Polyethylene Retail Carrier Bags From China, Malaysia, and Thailand

Investigations Nos. 731-TA-1043-1045 (Final)

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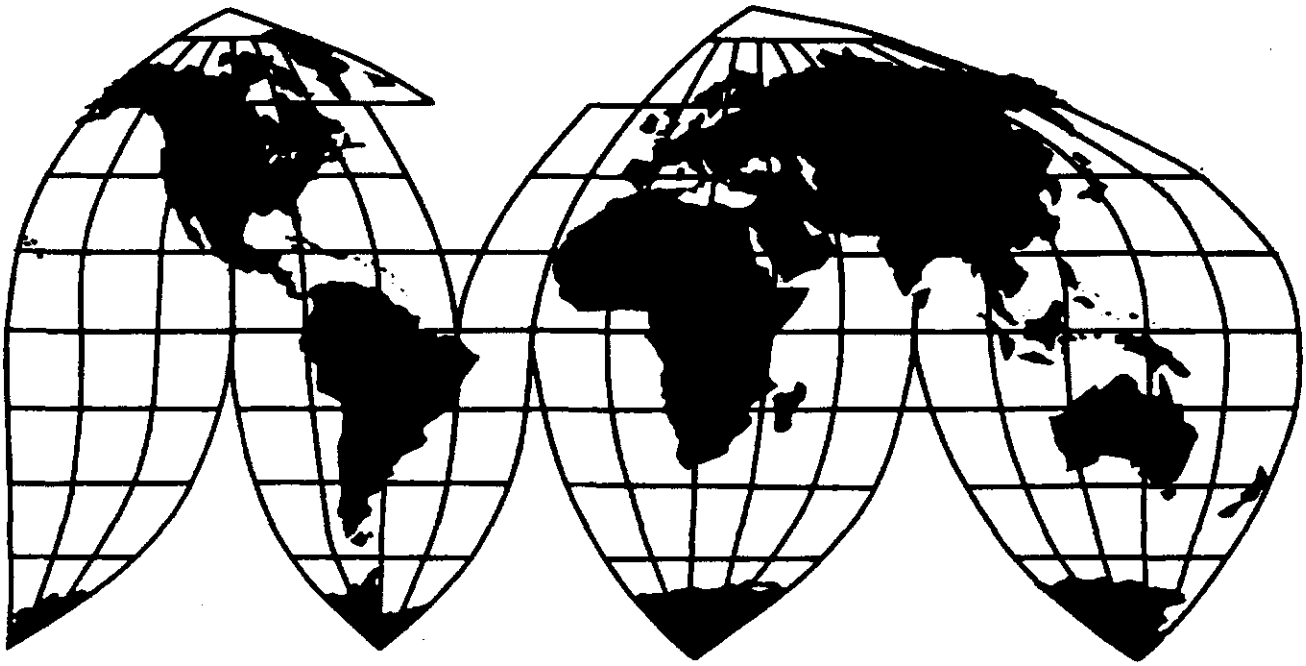
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-1043-1045 (Final)

POLYETHYLENE RETAIL CARRIER BAGS FROM CHINA, MALAYSIA, AND THAILAND

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China, Malaysia, and Thailand of polyethylene retail carrier bags (PRCBs), provided for in subheading 3923.21.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted these investigations effective June 20, 2003, following receipt of a petition filed with the Commission and Commerce by an ad hoc coalition of U.S. polyethylene retail carrier bag producers (consisting of Inteplast Group, Ltd. (Inteplast), Livingston, NJ; PCL Packaging, Inc. (PCL), Barrie, Ontario; Sonoco Products Company (Sonoco), Hartsville, SC; Superbag Corp. (Superbag), Houston, TX; and Vanguard Plastics, Inc. (Vanguard), Farmers Branch, TX). The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of PRCBs from China, Malaysia, and Thailand were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of February 9, 2004 (69 *FR* 6004). The hearing was held in Washington, DC, on June 10, 2004, and all persons who requested the opportunity were permitted to appear in person or by counsel.

[1] 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 investigations, we find that an industry in the United States is materially injured by reason of imports of polyethylene retail carrier bags from China, Malaysia, and Thailand that are sold in the United States at less than fair value ("LTFV").

