks From the People’s Republic of China: Continuation of Antidumping Duty Order*, 79 Fed. Reg. 16770 (Mar. 26, 2014).

<sup>6</sup> *Laminated Woven Sacks From China; Institution of Five-Year Reviews*, 84 Fed. Reg. 2249 (Feb. 6, 2019) (“*Notice of Institution*”).

institution from the Laminated Woven Sacks Fair Trade Coalition and its individual members, Polytex Fibers Corporation (“Polytex”) and ProAmpac Holdings Inc. (“ProAmpac”), domestic producers of laminated woven sacks (collectively “the domestic producers”).<sup>7</sup> On May 7, 2019, the Commission determined that the domestic interested party group response was adequate and the respondent interested party group response was inadequate for each order under review. The Commission did not find any circumstances that would warrant conducting full reviews and determined that it would conduct expedited reviews pursuant to section 751(c)(3) of the Tariff Act.<sup>8</sup> The domestic producers subsequently filed comments regarding the determinations the Commission should reach pursuant to Commission rule 207.62(d).<sup>9</sup>

In these reviews, U.S. industry data are based on information the domestic producers submitted in their response to the notice of institution. The domestic producers estimate that they accounted for \*\*\* percent of domestic production of laminated woven sacks in 2018.<sup>10</sup> U.S. import data and related information are based on Commerce’s official import statistics.<sup>11</sup> Foreign industry data and related information are based on information the domestic producers submitted, information from the original investigation and prior reviews, and publicly available information gathered by staff.<sup>12</sup>

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determinations under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>13</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>14</sup> The Commission’s

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<sup>7</sup> Substantive Response to the Commission’s Notice of Institution, EDIS Docs. 669186 and 669304 (filed on Mar. 6, 2019 and Mar. 7, 2019, respectively) (“Response”).

<sup>8</sup> Explanation of Commission Determinations on Adequacy, EDIS Doc. 675717 (May 13, 2019); *Scheduling of Expedited Five-Year Reviews; Laminated Woven Sacks from China*, 84 Fed. Reg. 32221 (Jul. 5, 2019).

<sup>9</sup> Domestic Producer Final Comments, EDIS Docs. 682162 and 682164 (Jul. 18, 2019) (“Comments”).

<sup>10</sup> Confidential Report, Memorandum INV-TA-1122 (“CR”) at Table I-1 (Apr. 25, 2019); Public Report (“PR”) at Table I-1.

<sup>11</sup> CR/PR at Table I-5.

<sup>12</sup> The information includes Global Trade Atlas (“GTA”) data, which appear in the data tables contained in CR/PR at Tables I-9 – I-10.

<sup>13</sup> 19 U.S.C. § 1677(4)(A).

<sup>14</sup> 19 U.S.C. § 1677(10); *see, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l

practice in five-year reviews is to examine the domestic like product definition from the original investigations and consider whether the record indicates any reason to revisit the prior findings.<sup>15</sup>

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

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

Effective July 1, 2007, laminated woven sacks are classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 6305.33.0050 and 6305.33.0080. Laminated woven sacks were previously classifiable under HTSUS subheading 6305.33.0020. If entered with plastic coating on both sides of the fabric consisting of woven polypropylene strip and/or woven polyethylene strip, laminated woven sacks may be classifiable under HTSUS subheadings 3923.21.0080, 3923.21.0095, and 3923.29.0000. If entered not closed on one end or in roll form (including sheets, lay-flat tubing, and sleeves), laminated woven sacks may be classifiable under other HTSUS subheadings including 3917.39.0050, 3921.90.1100, 3921.90.1500, and 5903.90.2500. If the polypropylene strips and/or polyethylene strips making up the fabric measure more than 5 millimeters in width, laminated woven sacks may be classifiable under other HTSUS subheadings including 4601.99.0500, 4601.99.9000, and 4602.90.0000. Although HTSUS subheadings are provided for convenience and

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Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>15</sup> *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (December 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (February 2003).

customs purposes, the written description of the scope of the Order is dispositive.<sup>16</sup>

Manufacturers of pet food, bird seed, grass seed, fertilizer, and other consumer goods use laminated woven sacks as packaging for consumer goods that typically weigh between 17 and 55 pounds. The sacks consist of one or more plies of fabric of woven polypropylene strip and/or polyethylene strip that are laminated or bonded to an exterior ply of plastic film such as biaxially oriented polypropylene, polyester, polyethylene, nylon, or any film suitable for printing or to an exterior ply of paper. The exterior ply is printed in three or more colors. Laminated woven sacks weigh less, occupy less storage space, are more tear resistant, and have greater tensile strength than multi-wall paper sacks. They may be lined or unlined, and sack bottoms may have different types of closures.<sup>17</sup>

In the prior proceedings, the Commission found a single domestic like product consisting of laminated woven sacks coextensive with Commerce's scope.<sup>18</sup> The domestic producers agree with the Commission's definition of the domestic like product from the prior proceedings.<sup>19</sup>

In these reviews, the record contains no information suggesting that the characteristics and uses of domestically produced laminated woven sacks have changed since the prior proceedings to warrant revisiting the definition.<sup>20</sup> Accordingly, we again define a single domestic like product to be laminated woven sacks, coextensive with Commerce's scope of the orders under review.

## **B. Domestic Industry**

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."<sup>21</sup> In defining the domestic industry, the Commission's general practice has been

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<sup>16</sup> *Laminated Woven Sacks From the People's Republic of China: Final Results of the Second Expedited Five-Year (Sunset) Review of the Countervailing Duty Order*, 84 Fed. Reg. 27090, 27091 (Jun. 11, 2019) and accompanying Issues and Decision Memorandum at 2-3; *Laminated Woven Sacks from the People's Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order*, 84 Fed. Reg. 27089, 27090 (Jun. 11, 2019) and accompanying Issues and Decision Memorandum at 2-3. The scope of the antidumping and countervailing duty orders is the same. A footnote in the scope definition has been omitted.

<sup>17</sup> CR at I-9 – I-11, PR at I-7 – I-8.

<sup>18</sup> *Original Determinations*, USITC Pub. 4025 at 6; *First Review Determinations*, USITC Pub. 4457 at 5.

<sup>19</sup> Response at 28; Comments at 3.

<sup>20</sup> See generally CR at I-9 – I-16, PR at I-7 – I-13.

<sup>21</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the prior proceedings, the Commission defined the domestic industry as consisting of all producers of the domestic like product.<sup>22</sup>

In the current reviews, the domestic producers agree with the Commission's prior definitions of the domestic industry.<sup>23</sup> There are no known related party issues and the record does not suggest, in light of our like product definition, reason to warrant revisiting the definition.<sup>24</sup> Accordingly, we define the domestic industry as all U.S. producers of laminated woven sacks, coextensive with Commerce's scope.

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

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

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."<sup>25</sup> The Uruguay Round Agreements Act Statement of Administrative Action ("SAA") states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."<sup>26</sup> Thus, the likelihood standard is prospective in nature.<sup>27</sup> The U.S. Court of International Trade has found that "likely," as used in the five-year

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<sup>22</sup> *Original Determinations*, USITC Pub. 4025 at 9. In the original investigations, the Commission found that, while several domestic producers were related parties, appropriate circumstances did not exist to exclude any producer from the domestic industry. *Id.* at 9-13. *See also First Review Determinations*, USITC Pub. 4457 at 5-6. There were no domestic industry issues in the first reviews.

<sup>23</sup> Response at 28; Comments at 3.

<sup>24</sup> Polytex and ProAmpac, the only domestic producers to respond to the notice of institution, indicate that they neither imported subject merchandise during the period of review nor are they affiliated with any importer or exporter of subject merchandise. *See* Response at 1, 26.

<sup>25</sup> 19 U.S.C. § 1675a(a).

<sup>26</sup> H.R. Doc. 103-316, vol. I at 883-84 (1994). The SAA states that "{t}he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." *Id.* at 883.

<sup>27</sup> While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely

review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>28</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>29</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>30</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>31</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>32</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>33</sup>

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continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>28</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>29</sup> 19 U.S.C. § 1675a(a)(5).

<sup>30</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>31</sup> 19 U.S.C. § 1675a(a)(1).

<sup>32</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made duty absorption findings on the subject merchandise. CR at I-6, PR at I-4 – I-5.

<sup>33</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>34</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>35</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>36</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>37</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>38</sup>

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<sup>34</sup> 19 U.S.C. § 1675a(a)(2).

<sup>35</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>36</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>37</sup> 19 U.S.C. § 1675a(a)(4).

<sup>38</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the laminated woven sacks industry in China. There also is limited information on the laminated woven sacks market in the United States during the period of review. Accordingly, for our determinations, we rely as appropriate on the facts available from the original investigations and first five-year reviews, and the limited new information on the record in these second five-year reviews.

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

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>39</sup> The following conditions of competition inform our determinations.

### **1. Demand Conditions**

In the original investigations, the Commission found that demand for consumer products that used laminated woven sacks as packaging, such as pet food, bird seed, animal feed, and grass feed, drove demand for laminated woven sacks. It observed that producers from Thailand and China began introducing laminated woven sacks to packagers in the United States around 2003 as an alternative to multi-wall paper sacks. Demand for laminated woven sacks grew from 2003 to 2008 as packagers began using them in increasing numbers. Furthermore, mass-market retailers such as Walmart, Dollar General, Petco, and PetSmart increasingly insisted on poly-bag packaging in order to minimize product damage in the distribution chain.<sup>40</sup>

In the first reviews, the Commission found that the information available indicated that the conditions of competition that affect demand for laminated woven sacks had not changed significantly since the original investigations.<sup>41</sup> Likewise, the record of the current reviews do not indicate changes in the conditions that drive demand for laminated woven sacks.

In the original investigations, apparent U.S. consumption of laminated woven sacks increased from \*\*\* sacks in 2005, to \*\*\* sacks in 2006, and then to \*\*\* sacks in 2007.<sup>42</sup> In the first reviews, apparent U.S. consumption of laminated woven sacks was \*\*\* sacks in 2012, higher than any year during the original period of investigation (“POI”).<sup>43</sup> In the current

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

<sup>40</sup> *Original Determinations*, USITC Pub. 4025 at 32.

<sup>41</sup> *First Review Determinations*, USITC Pub. 4457 at 9.

<sup>42</sup> *Original Determinations*, USITC Pub. 4025 at 32; Confidential Original Determinations, EDIS Doc. 672403 (Apr. 5, 2019) at 55.

<sup>43</sup> *First Review Determinations*, USITC Pub. 4457 at 9; Confidential First Review Determinations, EDIS Doc. 672484 (Apr. 8, 2019) at 13.



reviews, apparent U.S. consumption in 2018 was \*\*\* sacks, a higher figure than 2012.<sup>44</sup> The domestic producers acknowledge that demand for laminated woven sacks has increased since the original investigations.<sup>45</sup>

## 2. Supply Conditions

In the original investigations, the Commission found that the domestic producers, which were relatively new to the market, began operations with differing production experiences and at different stages of production.<sup>46</sup> In the first reviews, the domestic interested party group reported that there were ten domestic producers of laminated woven sacks in 2012, as compared to seven producers in the original investigations.<sup>47</sup> In the present reviews, the domestic producers identified eight current producers.<sup>48</sup> Information available indicates that there have been new entrants to the domestic laminated woven sacks market since the first reviews.<sup>49</sup>

In the original investigations, the Commission found that the domestic industry's share of apparent U.S. consumption increased from \*\*\* percent in 2005 to \*\*\* percent in 2006 and to \*\*\* percent in 2007.<sup>50</sup> The domestic industry's share of apparent U.S. consumption was \*\*\* percent in 2012 during the first reviews.<sup>51</sup> In the current reviews, the domestic industry's share of apparent U.S. consumption was \*\*\* percent in 2018.<sup>52</sup>

In the original investigations, the Commission found that the subject imports' share of apparent U.S. consumption decreased from \*\*\* percent in 2005 to \*\*\* percent in 2006 and to

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<sup>44</sup> CR/PR at Table 1-7. Since the record only contains data on domestic producers' U.S. shipments from the two responding domestic producers, which accounted for an estimated \*\*\* percent of U.S. production in 2018, apparent U.S. consumption data in the record are consequently understated in these reviews. CR/PR at Table I-1.

<sup>45</sup> Response at 28.

<sup>46</sup> *Original Determinations*, USITC Pub. 4024 at 32. In the original determinations, the Commission considered whether the domestic industry was a "nascent" industry warranting a material retardation analysis, or whether the industry should be considered established. While the Commission characterized the matter as close, it found that the domestic industry was established. It did find that the relatively "young" age was a pertinent condition of competition. *Id.* at 30.

<sup>47</sup> *First Review Determinations*, USITC Pub. 4457 at 10.

<sup>48</sup> Response at ex. 12.

<sup>49</sup> CR/PR at Table I-3.

<sup>50</sup> *Original Determinations*, USITC Pub. 4025 at 37; Confidential Original Determinations, EDIS Doc. 672403 (Apr. 5, 2019) at 63.

<sup>51</sup> *First Review Determinations*, USITC Pub. 4457 at 10; Confidential First Review Determinations, EDIS Doc. 672484 (Apr. 8, 2019) at 14.

<sup>52</sup> As previously mentioned, the record only contains data on domestic producers' U.S. shipments from the two responding domestic producers, which accounted for an estimated \*\*\* percent of U.S. production in 2018. Consequently, reported 2018 data for U.S. producers' share of apparent U.S. consumption are understated, while imports' shares are overstated. CR/PR at Table I-1.

\*\*\* percent in 2007.<sup>53</sup> In the first reviews, subject imports' share of apparent U.S. consumption was \*\*\* percent in 2012.<sup>54</sup> In the current reviews, subject imports accounted for \*\*\* percent of apparent U.S. consumption in 2018.<sup>55</sup>

Nonsubject imports have increased their share of the U.S. market since the original investigations and first reviews. Nonsubject imports accounted for \*\*\* percent of apparent U.S. consumption in 2007 and \*\*\* percent in 2012.<sup>56</sup> In the current reviews, nonsubject imports accounted for \*\*\* percent of apparent U.S. consumption in 2018.<sup>57</sup> Vietnam accounted for the largest share of imports of laminated woven sacks into the U.S. market each year from 2014 to 2018.<sup>58</sup> The Commission conducted antidumping and countervailing duty investigations on imports from Vietnam between 2018 and 2019, and reached affirmative determinations in these investigations in May 2019.<sup>59</sup>

### 3. Substitutability and Other Conditions

The Commission found in the original investigations that domestic and subject laminated woven sacks were substitutable when made with the same print design and to the same specifications. Laminated woven sacks were generally sold on a spot basis, with pricing determined on a transaction-by-transaction basis, rather than based on price lists. Domestic producers and U.S. importers sold primarily to end users. In the original investigations, the parties agreed that laminated woven sacks were not a commodity product because they were always made to customer order with regard to criteria such as dimension, strength, closure, color, design, and handles. Many purchasers reported acquiring laminated woven sacks from one source although a comparable product was available from another source for a lower price due to non-price reasons. Purchasers as a group, however, agreed that price was an important factor in purchasing decisions.<sup>60</sup> In the first reviews, the Commission found that there was no

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<sup>53</sup> *Original Determinations*, USITC Pub. 4025 at 37; Confidential Original Determinations, EDIS Doc. 672403 (Apr. 5, 2019) at 63.

<sup>54</sup> *First Review Determinations*, USITC Pub. 4457 at 10; Confidential First Review Determinations, EDIS Doc. 672484 (Apr. 8, 2019) at 15.

<sup>55</sup> CR/PR at Table I-7.

<sup>56</sup> *Original Determinations*, USITC Pub. 4025 at 34; Confidential Original Determinations, EDIS Doc. 672403 (Apr. 5, 2019) at 57; *First Review Determinations*, USITC Pub. 4457 at 10; Confidential First Review Determinations, EDIS Doc. 672484 (Apr. 8, 2019) at 14.

<sup>57</sup> CR/PR at Table I-7.

<sup>58</sup> CR/PR at Table I-5.

<sup>59</sup> Press Release, United States International Trade Commission, Laminated Woven Sacks from Vietnam Injure U.S. Industry, Says USITC (May 1, 2019) *available at* [https://www.usitc.gov/press\\_room/news\\_release/2019/er050111090.htm](https://www.usitc.gov/press_room/news_release/2019/er050111090.htm) (stating that as a result of the Commission's final determinations, Commerce will issue the antidumping and countervailing duty orders and that the Commission's publication (USITC Pub. 4893, May 2019) will follow). *See also* Vote Transcript, EDIS Doc. 374718 (May 2, 2019).

<sup>60</sup> *Original Determinations*, USITC Pub. 4025 at 34-37.

evidence on the record to suggest that these conditions had changed significantly since the original investigations.<sup>61</sup>

In these reviews, there is no new information on the record to suggest that the substitutability of laminated woven sacks from domestic and subject sources has changed since the prior proceedings or that the importance of price has changed.<sup>62</sup> Accordingly, we again find that the domestic like product and subject laminated woven sacks from China are close substitutes and that price continues to be an important factor in purchasing decisions.

## **C. Likely Volume of Subject Imports**

### **1. The Prior Proceedings**

In the original investigations, the Commission found that the volume of subject imports increased overall during the POI but their market share declined, decreasing from \*\*\* percent of apparent U.S. consumption in 2005 to \*\*\* percent in 2006 and then to \*\*\* percent in 2007.<sup>63</sup> The Commission did not put great weight on subject imports' decrease in market share because it found that the domestic industry was very young at the beginning of the POI with a correspondingly low baseline of operation and apparent U.S. consumption showed strong increases over the POI. Accordingly, the Commission found the volume of subject imports to be significant, both in absolute terms and relative to consumption and production in the United States.<sup>64</sup>

In the expedited first reviews, the Commission found that the volume of subject imports had declined since the imposition of the orders but continued to be appreciable. The limited information on the record indicated that subject producers' capacity and production was large and increasing. Available data indicated that the subject industry was export oriented and that the United States remained an attractive export market. In light of these considerations, the Commission found that the subject producers were likely, absent the restraining effects of the orders, to increase exports of laminated woven sacks to the U.S. market, as they did during the original POI. Accordingly, the Commission found that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant if the orders were revoked.<sup>65</sup>

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<sup>61</sup> *First Review Determinations*, USITC Pub. 4457 at 10-11.

<sup>62</sup> See Response at 8-9.

<sup>63</sup> *Original Determinations*, USITC Pub. 4025 at 37; Confidential Original Determinations, EDIS Doc. 672403 (Apr. 5, 2019) at 63.

<sup>64</sup> *Original Determinations*, USITC Pub. 4025 at 37-38.

<sup>65</sup> *First Review Determinations*, USITC Pub. 4457 at 11-12.

## 2. The Current Reviews

In these reviews, the record indicates that the orders have had a disciplining effect on the volume of subject imports. During the current period of review, the annual subject import volume ranged from a period high of 109.3 million sacks in 2013 to a period low of 59.1 million sacks in 2017 and was 71.9 million sacks in 2018.<sup>66</sup> As previously discussed, subject imports had an \*\*\* percent share of apparent U.S. consumption in 2018, lower than that in the original investigations.<sup>67</sup>

While the record in these expedited reviews contains limited current information on the Chinese laminated woven sack industry, the information available indicates that Chinese producers would have the ability and incentive to export significant volumes of subject merchandise to the U.S. market within a reasonably foreseeable time if the orders were to be revoked. Available information suggests that the subject industry's capacity and production are large and increasing. The record shows that several Chinese producers expanded or planned to expand production of subject merchandise during the period of review.<sup>68</sup> Moreover, available data on exports of sacks and bags (a category that includes, but is broader than, the subject merchandise) indicate that China has been by far the largest global exporter of this product category each year from 2013 to 2017.<sup>69</sup>

The record further indicates that the United States remains an attractive export market for Chinese producers. As discussed above, subject imports maintained an appreciable presence in the market during the period of review notwithstanding the discipline of the orders.<sup>70</sup> Moreover, available data concerning exports of sacks and bags from China indicate that Chinese producers exported these products to numerous countries throughout the world during the period of review at fluctuating annual quantities, indicating that subject producers would have little difficulty directing additional exports to the U.S. market upon revocation.<sup>71</sup>

We therefore find that, absent the discipline of the orders, the laminated woven sacks industry in China would likely increase exports of subject merchandise to the United States to significant levels. We consequently find that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would likely be significant if the orders were revoked.<sup>72</sup>

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<sup>66</sup> CR/PR at Table I-5.

<sup>67</sup> CR/PR at Table I-7. As previously discussed, subject import market penetration for 2018 is to some extent overstated.

<sup>68</sup> Response at 17-24.

<sup>69</sup> CR/PR at Table I-10.

<sup>70</sup> CR/PR at Table I-5.

<sup>71</sup> CR/PR at Table I-9. As previously stated, these data cover out-of-scope products as well as subject merchandise.

<sup>72</sup> Because of the expedited nature of these reviews, the record does not contain current information about inventories of the subject merchandise or subject producers' ability to shift production between products. The record does indicate there are no antidumping or countervailing duty orders on subject imports in effect in any other country. CR at I-32, PR at I-25.