I. BACKGROUND

Polyethylene retail carrier bags (PRCBs) consist of t-shirt sacks, merchandise bags, flat-bottomed shopping bags, and any other type of non-sealable sack or bag with handles. PRCBs are normally provided free of charge by retail establishments (e.g., grocery, drug, convenience, department, specialty retail, discount stores, and restaurants) to their customers to package and carry their purchases. The majority of domestic production was sold to retailers, with the remainder sold to distributors. About half of subject imports were sold to distributors, with the remainder sold to retailers and to other customers.[1]

The petition was filed on behalf of five domestic producers of PRCBs.[2] There are 24 domestic firms known to be producing PRCBs in 2003, 22 of which provided questionnaire responses to the Commission.[3] The firms are located throughout the United States, and accounted for approximately 98 percent of domestic production in 2003.[4]

Domestic production accounted for more than three-quarters of the U.S. market for PRCBs over the period examined. For the latter part of the period, the next largest source was imports from the three subject countries, mainly Thailand and China. Also present in the market were imports from nonsubject sources, including imports from Chinese and Malaysian firms receiving *de minimis* dumping margins and imports from Indonesia, Vietnam, or one of several other nonsubject countries.[5]

Petitioners are the Polyethylene Retail Carrier Bag Committee and its individual members, PCL Packaging, Inc.; Hilex Poly Co., LLC; Superbag Corp.; Vanguard Plastics, Inc.; and Inteplast Group, Ltd.[6] Respondents that filed prehearing briefs and participated in the Commission hearing include 21 Chinese producers, exporters, and U.S. importers of subject merchandise from China (collectively "Chinese respondents");[7] the Malaysian Plastic Manufacturers Association, which consists of exporters

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[1] CR at I-8; PR at I-5 to I-6.

[2] CR/PR at I-1.

[3] CR/PR at III-1 and Table III-1.

[4] CR/PR at III-1 and Table III-1. ***, believed to represent about 98 percent of U.S. PRCB production over the period examined, provided usable financial data on their U.S. operations producing PRCBs. CR/PR at VI-1, n.1.

[5] CR at IV-1 to IV-2; PR at IV-1; Table IV-3, Memorandum INV-BB-091 (July 8, 2004); Hearing Transcript ("Tr.") at 178 (Boltuck).

[6] CR/PR at I-1.

[7] Chinese respondents are Weifang Hongyuan Plastic Co., Ltd.; Linqu Shunxing Plastic Co., Ltd.; Shanghai Overseas Int'l Trading Co., Ltd.; Nantong Huasheng Plastic Co.; Ltd., Rongcheng Huaxu Packing Material Co., Ltd.; Ningbo Fanrong Plastic Products Co., Ltd.; Suzhou Fanda Plastic Products Co., Ltd.; Shanghai Glopack, Inc.; Nanjing Zhenwang Plastic Co., Ltd.; Shanghai New Ai Lian Import & Export Co., Ltd.; Want Want Group; Beijing Lianbin Plastics & Printing Co., Ltd.; Nanjing Yingtong Plastic & Rubber; Shanghai Yafu Plastic & Rubber

(continued...)

and foreign producers of subject merchandise from Malaysia ("Malaysian respondents"); Thai Plastic Bag Industries Co., Ltd., C.P. Packaging Industry Co., Ltd., Thai Griptech Co., Ltd., and K International Packaging Co., Ltd. (collectively "Thai respondents"); and API Enterprises Inc., a U.S. importer and producer of PRCBs, Alpine Plastics, Inc., Advance Polybag (Nevada), Inc., Advance Polybag (Northwest), Inc., U.S. producers of PRCBs, and Universal Polybags Co., Ltd, a Thai producer of the subject merchandise (collectively "API").[8]

II. DOMESTIC LIKE PRODUCT

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[9] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[10] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[11]

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

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[7] (...continued)
Industrial Co., Ltd.; Weihai Weiquan Plastic & Rubber Products Co., Ltd.; Shanghai Light Industrial Products Import & Export Co., Ltd.; Xiamen Egret Plastic Co., Ltd.; Xiamen Mingbei Plastic & Rubber Co., Ltd.; PDI Saneck; CPI Packaging; Progressive Sales; Elkay Plastics; MHI Group; and Glopack, Inc.

[8] Although the API affiliates appeared at the hearing as respondents, API indicated in its posthearing brief that it now supports the petition. API's Posthearing Brief ("Br.") at 1.

[9] 19 U.S.C. § 1677(4)(A).

[10] Id.