## **D. Likely Price Effects**

### **1. The Prior Proceedings**

In the original investigations, the Commission found that the subject imports significantly undersold the domestic like product and suppressed prices of the domestic like product. Because laminated woven sacks were sold on a spot basis, with pricing determined on a transaction-by-transaction basis, the Commission found that price was an important factor in purchasing decisions. The subject imports undersold the domestic product in each of the 31 quarterly comparisons, involving three pricing products, by margins ranging from 18.9 percent to 57.9 percent. Furthermore, the record in the original investigations showed that while its costs increased over the POI, the domestic industry was unable to raise its prices accordingly due to persistent underselling by the subject merchandise. The Commission concluded that consistent and significant price underselling of the domestic like product by subject imports led to significant price suppression of the domestic product.<sup>73</sup>

In the expedited first reviews, the Commission found that subject imports continued to be close substitutes for domestic laminated woven sacks and that price continued to be an important factor in purchasing decisions. Because of its expedited nature, the record of the first reviews contained no pricing comparisons. The Commission found that because price was an important factor in purchasing decisions, subject imports would likely increase their sales in the U.S. market by underselling the domestic like product at high margins, as they did in the original investigations. Accordingly, the Commission concluded that the subject imports would likely undersell the domestic like product to gain market share and would likely have significant effects on the price of the domestic like product if the orders were revoked.<sup>74</sup>

### **2. The Current Reviews**

There are no new pricing data on the record due to the expedited nature of these reviews. As indicated above, the domestic like product and the subject imports are close substitutes and price continues to be an important factor in purchasing decisions. In light of this, upon revocation of the orders, subject imports would likely increase their sales in the U.S. market by underselling the domestic like product at high margins, as they did in the original investigations. We consequently find that if the antidumping and countervailing duty orders were revoked, there is likely to be significant price underselling by imports of the subject merchandise as compared to the domestic like product. This in turn would likely cause the domestic producers to cut prices or restrain price increases to avoid losing sales.

Accordingly, given the likely significant volume of subject imports and their likely significant underselling, we conclude that subject imports would likely have significant price effects if the antidumping and countervailing duty orders were revoked.

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<sup>73</sup> *Original Determinations*, USITC Pub. 4025 at 39-41.

<sup>74</sup> *First Review Determinations*, USITC Pub. 4457 at 13.

## E. Likely Impact

### 1. The Prior Proceedings

In the original investigations, the Commission acknowledged that the record showed apparent improvements in the domestic industry's production, U.S. shipments, market share, and net sales values and volume but concluded that these improvements were offset by the domestic industry's low level of capacity utilization. The Commission found that the levels of capacity utilization, despite increasing from 2005 to 2007, continued to be low throughout the POI notwithstanding significant increases in demand. The Commission found that the average number of production-related workers, hours worked, wages paid, and hourly wages were all higher in 2007 than in 2005. Unit labor costs and productivity were mixed, largely due to the addition of new domestic producers during the POI.<sup>75</sup>

The record showed that although the industry's net sales quantity and value increased over the POI, net sales unit values did not keep pace with increasing costs. The Commission observed that the cost of goods sold was 89.7 percent of sales in 2005, 102.1 percent of sales in 2006, and 94.4 percent of sales in 2007. This led to operating losses in each year of the POI. Operating losses increased from 2005 to 2006, but improved in 2007. Capital expenditures fluctuated over the POI, and research and development expenditures increased each year of the POI.<sup>76</sup>

The Commission concluded that the subject imports had an adverse impact on the condition of the domestic industry during the POI. It found that the large and increasing volume of subject imports dominated the U.S. market, had significant price suppressing effects, and caused a young domestic industry to operate at very low levels of capacity utilization, notwithstanding growing demand, while unable to cover its costs and expenses.<sup>77</sup>

In the first reviews, the Commission concluded that the limited record was insufficient to enable the Commission to determine whether the domestic industry was vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders. However, based on the information on the record, the Commission found that should the orders be revoked, the likely significant volume and price effects of the subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenues of the domestic industry. The Commission found that these declines would likely have a direct adverse impact on the domestic industry's financial performance.<sup>78</sup>

In its non-attribution analysis, the Commission acknowledged that nonsubject imports had been present since the original orders were imposed in 2008, but the condition of the domestic industry had improved during this period. The Commission found the presence of

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<sup>75</sup> *Original Determinations*, USITC Pub. 4025 at 43-44.

<sup>76</sup> *Original Determinations*, USITC Pub. 4025 at 45; Confidential Original Determinations, EDIS Doc. 672403 (Apr. 5, 2019) at 73-74.

<sup>77</sup> *Original Determinations*, USITC Pub. 4025 at 43-45.

<sup>78</sup> *First Review Determinations*, USITC Pub. 4457 at 15.

nonsubject imports was not likely to sever the causal nexus between subject imports and their likely significant impact on the domestic industry if the orders were revoked. Accordingly, the Commission concluded that, if the orders were revoked, subject imports would likely have a significant impact on the domestic industry within a reasonably foreseeable time.<sup>79</sup>

## 2. The Current Reviews

In these reviews, the information available concerning the domestic industry's condition is based on data provided in the domestic producers' response to the notice of institution. In 2018, the domestic producers' capacity was \*\*\* sacks, production was \*\*\* sacks, and capacity utilization was \*\*\* percent. Their U.S. shipments were \*\*\* sacks. Domestic producers reported an operating income of \$\*\*\* from net sales of \$\*\*\*, resulting in an operating income margin of \*\*\* percent in 2018.<sup>80</sup> The limited information in these expedited reviews is insufficient for us to make a finding as to whether the domestic industry is vulnerable to the likely continuation or recurrence of material injury should the orders be revoked.

Based on the information available in these reviews, we find that revocation of the orders would likely lead to a significant volume of low-priced subject imports. Subject imports would also likely undersell the domestic like product, and would cause significant price depressing or suppressing effects and/or would contribute to the domestic industry losing market share to subject imports. Subject imports would consequently likely have a significant impact on the domestic industry's production, capacity utilization, employment, shipments, revenues, profitability, and return on investments.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. As previously stated, nonsubject imports have increased their presence in the U.S. market since the original orders were imposed in 2008.<sup>81</sup> In light of the substitutability of subject imports and domestic laminated woven sacks, and the domestic industry's substantial market share, we find that upon revocation the likely increased volume of low-priced subject imports would likely take some market share away from the domestic industry notwithstanding the presence of nonsubject imports in the market. Consequently, the subject imports would likely have adverse effects distinct from any that may be caused by nonsubject imports.

Accordingly, we conclude that revocation of the antidumping and countervailing duty orders on laminated woven sacks from China would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

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<sup>79</sup> *First Review Determinations*, USITC Pub. 4457 at 15-16.

<sup>80</sup> CR/PR at Table I-4.

<sup>81</sup> CR/PR at Tables I-6 – I-7. Nonsubject imports as a share of the U.S. market were \*\*\* percent in 2018.

#### **IV. Conclusion**

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



## INFORMATION OBTAINED IN THESE REVIEWS

### BACKGROUND

Effective February 1, 2019, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted reviews to determine whether revocation of antidumping and countervailing duty orders on laminated woven sacks (“LW sacks”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry within a reasonably foreseeable time.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Date	Action
February 1, 2019	Notice of initiation by Commerce (84 FR 1704, February 5, 2019)
February 1, 2019	Notice of institution by Commission (84 FR 2249, February 6, 2019)
May 7, 2019	Commission’s vote on adequacy
June 11, 2019	Commerce’s results of its expedited reviews
August 15, 2019	Commission’s determinations and views

### RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

#### Individual responses

The Commission received one submission in response to its notice of institution in the subject reviews. It was filed on behalf of the Laminated Woven Sacks Fair Trade Coalition and its individual members, Polytex Fibers Corporation (“Polytex”) and ProAmpac Holdings Inc.

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

<sup>2</sup> *Laminated Woven Sacks from China; Institution of Five-Year Reviews*, 84 FR 2249, February 6, 2019. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders. *Initiation of Five-Year (Sunset) Reviews*, 84 FR 1704, February 5, 2019. Pertinent *Federal Register* notices are referenced in app. A, and may also be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

<sup>4</sup> Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses to the purchaser survey received from purchasers identified in the adequacy phase of these reviews.

("ProAmpac"), domestic producers of LW sacks (collectively referred to herein as "domestic interested parties").

A complete response to the Commission's notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the response and an estimate of coverage is shown in table I-1.

**Table I-1**  
**LW sacks: Summary of responses to the Commission's notice of institution**

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	1	***% <sup>1</sup>

<sup>1</sup> In their response to the notice of institution, domestic interested parties estimated that they accounted for this share of total U.S. production of LW sacks during 2018. Domestic interested parties' response to the notice of institution, March 6, 2019, exh. 1.

### Party comments on adequacy

The Commission received one submission from the domestic interested parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The domestic interested parties argued that the Commission should find the respondent interested party group response to be inadequate since there was no complete submission by any respondent interested party. Therefore, because of the adequate domestic interested party response, the inadequate response by the respondent interested parties, and the fact that there have been no major changes in the conditions of competition in the market since the Commission's last five-year reviews, the domestic interested parties request that the Commission conduct expedited reviews of the antidumping and countervailing duty orders on LW sacks from China.<sup>5</sup>

## THE ORIGINAL INVESTIGATIONS AND SUBSEQUENT REVIEWS

### The original investigations

The original investigations resulted from petitions filed on June 28, 2007, with Commerce and the Commission by the Laminated Woven Sacks Committee.<sup>6</sup> On June 24, 2008, Commerce determined that imports of LW sacks from China were being sold at less than fair

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<sup>5</sup> Domestic interested parties' comments on adequacy, April 16, 2019, pp. 2-6.

<sup>6</sup> The Committee consisted of individual members Bancroft Bag, Inc., West Monroe, Louisiana; Coating Excellence International, LLC, Wrightstown, Wisconsin; Hood Packaging Corp., Madison, Mississippi; Mid-America Packaging, LLC, Twinsburg, Ohio; and Polytex Fibers Corp., Houston, Texas. *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Pub. 4025, July 2008, p. I-1.

value (“LTFV”) and subsidized by the government of China.<sup>7</sup> The Commission determined on July 30, 2008, that the domestic industry was materially injured by reason of subsidized and LTFV imports of LW sacks from China.<sup>8</sup> On August 7, 2008, Commerce issued its antidumping and countervailing duty orders with the final weighted-average dumping margins ranging from 64.28 to 91.73 percent and net subsidy rates ranging from 29.54 to 352.82 percent.<sup>9</sup>

### The first five-year reviews

On October 21, 2013, the Commission determined that it would conduct expedited first five-year reviews of the antidumping and countervailing duty orders on LW sacks from China.<sup>10</sup> On October 29, 2013, Commerce published its determination that revocation of the antidumping duty order on LW sacks from China would be likely to lead to continuation or recurrence of dumping.<sup>11</sup> On November 19, 2013, Commerce published its determination that revocation of the countervailing duty order on LW sacks from China would be likely to lead to

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<sup>7</sup> *Laminated Woven Sacks From the People’s Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Determination, in Part, of Critical Circumstances*, 73 FR 35639, June 24, 2008; and *Laminated Woven Sacks from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Determination of Critical Circumstances*, 73 FR 35646, June 24, 2008.