[11] *19 U.S.C. § 1677(10).*

[12] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

may consider other factors it deems relevant based on the facts of a particular investigation.[13] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[14] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise sold at less than fair value, the Commission determines what domestic product is like the imported articles that Commerce has identified.[15]

B. Product Description

In its final determinations with respect to subject imports from China, Malaysia, and Thailand, Commerce defined the imported merchandise within the scope of investigation as follows:

> PRCBs, which may be referred to as t-shirt sacks, merchandise bags, grocery bags, or checkout bags, are non-sealable sacks and bags with handles (including drawstrings), without zippers or integral extruded closures, with or without gussets, with or without printing, of polyethylene film having a thickness no greater than .035 inch (0.889 mm) and no less than .00035 inch (0.00889 mm), and with no length or width shorter than 6 inches (15.24 cm) or longer than 40 inches (101.6 cm). The depth of the bag may be shorter than 6 inches but not longer than 40 inches (101.6 cm). PRCBs are typically provided without any consumer packaging and free of charge by retail establishments (e.g., grocery, drug, convenience, department, specialty retail, discount stores, and restaurants) to their customers to package and carry their purchased products. The scope of the investigations excludes (1) polyethylene bags that are not printed with logos or store names and that are closeable with drawstrings made of polyethylene film and (2) polyethylene bags that are packed in consumer packaging with printing that refers to specific end uses other than packaging and carrying merchandise from retail establishments (e.g., garbage bags, lawn bags, and trash can liners). Imports of the subject merchandise are classified under statistical category 3923.21.0090 of the Harmonized Tariff Schedule of the United States. This subheading also covers products that are outside the scope of these investigations. Furthermore, although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.[16]

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

[14] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the domestic like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[15] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single domestic like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission's determination of six domestic like products in investigations where Commerce found five classes or kinds).

[16] 69 Fed. Reg. 34128 (June 18, 2004); 69 Fed. Reg. 34122, 34123 (June 18, 2004); 69 Fed. Reg. 34125, 34126 (June 18, 2004).

C. Domestic Like Product Issues

In the preliminary phase investigations, petitioners argued for a single domestic like product coextensive with the scope definition. Chinese respondents contended that there was a clear dividing line between so-called "high-end" PRCBs and "t-shirt" sacks.[17] The Commission adopted the definition proposed by petitioners, defining a single domestic like product of PRCBs corresponding to Commerce's scope."[18]

In the final phase of these investigations, Chinese respondents continue to argue that the Commission should find two domestic like products, i.e., t-shirt sacks and die cut handle merchandise bags as one like product and "high-end" bags as a second like product. They contend that the square bottoms of the high-end PRCBs constitute the clear dividing line between high-end and low-end PRCBs.[19]

Our analysis below of the like product factors reveals that, despite some differences between high-end PRCBs and all other PRCBs, such as price and distribution channels, there are many similarities as well. High-end PRCBs are not clearly distinct from all other PRCBs but are part of a continuum of products which we define as a single domestic like product.

PRCBs include nearly all polyethylene bags that are normally provided free of charge by retail establishments to their customers as a means of packaging and conveying the customer's purchases from the store. Most PRCBs are made to the specifications of the retailer and are designed not only for the convenience of the retailer's customers but also to advertise the retailer's identity. In accordance with individual retailers' specifications, PRCBs generally are made in a wide variety of shapes and sizes, with various gauges (thicknesses) and types of polyethylene, and come with an equally wide variety of handles, gussets (pleats), color combinations, and printing.[20] Thus, Chinese respondents' argument that

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[17] Polyethylene Retail Carrier Bags from China, Malaysia, and Thailand, Inv. Nos. 731-TA-1043-1045 (Preliminary), USITC Pub. 3618 at 6-7 (August 2003) ("Preliminary Determination").

[18] Preliminary Determination at 9.

[19] In the preliminary investigations, Chinese respondents asserted that "high-end" PRCBs were only those square-bottomed bags containing cardboard inserts and certain separately applied handles. They also contended that there was no domestic production of "high-end" PRCBs, because of the manual labor required to apply the cardboard inserts and handles. Preliminary Determination at 6-7. The Commission declined to include high-end PRCBs containing cardboard inserts or certain separately applied handles in the domestic like product because they are not produced in the United States. Preliminary Determination at 7. However, in these final phase investigations, a witness for Chinese respondents acknowledged that square-bottomed PRCBs with four distinct sides are "high-end," even those without the cardboard inserts. Chinese respondents concurred with the staff's questionnaire definition of "high-end" PRCBs, which includes square-bottomed PRCBs without inserts of cardboard, rigid plastic, or other rigid flat materials at the bottom and/or top and PRCBs with separately applied handles other than drawcords or those made of polyethylene. Hearing Tr. at 231-234 (Keen); Chinese respondents' Posthearing Br. at 3; CR at I-11; PR at I-7. One domestic producer, Genpak NJ, produces "high-end" PRCBs, as defined in the Commission's questionnaire. CR at I-11; PR at I-7.

[20] CR at I-4; PR at I-3.

high-end PRCBs are made of thicker-gauge material and are used for advertising does not clearly distinguish high-end PRCBs from all other PRCBs.[21]

U.S. producers largely agreed that there were no significant differences in physical characteristics and uses between high-end PRCBs and all other PRCBs. Both are made from the same material (polyethylene), are used to carry merchandise or food, and have the same carrying capacity, size, and strength. Most U.S. producers maintain no clear distinctions between various types and styles, such as square bottom, gusset bags, patch handle bags, reinforced die cut handle bags, and draw tape bags.[22]

Most U.S. producers reported high-end and all other PRCBs to be interchangeable because they serve the same function. One producer cited additional business for its sales of all other PRCBs after these investigations were filed, with customers switching from high-end imported PRCBs to other PRCBs made in the United States.[23] One producer noted that while the soft loop handle bags are not included in the definition of high-end PRCBs, they have the same high-end image. Another producer reported that high-end PRCBs are more upscale and therefore image-enhancing for high-end customers, and therefore would not compete with all other PRCBs.[24] Most responding purchasers reported that high-end and low-end PRCBs have the same uses (both are handed out at the point of purchase) and are interchangeable if size and gauge are comparable. Most purchasers also reported that there is no clear distinction between high-end and low-end PRCBs. However, some purchasers noted differences between high-end and low-end PRCBs with respect to customer perceptions, physical characteristics, and price.[25]

U.S. producers' shipments of high-end PRCBs were *** to distributors during 2003. That same year, U.S. producers sold about 70 percent of their total PRCBs to retailers.[26]

The basic process for production of PRCBs generally involves blending, extrusion, printing and bag conversion. The entire PRCB production process in the United States is automated, with little or no manual labor required other than for the maintenance and adjustment of the machinery.[27] Thus, Chinese respondents' argument that manual labor, used in China, distinguishes high-end PRCBs from all other PRCBs does not apply to U.S. production of the domestic like product.[28] Most U.S. producers use a two-step sequential process involving blown film extrusion, followed by continuous printing and bag conversion, although the process may vary depending upon the complexity of the type of bag produced.[29]

Some U.S. producers reported that high-end and all other PRCBs were produced using very similar production methods. *** were produced in the same facilities, using the same processes, by the

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[21] Chinese respondents' Posthearing Br. at 4.

[22] CR at I-13; PR at I-8.

[23] CR at I-15; PR at I-10.

[24] CR at I-15; PR at I-10.

[25] See Purchasers' Comparisons dated July 2, 2004.

[26] CR at I-16; PR at I-10.

[27] CR at I-6 to I-7; PR at I-4 to I-5.

[28] Chinese respondents' Posthearing Br. at 4.

[29] CR at I-7; PR at I-5.

same production employees. A few producers acknowledged some differences in the manufacturing processes between high-end and all other PRCBs.[30]

Average unit values for U.S. producers' commercial domestic shipments of high-end PRCBs *** from $*** per 1,000 bags in 2001 to $*** in 2003. Average unit values for commercial domestic shipments of PRCBs other than high-end PRCBs were generally lower, declining from $*** per 1,000 bags in 2001 to $*** in 2003. While domestically produced PRCBs other than high-end PRCBs sold in the $*** range, many U.S. firms had shipments of PRCBs not classified as high-end PRCBs in ranges that were much higher: ***. These firms manufacture PRCBs with thicker gauges, more intricate printing, and more elaborate handles, which are higher end but do not meet the definition of high-end PRCBs in the questionnaires.[31]

The Commission looks for clear dividing lines in characteristics and uses of the various products when faced with the issue of whether to define multiple like products.[32] In cases where domestically manufactured merchandise is comprised of a continuum of similar products, and the Commission is unable to find clear dividing lines, the Commission does not consider each item of merchandise to be a separate like product that is only "like" its identical counterpart in the scope, but instead considers the continuum itself to constitute the domestic like product.[33]

The record evidence in these investigations indicates that there is a continuum of PRCBs that are made in a wide range of shapes and sizes, with varying features like handles, gussets, color, and printing. The differences in PRCBs are primarily determined by retailers, who specify the dimensions, size, shape, strength, handle type, color, and printing, as needed to serve their customers.[34] Although PRCBs may vary in size, shape, and printing, they all share certain qualities – they are made of polyethylene resin, have handles, and are provided by retailers to customers free of charge to transport purchased items out

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[30] CR at I-14; PR at I-9.