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

<sup>9</sup> *Laminated Woven Sacks From the People’s Republic of China: Countervailing Duty Order*, 73 FR 45955, August 7, 2008; and *Notice of Antidumping Duty Order: Laminated Woven Sacks From the People’s Republic of China*, 73 FR 45941, August 7, 2008. China challenged Commerce’s final determinations through the World Trade Organization (“WTO”) dispute settlement mechanism. In March 2011, the WTO Appellate Body found that the United States had acted inconsistently with the WTO Agreement on Subsidies and Countervailing Measures in certain respects. On August 30, 2012, acting at the direction of the U.S. Trade Representative (“USTR”), Commerce issued Section 129 determinations with recalculated countervailing duty rates ranging from 83.34 to 406.62 percent and recalculated antidumping duty cash deposit rates ranging from 20.19 to 47.64 percent. *Implementation of Determinations Under Section 129 of the Uruguay Round Agreements Act: Certain New Pneumatic Off-the-Road Tires; Circular Welded Carbon Quality Steel Pipe; Laminated Woven Sacks; and Light-Walled Rectangular Pipe and Tube From the People’s Republic of China*, 77 FR 52683, August 30, 2012. Various parties, including the Laminated Woven Sacks Committee, challenged Commerce’s Section 129 determination with respect to dumping at the U.S. Court of International Trade (“CIT”). After taking a voluntary remand, Commerce issued a remand determination that reinstated its original antidumping duty margins and the court affirmed the determination on March 23, 2016. *Laminated Woven Sacks From the People’s Republic of China: Notice of Court Decision Not in Harmony With Final Determination Under Section 129 of the Uruguay Round Agreements Act*, 81 FR 23457, April 21, 2016.

<sup>10</sup> *Laminated Woven Sacks from China; Scheduling of Expedited Five-Year Reviews Concerning the Countervailing Duty and Antidumping Duty Orders on Laminated Woven Sacks From China*, 78 FR 68473, November 14, 2013.

<sup>11</sup> *Laminated Woven Sacks From the People’s Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 FR 64472, October 29, 2013.

continuation or recurrence of net countervailable subsidies.<sup>12</sup> On February 28, 2014, the Commission determined that revocation of the orders would likely result in the continuation of recurrence of material injury to a domestic industry within a reasonably foreseeable time.<sup>13</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, Commerce issued a continuation of the antidumping duty order on imports of LW sacks from China, effective March 26, 2014.<sup>14</sup> Effective March 27, 2014, Commerce issued a continuation of the countervailing duty order on imports of LW sacks from China.<sup>15</sup>

## **PREVIOUS AND RELATED INVESTIGATIONS**

Final phase antidumping and countervailing duty investigations are currently being conducted on LW sacks from Vietnam, resulting from petitions filed on March 7, 2018, by the Laminated Woven Sacks Fair Trade Coalition (comprised of Polytex and ProAmpac).<sup>16</sup> The Commission is currently scheduled to vote on the investigations concerning LW sacks from Vietnam on May 1, 2019.<sup>17</sup>

## **ACTIONS AT COMMERCE**

Commerce has not conducted any changed circumstances reviews, critical circumstances reviews, or issued any affirmative anti-circumvention findings, since the completion of the last five-year reviews. In addition, Commerce has not issued any duty absorption findings or any company revocations since the imposition of the orders.

### **Scope rulings**

Commerce has issued three scope rulings regarding LW sacks from China. Table I-2 lists Commerce's scope rulings.

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<sup>12</sup> *Laminated Woven Sacks From the People's Republic of China: Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 78 FR 69369, November 19, 2013.

<sup>13</sup> *Laminated Woven Sacks From China; Determinations*, 79 FR 15140, March 18, 2014.

<sup>14</sup> *Laminated Woven Sacks From the People's Republic of China: Continuation of Antidumping Duty Order*, 79 FR 16770, March 26, 2014.

<sup>15</sup> *Laminated Woven Sacks From the People's Republic of China: Continuation of Countervailing Duty Order*, 79 FR 17134, March 27, 2014.

<sup>16</sup> *Laminated Woven Sacks From Vietnam; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*, 83 FR 10875, March 13, 2018.

<sup>17</sup> *Laminated Woven Sacks from Vietnam; Revised Schedule of the Final Phase of Countervailing Duty and Anti-Dumping Duty Investigations*, FR 84 3486, February 12, 2019; and *Laminated Woven Sacks from Vietnam, Public Version, Prehearing Staff Report, Inv. Nos. 701-TA-601 and 731-TA-1411 (Final)*, March 20, 2019, p. I-2.

**Table I-2  
LW sacks: Commerce’s scope rulings**

<b>Requestor</b>	<b>Product to be excluded</b>	<b>Commerce ruling</b>	<b>Federal Register cite</b>
Archer Daniels Midland Company	Product A and Product B described as: (1) Made of a single ply of woven polypropylene strip; (2) laminated with biaxially-oriented polypropylene (“BOPP”); (3) printed in three colors; and (4) of less than one kilogram in weight.	Denied	74 FR 43681 August 27, 2009
	Products C, D and F described as each having no lamination or coating of BOPP. Product E described as: (1) Made of a single ply of woven polypropylene strip; (2) laminated with BOPP; (3) printed in two colors; and (4) less than one kilogram.	Granted	
Shapiro Packaging	Manna Pro Calf Manna, Manna Pro Horse Feed, and Red Head Deer Corn sacks.	Granted	75 FR 14139 March 24, 2010
The Super Poly Partnership	Laminated woven sacks produced from imported woven fabric.	Granted	77 FR 9894 February 21, 2012

Source: Cited *Federal Register* notices.

### **Current five-year reviews**

Commerce is conducting expedited reviews of the antidumping and countervailing duty orders with respect to LW sacks from China and intends to issue the final results of these reviews based on the facts available not later than June 5, 2019.<sup>18</sup>

## **THE PRODUCT**

### **Commerce’s scope**

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

Laminated woven sacks are bags or sacks consisting of one or more plies of fabric consisting of woven polypropylene strip and/or woven polyethylene strip, regardless of the width of the strip; with or without an extrusion coating of polypropylene and/or polyethylene on one or both sides of the fabric; laminated by any method either to an exterior ply of plastic film such as biaxially-oriented polypropylene (“BOPP”) or to an exterior ply of paper that is suitable for high quality print graphics<sup>19</sup>; printed with three colors or more in register; with or without lining; whether or not closed on one end;

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<sup>18</sup> Letter from Abdelali Elouaradia, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Nannette Christ, March 20, 2019.

<sup>19</sup> “Paper suitable for high quality print graphics,” as used herein, means paper having an ISO brightness of 82 or higher and a Sheffield Smoothness of 250 or less. Coated free sheet is an example of a paper suitable for high quality print graphics.

whether or not in roll form (including sheets, lay-flat tubing, and sleeves); with or without handles; with or without special closing features; not exceeding one kilogram in weight. Laminated woven sacks are typically used for retail packaging of consumer goods such as pet foods and bird seed.

Effective July 1, 2007, laminated woven sacks are classifiable under Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings 6305.33.0050 and 6305.33.0080. Laminated woven sacks were previously classifiable under HTSUS subheading 6305.33.0020. If entered with plastic coating on both sides of the fabric consisting of woven polypropylene strip and/or woven polyethylene strip, laminated woven sacks may be classifiable under HTSUS subheadings 3923.21.0080, 3923.21.0095, and 3923.29.0000. If entered not closed on one end or in roll form (including sheets, lay-flat tubing, and sleeves), laminated woven sacks may be classifiable under other HTSUS subheadings including 3917.39.0050, 3921.90.1100, 3921.90.1500, and 5903.90.2500. If the polypropylene strips and/or polyethylene strips making up the fabric measure more than 5 millimeters in width, laminated woven sacks may be classifiable under other HTSUS subheadings including 4601.99.0500, 4601.99.9000, and 4602.90.0000. Although HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.<sup>20</sup>

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

The merchandise subject to these reviews is currently provided for in subheading 6305.33.00<sup>21</sup> (statistical reporting numbers 6305.33.0040 and 6305.33.0080<sup>22 23</sup>) of the Harmonized Tariff Schedule of the United States (“HTS”). LW sacks imported from China enter the U.S. market at a column 1-general duty rate under subheading 6305.33.00 of 8.4 percent ad

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<sup>20</sup> *Laminated Woven Sacks From the People’s Republic of China: Continuation of Antidumping Duty Order*, 79 FR 16770, March 26, 2014.

<sup>21</sup> During the original investigations, laminated woven sacks of polyethylene or polypropylene strip or the like, which are treated for tariff purposes as being “of textile materials,” were classified in the HTS under subheading 6305.33.00 (with initial import reporting under statistical reporting number 6305.33.0020), while subject goods not of textile materials were classified in other HTS chapters. Effective July 1, 2007, new statistical reporting provisions were established to cover such laminated woven sacks, with those weighing less than 1 kilogram and having outer laminated ply of plastics sheeting in statistical reporting number 6305.33.0050. This latter statistical reporting number would include laminated woven sacks laminated with BOPP film, but not laminated woven sacks laminated with paper, and therefore, would not contain all types of products within the scope of these reviews.

<sup>22</sup> HTS statistical reporting number 6305.33.0080, is a residual or “basket” category for goods of polyethylene or polypropylene strip or the like that each weigh less than one kilogram.

<sup>23</sup> Effective July 1, 2013, statistical reporting number 6305.33.0050 was subdivided to allow the gathering of data on goods printed with three or more colors (6305.33.0040) and other sacks weighing less than 1 kilogram (6305.33.0060).

valorem.<sup>24</sup> Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

### Description and uses<sup>25</sup>

The products covered by these reviews are LW sacks, i.e., bags consisting of one or more plies of fabric of woven polypropylene (“PP”) strip and/or polyethylene (“PE”) strip<sup>26</sup> that are laminated<sup>27</sup> or bonded to an exterior ply of plastic film such as biaxially-oriented polypropylene (“BOPP”),<sup>28</sup> polyester (“PET”), polyethylene (“PE”), nylon, or any film suitable for printing or to an exterior ply of paper.<sup>29</sup> The exterior ply is printed in three or more colors; it is usually aligned and printed at three or more separate print stations, each containing a different color, creating multicolor, high-quality print graphics. The lamination of the woven sacks, particularly those laminated with BOPP film helps to maintain the integrity of the graphics. The printed outer ply serves as the point of advertising for packaged consumer goods.<sup>30</sup>

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<sup>24</sup> No additional duties on products of China covered by this subheading have been imposed.

<sup>25</sup> Unless otherwise noted, this information is based on the following publications: *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, p. I-7 and *Laminated Woven Sacks from Vietnam, Inv. Nos. 701-TA-601 and 731-TA-1411 (Preliminary)*, USITC Publication 4779, April 2018, p. I-8.

<sup>26</sup> A rugged material that is especially resistant to chemicals, bases, and acids, polypropylene is a thermoplastic resin material created by polymerizing propylene that can be used for many industrial purposes. Brett Sorensen, “All About Woven Polypropylene Bags,” <https://blog/nationalbulkbag.com/fibc-bulk-bag-construction/all-about-woven-polypropylene-bags>, retrieved March 19, 2019.