[31] CR at I-17; PR at I-11.

[32] Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990).

[33] Rebar from Turkey, Inv. No. 731-TA-745 (Final), USITC Pub. 3034 at 4-8 (April 1997)(subject small and large size bars were defined as a single product); 1993 Flat-Rolled Carbon Steel, USITC Pub. 2664 at 12-14 (single like product of sheet and plate corresponding to scope); Certain Seamless Carbon and Alloy Standard, Line, and Pressure Steel Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 and 731-TA-707-710 (Final), USITC Pub. 2910 at I-8 (July 1995) ("no clear dividing line between pipe two inches or less and pipe greater than two inches in outside diameter"); Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain, Inv. Nos. 701-TA-363 and 364 and 731-TA-711-717 (Final), USITC Pub. 2911 at I-10 (August 1995) (Commission found heavyweight drill pipe was not a separate like product from other types of drill pipe, i.e., standard-weight drill pipe, with the primary distinction being in the thickness of the walls.); Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea ("PET Film"), USITC Pub. 2383 at 8 and 10 (May 1991) ("a continuum product without clear dividing lines between the multiple like products...[a]though there are many distinct end uses for different types of PET firm....essential characteristics common to all PET Film"); Certain Steel Wire Rod from Canada, Germany, Trinidad & Tobago, and Venezuela, Inv. Nos. 701-TA-368-371 (Final), USITC Pub. 3075 (November 1997) at 7.

[34] CR at I-4; PR at I-3.

of a store.[35] Moreover, the basic process for production of PRCBs involves the same four steps: blending, extrusion, printing, and bag conversion.[36]

Most Chinese respondents' arguments are directed at a comparison of high-end PRCBs with low-end PRCBs, i.e., t-shirt sacks. However, their arguments do not account for the vast array of PRCBs that fall in the middle of the continuum, such as merchandise bags (with a side or bottom gusset or no gusset at all) with varying handle styles (e.g., oval, round, patch, fold-over, and soft loop), which come in assorted bag sizes and designs (e.g., flat top, wave top, draw tape, draw string, and shoulder-tote).[37] Chinese respondents focus on the differences between t-shirt sacks and high-end PRCBs, products at opposite ends of the continuum; however, a lack of interchangeability between these products is not inconsistent with a finding of a single domestic like product when the products are all part of a continuum.[38]

Chinese respondents have identified the square bottom of high-end PRCBs as the feature that is the clear dividing line that separates high-end PRCBs from all other PRCBs, an argument which does not account for the fact that retailers can choose from a number of different features when they place orders for PRCBs. For instance, one merchandise bag may have side gussets while another merchandise bag contains no gussets at all or only a bottom gusset.[39]

Based on the foregoing, we find one domestic like product consisting of the continuum of PRCBs, consistent with Commerce's scope.[40]

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[35] CR at I-4; PR at I-3.

[36] CR at I-6; PR at I-4.

[37] Petitioners' Prehearing Br. at Exhibit B. The average unit value (AUV) of the sales of a number of domestic producers, particularly smaller producers, varied substantially from each other, indicating a significant degree of variation in the type and sophistication of the PRCBs they are producing. In 2003, the AUVs of five domestic producers exceeded the AUV of subject imports of high-end PRCBs. CR/PR at Tables F-1 and C-3.

[38] Outboard Engines from Japan, Inv. No. 731-TA-1069 (Preliminary), USITC Pub. 3673 at 8, n.40 (March 2004); Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, and Ukraine, Inv. Nos. 701-TA-417-421 and 731-TA-953, 954, 956-959, 961 and 962 (Final), USITC Pub. 3546 (Oct. 2002) at 12.

[39] CR at I-4; PR at I-3; Petitioners' Prehearing Br. at Exhibit B.

[40] Chinese respondents also argued that high-end paper shopping bags compete directly with high-end PRCBs. Chinese respondents' Prehearing Br. at 14-17. We do not expand the domestic like product definition beyond Commerce's scope to include high-end laminated and non-laminated paper shopping bags in the domestic like product, in light of the differences between PRCBs and high-end paper shopping bags in physical characteristics, interchangeability, channels of distribution, customer and producer perceptions, production processes/facilities, and price. CR at I-12 to I-18; PR at I-7 to I-11.

III. DOMESTIC INDUSTRY AND RELATED PARTIES

The domestic industry is defined as "producers as a [w]hole 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."[41] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

Fourteen of the 22 responding domestic producers reported imports and purchases of PRCBs from subject sources in the period examined.[42] The principal domestic industry issue in these final phase investigations concerns whether appropriate circumstances exist to exclude any of these 14 firms from the domestic industry pursuant to the statutory related parties provision codified in section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude producers from the domestic industry that are related to an exporter or importer of subject merchandise or which are themselves importers.[43] Exclusion of any such producer is within the Commission's discretion based on the facts presented in each case.[44] The purpose of the provision is to exclude domestic producers that substantially benefit from their relationships with foreign exporters.[45]

Domestic producers *** reported imports and purchases of subject merchandise during the period examined in these investigations.[46] Domestic producer ***.[47] Domestic producer API ***.[48]

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[41] 19 U.S.C. § 1677(4)(A).

[42] Table III-2, Memorandum INV-BB-091 (July 8, 2004).

[43] 19 U.S.C. § 1677(4)(B).

[44] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14, n.81.

[45] USEC, Inc. v. United States, 132 F. Supp.2d 1, 12 (Ct. Int'l Trade 2001).

[46] Table III-2, Memorandum INV-BB-091 (July 8, 2004).

[47] CR/PR at Table III-1, n.3.

[48] CR/PR at Table III-1, n.4.

No party argued for the exclusion of any domestic producer from the domestic industry.[49] [50]

In these final phase investigations, we find that appropriate circumstances do not exist to exclude API from the domestic industry. API imported the following quantities of PRCBs from its affiliate, Universal Polybag: ***. The ratio of API's imports to its U.S. production of PRCBs, on a per-bag basis, was ***.[51] Although ***, its primary focus was still U.S. production. API's operating income was ***. API's ***, the year that its imports of subject product were***, consistent with ***.[52] API *** supports the petition and ***.[53]

The thirteen other domestic producers who imported subject imports during the period examined are "related parties" under the statute because they directly controlled an exporter of subject imports and/or imported subject merchandise during the period examined. However, we find that appropriate circumstances do not exist to exclude these domestic producers from the domestic industry. The production, imports, and financial data of domestic producers *** indicated that these firms' primary focus was domestic production and that they did not derive a substantial financial benefit from the importation of subject product during the period examined.[54] Moreover, all of the aforementioned firms, except for ***, reported that importation of subject product was necessary to retain market share.[55] Domestic producers *** reported import quantities that were significant when compared to their U.S. PRCB production.[56] However, the percentage of total PRCB domestic production attributable to *** and

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[49] Hearing Tr. at 128 (Dorn); Petitioners' Posthearing Br., Exhibit A at 8-9; API's Posthearing Br. at 1, 3-5; Chinese respondents' Prehearing Br. at 29, n.3.

[50] In the preliminary determinations, Vice Chairman Okun and Commissioner Miller found that "appropriate circumstances" existed to exclude API from the domestic industry because API's imports of subject product relative to its domestic production *** over the period examined. API's financial data *** the data of the other domestic producers, suggesting that it was benefitting from its importation of subject product. They also noted that API did *** and that the questionnaire response of its affiliate, Universal Polybag, indicated that it intended to ***. Preliminary Determination at 10. As discussed above, the updated record in this final phase indicates that appropriate circumstances do not exist to exclude API as a related party. For example, the preliminary phase record showed that API's *** throughout the first three years of the period examined, ***. Preliminary Determination at 10. However, the record in these final phase investigations, which includes an additional full year of data (i.e., 2003), indicates that API ***, the year that its imports of subject product were *** over the period examined. CR/PR at Table F-1; Table III-2, Memorandum INV-BB-091 (July 8, 2004).

[51] Table III-2, Memorandum INV-BB-091 (July 8, 2004).

[52] CR/PR at Table F-1.

[53] API's Posthearing Br. at 1; CR at III-8, n.3; PR at III-4, n.3.

[54] CR/PR at Table F-1; Table III-2, Memorandum INV-BB-091 (July 8, 2004).

[55] CR at III-8, n.3; PR at III-4, n.3.

[56] Table III-2, Memorandum INV-BB-091 (July 8, 2004).