<sup>27</sup> “Laminated fabric” contains two or more layers of cloth joined together with rubber, resin, adhesive, plastic, etc. to form one ply; or a fabric backed and bonded to a plastic sheet. The subject LW sacks are made from a man-made fiber woven fabric joined by a layer of adhesive plastic to an outer layer of either plastic film, or paper, to form one ply of “laminated fabric.”

<sup>28</sup> BOPP is a film made of polypropylene that has been “biaxially oriented” meaning that the film has been stretched in two different directions. The film is usually a multilayer film that relates to three-layer structures: One thick layer of polypropylene sandwiches between two thin layers of polypropylene. BOPP films have been popular in the world market because of their unusual combination of properties: better shrinkage, ability to seal well, twist retention and barrier, transparency, and stiffness. Plastic Recyclers Southeast Inc. website, <http://www.prsei.com/recycling/material/17-bopp-film>, retrieved April 2, 2019.

<sup>29</sup> For sacks and bags for which the woven fabric of polypropylene and/or polyethylene strip is laminated to an outer ply of paper (in place of an outer ply of plastics sheeting), then the LW sacks would be classified under HTS 6305.33.0080.

<sup>30</sup> Polytex, a vertically integrated U.S. manufacturer of laminated woven sacks, states that its manufacturing processes results in products that create superior shelf appeal and drive product demand. *Polytex webpage*, “Bringing Brands to Life: Performance Focused,” <https://www.polytex.com/solutions/>, retrieved March 20, 2019.

The properties of woven PP are especially useful for the packaging industry.<sup>31</sup> LW sacks have improved physical properties compared with multi-wall paper sacks because they weigh less, occupy less storage space, are more tear resistant, and have greater tensile strength leading to less breakage. Compared to multi-wall paper sacks, LW sacks resist water, oil, and grease, resulting in less material breakdown and leakage and leading to cost savings for the consuming industry. LW sacks come in various sizes and capabilities that make them suitable for various types and quantities of packaged goods. Their dimensions, size, strength, closure, color, coating, and printing are specified by manufacturers of packaged consumer goods as needed to serve their retail customers. LW sacks may be lined or unlined and may or may not have a thin layer of plastic film over the print medium. The bottom of the finished LW sacks is either folded over and stitched, or a separate PP strip is folded over one end of the fabric and sewn to create a closure at the bottom. Another type of finished LW sacks has a different type of closure at the bottom—i.e., a “pinch bottom stepped end style of closure,” in which the bottom is either folded over and glued or heat sealed to provide a more hermetic seal without sew holes.<sup>32</sup>

LW sacks are reusable, recyclable, eco-friendly, durable, easily to clean, and anti-bacterial.<sup>33</sup> Because LW sacks are also non-toxic, non-staining, printable, and breathable, they are useful for the agricultural, food, and pharmaceutical industries.<sup>34</sup> They are especially popular with manufacturers of pet food, bird seed, grass seed, fertilizer, salt, flour, rice, firewood, and with other manufacturers that require flexible packaging for consumer goods that typically weigh between 17 and 55 pounds.<sup>35</sup>

### **Manufacturing process<sup>36</sup>**

Producing LW sacks involves separate staged operations that allow a producer to enter into the production process at a number of different steps, resulting in a variation of starting

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<sup>31</sup> Brett Sorensen, “All About Woven Polypropylene Bags,” <https://blog/nationalbulkbag.com/fibc-bulk-bag-construction/all-about-woven-polypropylene-bags>, retrieved March 19, 2019.

<sup>32</sup> *Laminated Woven Sacks from Vietnam, Inv. Nos. 701-TA-601 and 731-TA-1411 (Preliminary)*, USITC Publication 4779, April 2018, p. I-13.

<sup>33</sup> Chinawovenbag.com, “Woven Polypropylene Bags: The Complete Guide,” August 9, 2014. <http://chinawovenbag.com/blog/woven-polypropylene-bags/>, retrieved March 19, 2019.

<sup>34</sup> Brett Sorensen, “All About Woven Polypropylene Bags,” <https://blog/nationalbulkbag.com/fibc-bulk-bag-construction/all-about-woven-polypropylene-bags>, retrieved March 19, 2019; and Chinawovenbag.com, “Woven Polypropylene Bags: The Complete Guide,” August 9, 2014, <http://chinawovenbag.com/blog/woven-polypropylene-bags/>, retrieved March 19, 2019.

<sup>35</sup> Chinawovenbag.com, “Woven Polypropylene Bags: The Complete Guide,” August 9, 2014. <http://chinawovenbag.com/blog/woven-polypropylene-bags/>, retrieved March 19, 2019.

<sup>36</sup> Unless otherwise noted, this information is based on the following publications: *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, pp. I-9 to I-13 and *Laminated Woven Sacks from Vietnam, Inv. Nos. 701-TA-601 and 731-TA-1411 (Preliminary)*, USITC Publication 4779, April 2018, pp. I-9 to I-14.



materials. For vertically integrated producers (i.e., Polytex), the initial step involves melting PP (or PE) pellets and extruding plastic sheets of a specific thickness. Next, the sheets are cut into thin flat strips that are spooled onto a bobbin for weaving into fabric. Figure I-1 shows a schematic of the extrusion equipment used to produce the required PE or PP sheet for the LW sacks.

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



Source: *Laminated Woven Sacks From China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, p. I-9.

The dry PP pellets are loaded into a receptacle (hopper), and then fed into a grating chamber through the action of a revolving screw. At the end of the heating chamber, the molten plastic material is forced through a small opening, shaped into the form of the desired product, and is subsequently fed onto a conveyor belt on which it is cooled either by air blowers or by water. Once sheets have been cut into strips (or tapes), the strips are fed through a hot air stretching oven and to a stretching unit to add strength and stability before being wound onto bobbins.

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

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



Source: *Laminated Woven Sacks from Vietnam, Inv. Nos. 701-TA-601 and 731-TA-1411 (Preliminary)*, USITC Publication 4779, April 2018, p. I-10.

Non-integrated producers of LW sacks purchase or import the fabric used to make LW sacks. All LW sack producers use a printing press to print graphics onto the outer layer or laminate (figure I-3). Printing onto the laminate before the lamination process provides another of the features that give LW sacks an advantage over other packaging alternatives. Producers of LW sacks reverse print onto the laminate material, a plastic film such as BOPP (or directly print onto an exterior ply of laminating paper). Both of these laminates are suitable for the application of high quality print graphics in multiple colors that serve as point-of-sale advertising for packaged consumer goods.

**Figure I-3**  
**LW sacks: Printing press**



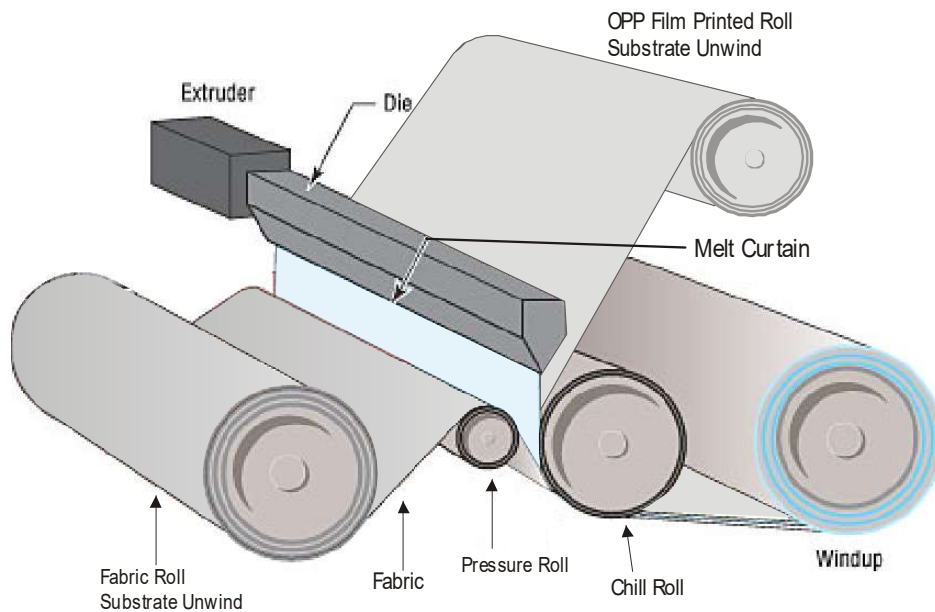
Source: *Laminated Woven Sacks from Vietnam, Inv. Nos. 701-TA-601 and 731-TA-1411 (Preliminary)*, USITC Publication 4779, April 2018, p. I-11.

Once printed, the lamination step (figure I-4) bonds the laminate material directly to the woven sack material. The process involves a “curtain of liquid PP” that is allowed to “flow between the film and the fabric, immediately forming a bonding center layer.” When bonding the laminate to the flat woven sheet format, only one side of the material is laminated. However, when bonding the laminate to the woven tube formatted material, the laminate is bonded to two sides (at the same time). The dual-sided process often results in the extra laminate extending along two sides of the resulting laminated woven sacks, referred to by the respondents in the original investigation as “fins.”<sup>37</sup>

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<sup>37</sup> *Laminated Woven Sacks From China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, p. I-12.

**Figure I-4**  
**Lamination process for LW sacks**



Source: *Laminated Woven Sacks from Vietnam, Inv. Nos. 701-TA-601 and 731-TA-1411 (Preliminary)*, USITC Publication 4779, April 2018, p. I-12.

After lamination, in the case of the flat sheet laminated material, the rolls are sent to a tuber, where the fabric is formed into a continuous tube, gusseted,<sup>38</sup> and cut into individual pieces (figure I-5). The individual tubes are then transferred to a sewing line where they are sewn and formed into individual sacks of the required dimensions. In the case of the already tubular formed laminate, there is no tubing or gusseting; the laminated tubular form is cut and sewn into the individual sacks. In both cases, the bags are finished by sewing the bottom and applying closure tape and the pull tape for easy opening. The bags are then inspected and packaged for shipment.

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<sup>38</sup> Gusseted bags have expandable sides or bottom allowing for more fillable space when opened. "Poly Bags & Liners-Gusseted Poly Bag," [www.interplas.com/gusseted-poly-bags](http://www.interplas.com/gusseted-poly-bags), retrieved April 2, 2019.

**Figure I-5**  
**LW sacks: Tubing process**



Source: *Laminated Woven Sacks from Vietnam, Inv. Nos. 701-TA-601 and 731-TA-1411 (Preliminary)*, USITC Publication 4779, April 2018, p. I-12.

## **THE INDUSTRY IN THE UNITED STATES**

### **U.S. producers**

During the final phase of the original investigations, the Commission received six U.S. producer questionnaires from seven firms, which accounted for virtually all production of LW sacks in the United States during 2007.<sup>39</sup> During the expedited first five-year reviews, the Commission received a response to the notice of institution from the Laminated Woven Sacks Committee, which consisted of six firms that accounted for an estimated share of domestic production in 2012 that exceeded \*\*\* percent.<sup>40 41</sup> In response to the Commission's notice of

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<sup>39</sup> The Commission did not receive a questionnaire response from U.S. producer La Pac. In the preliminary phase of the original investigations, La Pac reported that it accounted for \*\*\* of 2006 U.S. production of laminated woven sacks. *Investigation Nos. 701-TA-450 and 731-TA-1122 (Final): Laminated Woven Sacks from China—Staff Report*, INV-FF-075, July 2, 2008, p. III-1.

<sup>40</sup> The Committee in the first five-year reviews consisted of Coating Excellence; Exopack Holding Corp.; Graphic Packaging International, Inc.; Hood; Polytex; and SeaTac Packaging Manufacturing Corp. *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, p. 3.



institution in these current second five-year reviews, domestic interested parties provided a list of eight known and currently operating U.S. producers of LW sacks.<sup>42</sup>

### Recent developments

Table I-3 presents events in the U.S. industry that have occurred since the first five-year reviews.

**Table I-3**  
**LW sacks: Recent developments in the U.S. industry**

Item/firm	Recent events
<b>Acquisitions:</b>	
Coating Excellence International/ProAmpac	ProAmpac acquired Coating Excellence International in late 2015.
Graphic Packaging International/ Mondi Group	Graphic Packaging International was acquired by Mondi Group in 2014.
Coveris Americas/ Transcontinental Inc.	Coveris Americas, the Coveris Holdings, S.A. business that produces LW sacks in the United States, was acquired by Transcontinental Inc. in April 2018.
<b>Name change:</b>	
Exopack Holding Corporation/ Coveris Holdings, S.A.	Exopack Holding Corporation changed its name to Coveris Holdings, S.A., in November 2013.
<b>New producers/product lines:</b>	
Robinette Company	Robinette Company (Bristol, Tennessee), a U.S. producer identified by the domestic interested parties in these reviews, appears to be a new domestic producer of LW sacks, as it was not identified in the previous reviews or original investigations.
Standard Bag Manufacturing Co.	Standard Bag Manufacturing Co. (Beaverton, Oregon), a U.S. producer identified by the domestic interested parties in these reviews, appears to be a new domestic producer of LW sacks, as it was not identified in the previous reviews or original investigations.

Source: PetfoodIndustry.com, "ProAmpac to acquire Coating Excellence International," December 3, 2015, <https://www.petfoodindustry.com/articles/5523-proampac-to-acquire-coating-excellence-international>, retrieved April 21, 2019; Mondi Group, <https://www.mondigroup.com/en/about-mondi/our-history/>, retrieved April 8, 2019; Tctranscontinental.com, "Transcontinental Inc. announces transformational acquisition of Coveris Americas, becoming a North American leader in flexible packaging," April 2, 2018, [https://tctranscontinental.com/sites/default/files/2018-09/Press\\_21-09-18.pdf](https://tctranscontinental.com/sites/default/files/2018-09/Press_21-09-18.pdf), retrieved April 8, 2019; Thepacker.com, "Exopack Holdings switches name to Coveris," November 20, 2013, <https://www.thepacker.com/article/exopack-holdings-switches-name-coveris>, retrieved April 8, 2019; and Domestic interested parties' response to the notice of institution, March 6, 2019, exh. 12.

(...continued)

<sup>41</sup> Investigation Nos. 701-TA-450 and 731-TA-1122 (Review): Laminated Woven Sacks from China—Staff Report, INV-MM-013, February 7, 2014, p. I-17.

<sup>42</sup> Domestic interested parties' response to the notice of institution, March 6, 2019, exh. 12.

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

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution in the current five-year reviews.<sup>43</sup> Table I-4 presents a compilation of the data submitted from all responding U.S. producers, as well as trade and financial data submitted by U.S. producers in the original investigations and first five-year reviews.

Between 2007 and 2012, the domestic industry experienced increases in capacity \*\*\* percent, production \*\*\* percent, capacity utilization \*\*\* percentage points, U.S. shipments \*\*\* percent by quantity and \*\*\* percent by value, and unit values by \*\*\* percent. Between the first reviews and these current reviews, capacity utilization was higher by \*\*\* percentage points, while average unit values of shipments was lower by \*\*\* percent, COGS to net sales ratio was higher by \*\*\* percentage points, and operating income as a share of net sales was lower by \*\*\* percentage points. Comparability of U.S. producers' data for 2018, however, is limited, given that responding domestic producers represented over \*\*\* percent of domestic production in the first two proceedings, while responding domestic interested parties in these current reviews represent an estimated \*\*\* percent of domestic industry production.<sup>44</sup> Domestic interested parties state that the domestic industry was relatively "young" during the original investigations, and the discipline of the orders has allowed the domestic industry to mature since that time.<sup>45</sup>

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<sup>43</sup> Individual company trade and financial data are presented in app. B.

<sup>44</sup> Domestic interested parties' response to the notice of institution, March 6, 2019, exh. 1.

<sup>45</sup> Ibid, pp. 9-10.

**Table I-4****LW sacks: Trade and financial data submitted by U.S. producers, 2007, 2012, and 2018**

Item	2007	2012	2018
Capacity (1,000 sacks)	232,953	***	***
Production (1,000 sacks)	52,231	***	***
Capacity utilization (percent)	22.4	***	***
U.S. shipments: <sup>1</sup>			
Quantity (1,000 sacks)	51,411	***	***
Value (\$1,000)	30,656	***	***
Unit value (dollars per sack)	0.60	***	***
Net sales (\$1,000)	31,312	***	***
COGS (\$1,000)	29,559	***	***
COGS/net sales (percent)	94.4	***	***
Gross profit or (loss) (\$1,000)	1,753	***	***
SG&A expenses (loss) (\$1,000)	3,357	***	***
Operating income (loss) (\$1,000)	(1,604)	*** <sup>2</sup>	***
Operating income (loss)/net sales (percent)	(5.1)	***	***

<sup>1</sup> U.S. producers reported \*\*\* U.S. internal consumption/transfers to related firms during 2007, 2012, and 2018.

<sup>2</sup> Staff calculated operating profit as \*\*\*. The difference between reported and calculated operating profit is due to the numbers reported by \*\*\*.

Source: For 2007, data are compiled using data submitted by six responding U.S. producers in the Commission's original investigations, which accounted for virtually all production of LW sacks in the United States during 2007. For 2012, data are compiled using data submitted by six responding U.S. producers in the Commission's expedited first five-year reviews, which accounted for more than \*\*\* percent of U.S. production in 2012. See app. C. For the year 2018, data are compiled using data submitted by the two responding domestic interested parties (Polytex and ProAmpac), which accounted for an estimated \*\*\* percent of U.S. production during 2018. Domestic interested parties' response to the notice of institution, March 6, 2019, exh. 1.

### DEFINITIONS OF THE DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the



related parties' provision, the Commission may exclude a related party for purposes of its injury determination if "appropriate circumstances" exist.<sup>46</sup>

In its original determinations and its expedited first five-year review determinations, the Commission defined the domestic like product as all laminated woven sacks, regardless of their dimension, strength, closure, or design, coextensive with the scope of the investigations.<sup>47</sup>

In the preliminary phase of the original determinations, respondent Hotsun Plastics argued that out-of-scope paper multi-wall sacks are merely part of a continuum of packaging products for consumer retail use and are easily substitutable with LW sacks and thus should be included in the domestic like product.<sup>48</sup> The Commission determined that multi-wall paper sacks should not be included in the domestic like product, finding that differences in the physical characteristics between the two products associated with differences in raw input are important to a growing number of purchasers, as are the ability to display higher-quality, multi-color print graphics on laminated woven sacks or preferences based on the type of closing equipment at their filling stations, further limiting the interchangeability of the products. Although the Commission found that there is some overlap in producers, production equipment, and employees, the record suggested that there are also some differences in production equipment and processes between laminated woven sacks and paper sacks as well as differences in manufacturing costs and prices.<sup>49</sup>

In the preliminary phase of the original investigations, the Commission also examined whether non-laminated woven sacks should be included in the domestic like product.<sup>50</sup> The Commission determined that non-laminated woven sacks should not be included in the domestic like product, finding that the different physical characteristics associated with lamination permitted LW sacks to be used differently than non-laminated woven sacks, and some purchasers valued their ability to have multi-colored, high-quality graphics that are not susceptible to degradation as well as the rigidity and dimensional stability of LW sacks for use in automatic filling machines. Although the Commission found some overlap of production processes, equipment, and employees in the common early steps of production, it noted that LW sacks were perceived as different products by producers and customers, especially given the higher price that LW sacks commanded over non-laminated woven sacks.<sup>51</sup>

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<sup>46</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>47</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. 6; *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, p. I-7.

<sup>48</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Preliminary)*, USITC Publication 3942, August 2007, p. I-12.

<sup>49</sup> *Ibid.*

<sup>50</sup> *Laminated Woven Sacks from China, Investigation Nos. 701-TA-450 and 731-TA-1122 (Preliminary)*, USITC Publication 3942, August 2007, pp. 6-10.

<sup>51</sup> *Ibid.*

In its original determinations and first five-year reviews, the Commission defined the domestic industry as all U.S. producers of the domestic like product.<sup>52</sup> During the original investigations, four U.S. producers of laminated woven sacks \*\*\* imported subject merchandise and qualified as “related parties” under 19 U.S.C. § 1677(4)(B). However, the Commission found that “appropriate circumstances” did not exist to exclude these firms from the domestic industry mostly due to \*\*\* and because of the \*\*\*.<sup>53</sup>

In its notice of institution for these second five-year reviews, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definitions of the domestic like product and domestic industry and inquired as to whether any related parties issues existed. According to their response to the notice of institution, the domestic interested parties agreed with the Commission’s definition of the domestic like product as stated in the notice of institution.<sup>54</sup> The domestic interested parties stated they are unaware of any affiliation between any domestic producer and any Chinese producer or U.S. importer of LW sacks and agreed with the definition of domestic industry contained in the notice of institution.<sup>55</sup>

## **U.S. IMPORTS AND APPARENT U.S. CONSUMPTION**

### **U.S. importers**

During the final phase of the original investigations, the Commission received usable U.S. importer questionnaires from 21 firms. For the period 2005 to 2006, data for U.S. imports from China were compiled using official import statistics, adjusted using the methodology set forth in the petition to account for product not within scope of the investigations but included in the relevant HTS statistical reporting number. Data for U.S. imports from China for 2007 were compiled using adjusted official import statistics. Commission staff elected to compile U.S. import data using these methods in order to alleviate what petitioners alleged was low import data coverage from the Commission’s questionnaires. Data regarding U.S. imports from nonsubject countries were compiled using questionnaire data.<sup>56</sup>

Although the Commission did not receive responses from any respondent interested parties in its first five-year reviews, the domestic interested parties provided a list of 21

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<sup>52</sup> *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. 13; *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, p. 6.

<sup>53</sup> *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, pp. 13-21.

<sup>54</sup> Domestic interested parties’ response to the notice of institution, March 6, 2019, p. 28.

<sup>55</sup> Domestic interested parties’ response to the notice of institution, March 6, 2019, pp. 1, 26, and 28.