*** is minimal, indicating that their inclusion in the domestic industry would not skew the data for the rest of the industry.[57]

Accordingly, we define a single domestic industry consisting of all U.S. producers of PRCBs.

IV. NEGLIGIBLE IMPORTS

If imports from a subject country corresponding to a domestic like product account for less than three percent of all such merchandise imported into the United States during the most recent 12 months preceding the filing of the petition for which data are available, the statute provides that, barring certain exceptional circumstances, the Commission is to find such imports "negligible."[58] By operation of law, a finding of negligibility terminates the investigation with respect to such imports without an injury determination.[59]

In the preliminary investigations, the questionnaire responses yielded insufficient import coverage to provide a basis for import data. Because of this, and the fact that the relevant HTS statistical reporting number (3923.32.0090) is a basket category that includes both imports within the scope of the investigation as well as many products outside the scope, we relied on petitioners' estimates of the share of the HTS basket category that consisted of subject merchandise as the best information available on subject import volumes.[60] In these final phase investigations, questionnaires received from importers are substantially complete. Thus, for purposes of our import volume analyses, including negligibility, we find the data from importer questionnaires to be more reliable than either the official import statistics or petitioners' estimates.[61]

We also accounted for imports from firms with *de minimis* margins in measuring subject import levels. The Commission mailed supplemental questionnaires to U.S. importers to determine the identity of the firms from whom they imported PRCBs, so that quantities of nonsubject imports from *de minimis* firms could be subtracted from the total import quantities reported by U.S. importers. The Commission received the requested data from all U.S. importers except ***, an importer of PRCBs from Malaysia and other subject countries.[62] Because of the inability of *** to provide the information in question, the Commission used *** 2003 data to approximate the ratio of nonsubject imports from *de minimis* Malaysian producer Bee Lian to subject imports from Malaysia and applied that ratio to *** imports from Malaysia for the June 2002-May 2003 period, which is the relevant period for determining

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[57] CR/PR at Table III-1.

[58] 19 U.S.C. § 1677(24).

[59] 19 U.S.C. § 1673d(b).

[60] Preliminary Determination at 12.

[61] CR at IV-3; PR at IV-2.

[62] CR at IV-5, n.10, IV-11, n.11; PR at IV-3, n.10; IV-9, n.11; see questionnaire response of ***.

negligibility.[63] [64] Except for ***, all calculations of imports for the period from June 2002 to May 2003 were derived from reported questionnaire data.[65]

The data show that subject imports from each country accounted for more than three percent of the volume of all PRCBs imported into the United States in the most recent twelve-month period for which data are available preceding the filing of the petition. From June 2002 to May 2003, as a share of total imports of PRCBs, imports from China, Malaysia, and Thailand were *** percent, *** percent, and *** percent, respectively.[66] We therefore do not find that subject imports from China, Thailand, or Malaysia are negligible under 19 U.S.C. § 1677(24).

V. CUMULATION

A. In General

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(i) of the Act requires the Commission to assess cumulatively the volume and effect of imports of the subject merchandise from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the U.S. market.[67] In assessing whether subject imports compete with each other and with the domestic like product,[68] the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of subject

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[63] The Commission asked the parties to comment on this methodology. While petitioners objected to this approach (Petitioners' Posthearing Br., Exhibit A at 10-12), Malaysian respondents supported the use of U.S. importers' calendar year 2003 data to approximate the ratio of nonsubject imports from *de minimis* producer Bee Lian to subject imports from Malaysia, and application of that ratio to imports reported by U.S. importers for June 2002 to May 2003. (Malaysian respondents' Posthearing Br. at 2).

[64] Staff employed the same approach to estimate *** imports from *de minimis* Chinese producer Hang Lung. Staff requested that *** provide a breakout of its subject and nonsubject import data for the 12-month period from June 2002 to May 2003. However, *** could not comply with the staff's request because of the nature of its accounting system and the amount of time required to manually compile the data in question. CR at IV-5, n.10, IV-11, n.11; PR at IV-3, n.10, IV-9, n.11.

[65] CR at IV-11, n.11; PR at IV-9, n.11.

[66] CR at IV-11; PR at IV-9.

[67] 19 U.S.C. § 1677(7)(G)(i). There are four exceptions to the cumulation provision, none of which applies to these investigations. See id. at 1677(7)(G)(ii).