<sup>56</sup> *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final)*, USITC Publication 4025, July 2008, p. I-14.

importers of LW sacks from China.<sup>57</sup> The Commission did not receive responses from any respondent interested parties in these second five-year reviews; however, in its response to the Commission's notice of institution, the domestic interested parties provided a list of 32 potential U.S. importers of LW sacks from China.<sup>58</sup>

### **U.S. imports**

Table I-5 presents U.S. imports from China, as well as the other top sources of U.S. imports (shown in descending order of 2018 imports by quantity), from 2013 to 2018.

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<sup>57</sup> *Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Review)*, USITC Publication 4457, March 2014, p. 6.

<sup>58</sup> Domestic interested parties' response to the notice of institution, March 6, 2019, exh. 13.

**Table I-5**  
**LW sacks: U.S. imports, by source, 2013-18**

Item	Calendar year					
	2013	2014	2015	2016	2017	2018
	<b>Quantity (1,000 sacks)</b>					
China (subject)	109,272	71,441	69,570	63,950	59,133	71,931
Nonsubject sources:						
Vietnam	95,547	105,052	111,129	104,081	132,291	118,030
India	24,215	29,569	41,209	54,707	45,500	48,910
Mexico	33,211	38,029	30,275	39,240	56,889	35,433
Canada	12,439	14,244	21,674	22,419	26,358	32,481
Indonesia	31,717	38,687	34,476	26,443	33,273	30,241
All other sources	36,789	36,981	28,567	36,723	31,572	52,490
Subtotal, nonsubject	233,918	262,563	267,329	283,613	325,883	317,585
Total imports	343,191	334,004	336,899	347,563	385,016	389,516
	<b>Value (\$1,000)</b>					
China (subject)	42,147	31,306	28,379	24,867	23,479	30,532
Nonsubject sources:						
Vietnam	36,258	39,761	38,443	33,451	44,132	41,367
India	7,458	9,380	12,063	14,062	12,635	14,667
Mexico	13,446	15,601	10,973	13,256	20,444	15,253
Canada	4,700	5,510	8,485	8,257	9,807	12,760
Indonesia	9,588	12,043	9,510	6,655	8,395	8,047
All other sources	17,961	18,862	15,248	17,610	14,562	25,123
Subtotal, nonsubject	89,411	101,158	94,723	93,292	109,974	117,218
Total imports	131,559	132,464	123,101	118,159	133,452	147,750
	<b>Unit value (dollars per sack)</b>					
China (subject)	0.39	0.44	0.41	0.39	0.40	0.42
Nonsubject sources:						
Vietnam	0.38	0.38	0.35	0.32	0.33	0.35
India	0.31	0.32	0.29	0.26	0.28	0.30
Mexico	0.40	0.41	0.36	0.34	0.36	0.43
Canada	0.38	0.39	0.39	0.37	0.37	0.39
Indonesia	0.30	0.31	0.28	0.25	0.25	0.27
All other sources	0.49	0.51	0.53	0.48	0.46	0.48
Subtotal, nonsubject	0.38	0.39	0.35	0.33	0.34	0.37
Total imports	0.38	0.40	0.37	0.34	0.35	0.38

Table continued on the next page.

**Table I-5—Continued**  
**LW sacks: U.S. imports, by source, 2013-18**

Item	Calendar year					
	2013	2014	2015	2016	2017	2018
	<b>Share of quantity (percent)</b>					
China (subject)	31.8	21.4	20.7	18.4	15.4	18.5
Nonsubject sources:						
Vietnam	27.8	31.5	33.0	29.9	34.4	30.3
India	7.1	8.9	12.2	15.7	11.8	12.6
Mexico	9.7	11.4	9.0	11.3	14.8	9.1
Canada	3.6	4.3	6.4	6.5	6.8	8.3
Indonesia	9.2	11.6	10.2	7.6	8.6	7.8
All other sources	10.7	11.1	8.5	10.6	8.2	13.5
Subtotal, nonsubject	68.2	78.6	79.3	81.6	84.6	81.5
Total imports	100.0	100.0	100.0	100.0	100.0	100.0
	<b>Share of value (percent)</b>					
China (subject)	32.0	23.6	23.1	21.0	17.6	20.7
Nonsubject sources:						
Vietnam	27.6	30.0	31.2	28.3	33.1	28.0
India	5.7	7.1	9.8	11.9	9.5	9.9
Mexico	10.2	11.8	8.9	11.2	15.3	10.3
Canada	3.6	4.2	6.9	7.0	7.3	8.6
Indonesia	7.3	9.1	7.7	5.6	6.3	5.4
All other sources	13.7	14.2	12.4	14.9	10.9	17.0
Subtotal, nonsubject	68.0	76.4	76.9	79.0	82.4	79.3
Total imports	100.0	100.0	100.0	100.0	100.0	100.0

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

Source: Data compiled from official Commerce statistics, HTS statistical reporting numbers 6305.33.0040, 6305.33.0050, and 6305.33.0080.

According to official Commerce import data, China was the second largest source of imported LW sacks in 2018, representing 18.5 percent of U.S. imports, by quantity. The largest source of imported LW sacks during 2018 was Vietnam, representing 30.3 percent of total imports. During 2013-17, U.S. imports of LW sacks from China steadily decreased by quantity and value and then increased in 2018 by 21.6 percent by quantity and 30.0 percent by value compared to the previous year.

### **Apparent U.S. consumption and market shares**

Table I-6 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-7 presents data on U.S. market shares of U.S. apparent consumption. By quantity, U.S. producers' U.S. shipments increased between 2007 and 2012 by \*\*\* percent. Comparability of U.S. producers' data and apparent U.S. consumption/market share data for 2018, is limited, however, given that responding domestic producers represented over \*\*\* percent of domestic industry production in the first two proceedings, while responding domestic interested parties in these current reviews represent an estimated \*\*\* percent of domestic industry production.

**Table I-6**  
**LW sacks: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 2007,**  
**2012, and 2018**

Item	2007	2012	2018
	<b>Quantity (1,000 sacks)</b>		
U.S. producers' U.S. shipments	51,411	***	***
U.S. imports from—			
China	234,368	30,580	71,931
All other	***	153,055	317,585
Total imports	***	183,636	389,516
Apparent U.S. consumption	***	***	***
	<b>Value (1,000 dollars)</b>		
U.S. producers' U.S. shipments	30,656	***	***
U.S. imports from—			
China	58,147	10,196	30,532
All other	***	59,500	117,218
Total imports	***	69,696	147,750
Apparent U.S. consumption	***	***	***

Source: For 2007, data are compiled using data submitted by six responding U.S. producers in the Commission's original investigations, which accounted for virtually all production of LW sacks in the United States during 2007. Import data from China for 2007 are compiled using adjusted official import statistics and import data for all other sources for 2007 are compiled using questionnaire responses. For 2012, data are compiled using data submitted by six responding U.S. producers in the Commission's expedited first five-year reviews, which accounted for more than \*\*\* percent of U.S. production in 2012. Import data for 2012 are compiled using official import statistics. See app. C. For the year 2018, data are compiled using data submitted by the two responding domestic interested parties (Polytex and ProAmpac), which accounted for an estimated \*\*\* percent of U.S. production during 2018. Domestic interested parties' response to the notice of institution, March 6, 2019, exh. 1. U.S. imports for 2018 are compiled using official Commerce statistics under HTS statistical reporting numbers 6305.33.0040, 6305.33.0050, and 6305.33.0080.

**Table I-7**  
**LW sacks: Apparent U.S. consumption and U.S. market shares, 2007, 2012, and 2018**

Item	2007	2012	2018
	<b>Quantity (1,000 sacks)</b>		
Apparent U.S. consumption	***	***	***
	<b>Value (1,000 dollars)</b>		
Apparent U.S. consumption	***	***	***
	<b>Share of consumption based on quantity (percent)</b>		
U.S. producer's share	***	***	***
U.S. imports from--			
China	***	***	***
All other sources	***	***	***
Total imports	***	***	***
	<b>Share of consumption based on value (percent)</b>		
U.S. producer's share	***	***	***
U.S. imports from--			
China	***	***	***
All other sources	***	***	***
Total imports	***	***	***

Source: For 2007, data are compiled using data submitted by six responding U.S. producers in the Commission's original investigations, which accounted for virtually all production of LW sacks in the United States during 2007. Import data from China for 2007 are compiled using adjusted official import statistics and import data for all other sources for 2007 are compiled using questionnaire responses. For 2012, data are compiled using data submitted by six responding U.S. producers in the Commission's expedited first five-year reviews, which accounted for more than \*\*\* percent of U.S. production in 2012. Import data for 2012 are compiled using official import statistics. See app. C. For the year 2018, data are compiled using data submitted by the two responding domestic interested parties (Polytex and ProAmpac), which accounted for an estimated \*\*\* percent of U.S. production during 2018. Domestic interested parties' response to the notice of institution, March 6, 2019 exh. 1. U.S. imports for 2018 are compiled using official Commerce statistics under HTS statistical reporting numbers 6305.33.0040, 6305.33.0050, and 6305.33.0080.

### THE INDUSTRY IN CHINA

During the final phase of the original investigations, the Commission received one foreign producer/exporter questionnaire, which accounted for approximately \*\*\* percent of Chinese production of LW sacks and \*\*\* percent of exports to the United States in 2007.<sup>59</sup> Although the Commission did not receive responses from any respondent interested parties in

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<sup>59</sup> *Investigation Nos. 701-TA-450 and 731-TA-1122 (Review): Laminated Woven Sacks from China—Staff Report*, INV-MM-013, February 7, 2014, pp. I-22 and I-23.

its expedited first five-year reviews, the domestic interested parties provided a list of 87 firms that they believed produced LW sacks in China at that time.<sup>60</sup>

In their response to the Commission’s notice of institution in these second five-year reviews, the domestic interested parties provided a list of 200 firms that they believe are current producers of LW sacks in China and emphasized that LW sack production capacity in China has expanded rapidly and significantly since 2012.<sup>61</sup> Citing several examples of capacity expansions and planned expansions (summarized in table I-8), the domestic interested parties claimed that the economic scale of the Chinese industry is massive and receives substantial active support from the Chinese government, including intensive funding to modernize manufacturing equipment. Further, they contend that provincial and municipal policies are also used to support the LW sack industry in China.<sup>62</sup>

**Table I-8**  
**LW sacks: Recent developments in the Chinese industry**

Item / firm	Recent events
<b>Expansions:</b>	
Shandong Shouguang Jianyuanchun Co., Ltd./ Shandong Longxing Plastic Products Co., Ltd.	Shandong Shouguang Jianyuanchun Co., Ltd./Shandong Longxing Plastic Products Co., Ltd. (“SSJ”) has been expanding its capacity over the past several years, and its capacity now exceeds 100 million pieces/year.
WhoKing Group Ltd.	WhoKing Group Ltd. (“WhoKing”) increased its annual production capacity for plastic woven sacks from 70,000 metric tons in 2008 to 200,000 metric tons (approximately 2.8 billion pieces) in 2013.
Zhejiang Huatai Plastic Group	Zhejiang Huatai Plastic Group (“Huatai”) was expected to complete its second stage of the construction of a high grade plastic woven sacks project in Shandong and begin production by December 2014.

Source: Domestic interested parties’ response to the notice of institution, March 6, 2019, pp. 17-19, and exhs. 2.1 through 2.12.

Table I-9 presents export data for LW sacks from China in descending order of value for 2017. The United States and Russia were China’s largest export markets, with Russia leading as the largest export destination during 2014-16, and the United States in 2013 and 2017. Japan was China’s second largest market in 2014-15, and 2017, while Russia and the United States were China’s second largest market in 2013 and 2016, respectively. Exports of LW sacks from China to the United States steadily decreased year-on-year during 2013-16, declining 27.8

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<sup>60</sup> *Investigation Nos. 701-TA-450 and 731-TA-1122 (Review): Laminated Woven Sacks from China—Staff Report*, INV-MM-013, February 7, 2014, p. I-23 and Domestic interested parties’ response to the notice of institution, July 30, 2013, exh. 9.

<sup>61</sup> Domestic interested parties’ response to the notice of institution, March 6, 2019, pp. 17-19, and exh. 14.

<sup>62</sup> Domestic interested parties’ response to the notice of institution, March 6, 2019, pp. 17-19 and 23-24.



percent over the period. In contrast, during 2016-17, exports from China to the United States experienced an upward trend representing an increase of 34.0 percent.

**Table I-9**

**LW sacks: Exports of laminated woven sacks from China, by destination, 2013-17**

Item	Calendar year				
	2013	2014	2015	2016	2017
<b>Value (1,000 dollars)</b>					
United States	123,350	105,998	90,753	89,025	119,257
Japan	114,527	114,367	92,588	83,979	97,232
Russia	117,335	119,860	109,275	99,909	91,053
Philippines	54,908	68,811	65,448	71,335	69,409
South Korea	59,142	48,702	51,069	45,706	43,251
Kazakhstan	52,334	46,400	41,874	45,656	38,104
Myanmar	12,259	11,973	8,040	15,305	29,488
Australia	25,256	24,098	33,366	23,566	23,486
North Korea	7,654	13,509	15,395	16,568	23,225
Canada	25,376	21,310	21,162	19,637	22,943
Hong Kong	47,865	29,830	16,717	26,573	20,347
Subtotal	640,005	604,858	545,685	537,259	577,795
All other	435,120	418,134	517,060	414,474	393,115
Total	1,075,125	1,022,992	1,062,745	951,732	970,910

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 6305.33, sacks and bags, of a kind used for the packing of goods: of manmade textile materials: of polyethylene or polypropylene strip or the like. These data may be overstated as HTS 6305.33 contains products outside the scope of these reviews.

**ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS**

Based on available information, LW sacks from China have not been subject to other antidumping or countervailing duty investigations outside the United States.

## THE GLOBAL MARKET

Although China remains the dominant global exporter of LW sacks, other Asian-Pacific countries including Vietnam,<sup>63</sup> Thailand, Indonesia, and India are meeting growing global demand for LW sacks.<sup>64</sup> Because LW sacks are strong, cost-effective, environmentally friendly, and suitable for consumer goods, they now account for 60 percent of global sales and are expected to grow in volume by a 4 percent compound annual growth rate between 2018 and 2028 according to an industry research group.<sup>65</sup>

Table I-10 presents the largest global export sources of LW sacks during 2013-17.

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<sup>63</sup> After antidumping and countervailing duty orders were imposed on U.S. imports of LW sacks from China, several Chinese producers shifted production to and established factories in Vietnam. Chinese production expertise jumpstarted the LW sacks industry in Vietnam and led to a significant growth in Vietnam's exports of LW sacks to the U.S. market. Imports into the U.S. market increased steadily as the quality of LW sacks produced in Vietnam improved. *Laminated Woven Sacks from Vietnam, Inv. Nos. 701-TA-601 and 731-TA-1411*, April 4, 2019, hearing transcript, p. 8-9 (Jones), 17 (Bazbaz), 31 (Bucci), 52 (Jones).

<sup>64</sup> Asian-Pacific countries are expected to continue dominating the LW sacks market with most production being concentrated in China and India following plastic bag ban initiatives. Clare Goldsberry, "Winners and Losers: Polypropylene Woven Bags and Sacks Gaining Ground over Polyethylene Packaging," September 6, 2018, <https://www.plasticstoday.com/packaging/winners-and-losers-polypropylene-woven-bags-and-sacks-gaining-ground-over-polyethylene-packaging/56142555959422>. India is not shown here as a top supplier of the subject LW sacks in the table because export data are available only in a broader grouping that includes out-of-scope merchandise.

<sup>65</sup> Clare Goldsberry, "Winners and Losers: Polypropylene Woven Bags and Sacks Gaining Ground over Polyethylene Packaging," September 6, 2018, <https://www.plasticstoday.com/packaging/winners-and-losers-polypropylene-woven-bags-and-sacks-gaining-ground-over-polyethylene-packaging/56142555959422>.

**Table I-10**  
**LW sacks: Global exports by major sources, 2013-17**

Item	Calendar year				
	2013	2014	2015	2016	2017
	<b>Value (1,000 dollars)</b>				
China	1,075,125	1,022,992	1,062,745	951,732	970,910
Vietnam	117,712	116,943	202,538	141,802	169,207
Iran	74,560	100,523	0	101,024	134,270
Turkey	110,911	113,193	108,188	113,827	124,193
Thailand	86,346	97,302	94,140	100,178	100,484
Indonesia	66,685	70,623	55,078	44,294	46,731
Mexico	32,141	40,882	29,197	30,277	40,782
Cote d'Ivoire	26,723	28,073	24,061	26,657	25,946
USA	26,055	27,728	26,138	20,250	20,870
Egypt	20,677	21,901	19,956	18,149	19,965
Belgium	23,444	21,121	19,956	18,149	19,965
All other	402,460	369,285	352,057	320,722	329,608
Total	2,062,639	2,030,566	1,991,390	1,891,205	2,002,878

Note.--Because of rounding, figures may not add to total shown.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS code 6305.33, sacks and bags, of a kind used for the packing of goods: of manmade textile materials: of polyethylene or polypropylene strip or the like. These data may be overstated and may not accurately reflect trade trends for the subject LW sacks because HS code 6305.33 is over inclusive and contains sacks and bags outside the scope of the subject LW sacks.



**APPENDIX A**

***FEDERAL REGISTER NOTICES***



The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://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.

<b>Citation</b>	<b>Title</b>	<b>Link</b>
84 FR 1704 February 5, 2019	<i>Laminated Woven Sacks (2<sup>nd</sup> Review) for Antidumping and Countervailing Duty Orders: Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-02-05/pdf/2019-01269.pdf">https://www.govinfo.gov/content/pkg/FR-2019-02-05/pdf/2019-01269.pdf</a>
84 FR 2249 February 6, 2019	<i>Laminated Woven Sacks From China; Institution of Five-Year Reviews</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-02-06/pdf/2019-01299.pdf">https://www.govinfo.gov/content/pkg/FR-2019-02-06/pdf/2019-01299.pdf</a>





**APPENDIX B**  
**COMPANY-SPECIFIC DATA**



**RESPONSE CHECKLIST FOR U.S. PRODUCERS**

\* \* \* \* \*



**APPENDIX C**

**SUMMARY DATA COMPILED IN PRIOR PROCEEDINGS**



**Table C-1**  
**Laminated woven sacks: Summary data concerning the U.S. market (using petitioners' methodology for subject imports and questionnaire data for nonsubject imports), 2005-07**

(Quantity=1,000 sacks, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per sack;  
period changes=percent, except where noted)

Item	Reported data			Period changes		
	2005	2006	2007	2005-07	2005-06	2006-07
<b>U.S. consumption quantity:</b>						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
<b>U.S. consumption value:</b>						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
<b>U.S. imports from:</b>						
<b>China:</b>						
Quantity	112,262	153,182	234,368	108.8	36.5	53.0
Value	26,746	39,025	58,147	117.4	45.9	49.0
Unit value	\$0.24	\$0.25	\$0.25	4.1	6.9	-2.6
Ending inventory quantity	***	***	***	***	***	***
<b>All other sources:</b>						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
<b>All sources:</b>						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
<b>U.S. producers':</b>						
Average capacity quantity	111,301	172,783	232,953	109.3	55.2	34.8
Production quantity	15,239	28,286	52,231	242.7	85.6	84.7
Capacity utilization (1)	13.7	16.4	22.4	8.7	2.7	6.1
<b>U.S. shipments:</b>						
Quantity	14,190	26,075	51,411	262.3	83.8	97.2
Value	7,682	15,692	30,656	299.0	104.3	95.4
Unit value	\$0.54	\$0.60	\$0.60	10.1	11.2	-0.9
<b>Export shipments:</b>						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (sacks/hour)	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***
<b>Net sales:</b>						
Quantity	14,190	25,838	52,319	268.7	82.1	102.5
Value	7,681	15,581	31,312	307.6	102.8	101.0
Unit value	\$0.54	\$0.60	\$0.60	10.6	11.4	-0.8
Cost of goods sold (COGS)	6,889	15,915	29,559	329.1	131.0	85.7
Gross profit or (loss)	792	(333)	1,753	121.4	-142.1	625.7
SG&A expenses	1,093	2,560	3,357	207.1	134.2	31.1
Operating income or (loss)	(301)	(2,893)	(1,604)	-432.7	-861.0	44.6
Capital expenditures	***	***	***	***	***	***
Unit COGS	\$0.49	\$0.62	\$0.56	16.4	26.9	-8.3
Unit SG&A expenses	\$0.08	\$0.10	\$0.06	-16.7	28.6	-35.2
Unit operating income or (loss)	(\$0.02)	(\$0.11)	(\$0.03)	-44.5	-427.8	72.6
COGS/sales (1)	89.7	102.1	94.4	4.7	12.4	-7.7
Operating income or (loss)/ sales (1)	(3.9)	(18.6)	(5.1)	-1.2	-14.6	13.4

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from adjusted official Commerce statistics.

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

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

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

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



## Apparent U.S. consumption and market shares

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

**Table I-5**

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

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

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

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

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

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

## THE INDUSTRY IN CHINA

### Background

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

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

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

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

**APPENDIX D**

**PURCHASER QUESTIONNAIRE RESPONSES**



As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties, naming the following three firms: \*\*\*. Purchaser questionnaires were sent to these three firms and all three firms provided responses, which are presented below.

1. Have there been any significant changes in the supply and demand conditions for laminated woven sacks that have occurred in the United States or in the market for laminated woven sacks in China since January 1, 2014?

<b>Purchaser</b>	<b>Yes / No</b>	<b>Changes that have occurred</b>
***	***	***
***	***	***
***	***	***

2. Do you anticipate any significant changes in the supply and demand conditions for laminated woven sacks in the United States or in the market for laminated woven sacks in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Yes / No</b>	<b>Changes that have occurred</b>
***	***	***
***	***	***
***	***	***