[68] The SAA expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." SAA at 848, citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[69]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[70] Only a "reasonable overlap" of competition is required.[71]

Petitioners argue that the Commission should cumulate imports from China, Malaysia, and Thailand for purposes of its present material injury analysis.[72] Respondents did not specifically address cumulation in this context in their briefs or at the hearing.

The conditions for cumulating the subject imports have been satisfied. The petition was filed with respect to all subject imports on the same day, and, based on the record in the final phase of these investigations, we find that there is a reasonable overlap of competition among the subject imports, and between the subject imports and the domestic like product.

B. Analysis

1. Fungibility

Although there are some differences, overall there appears to be a high degree of substitutability among subject imports from China, Malaysia, and Thailand, and between subject imports and the domestic product. The majority of purchasers reported that subject imports from China, Thailand, and Malaysia are always or frequently interchangeable with one another and with the domestic product.[73]

There is record evidence indicating that China's product mix differs to some degree from that of the other subject countries and domestic producers because of its production of high-end PRCBs. Several importers indicated that they were unable to source certain high-end PRCBs from domestic

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[69] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[70] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[71] See Goss Graphic System, Inc. v. United States, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[72] Petitioners' Prehearing Br. at 32-33.

[73] CR/PR at Table II-8.

producers and had to turn to subject imports of high-end PRCBs from China.[74] In response to the question of which U.S.-produced products are most similar to imports of high-end PRCBs, U.S. producers identified the following: Genpak's heat-sealed square and rectangular bottom bags, other higher end bags with die-cut handles and high quality printing, wave top bags, soft loop plastic bags, and draw-string or draw-tape PRCBs. U.S. importers also cited many of the same products as U.S. producers as being most similar to high-end PRCBs.[75] High-end PRCBs accounted for about *** percent of the volume and *** percent of the value of subject imports from China in 2003. Therefore, even if substitutability is limited between certain Chinese high-end PRCBs and other PRCBs, the vast majority of the volume of PRCBs from China are comprised of PRCBs other than high-end PRCBs. In addition, high-end PRCBs accounted for only about *** percent of the volume and *** percent of the value of the overall U.S. market for PRCBs in 2003.[76] Thus, the fact that some of the subject imports from China were high-end PRCBs does not detract from a conclusion that the imports from China, overall, are sufficiently fungible with the subject imports and the domestic like product.

2. Same Geographical Markets

The record indicates that subject imports from China, Malaysia, and Thailand and the domestic like product generally were sold throughout the United States during the period examined. U.S. producers reported that on average, 18.3 percent, 57.5 percent, and 24.2 percent of their sales were within 100 miles, between 101 and 1,000 miles, and over 1,000 miles of their production facilities, respectively. U.S. importers reported that, on average, 43.9 percent, 36.7 percent, and 19.4 percent of their sales were within 100 miles, between 101 and 1,000 miles, and over 1,000 miles of their storage facilities or ports of entry, respectively.[77]

3. Simultaneous Presence

Subject imports from all subject countries and the domestic product were present in the domestic market in 2001, 2002, and 2003. Domestic producers and importers ship PRCBs throughout the United States.[78]

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[74] Hearing Tr. at 156-158, 195, 204-205 (Keen, Kessler, and Gitlin); CR at II-14; PR at II-9. Two purchasers did note limitations on direct substitutability between domestically-produced PRCBs and subject import PRCBs. Purchaser *** stated that the high-end bags that it purchases from China, such as frosted high-density bags with cardboard or plastic inserts, are not manufactured by any U.S. company. Purchaser ***, which imports high-end products from China, stated that bottom-gusseted handle bags with or without cardboard and bags in some special sizes are not manufactured in the United States. CR at II-14; PR at II-9.

[75] CR at I-18; PR at I-11.

[76] CR at II-1 to II-2; PR at II-1.

[77] CR/PR at V-1.

[78] CR/PR at V-1; Table IV-2, Memorandum INV-BB-091 (July 8, 2004).

4. Channels of Distribution

In 2003, U.S. producers sold about 70 percent of their PRCBs to retailers, with an increase in internet auction sales during the period examined. The remainder of their sales (about 26 percent) were to distributors, with a small but increasing emphasis on internet auction sales, and another 4 percent were to other customers.[79]

In 2003, U.S. importers of PRCBs from China sold about *** percent of their PRCBs to retailers, increasingly via internet auctions over the period. The remainder of their sales were about *** percent to distributors and about *** percent to other customers. In 2003, U.S. importers of PRCBs from Malaysia sold about *** percent of their PRCBs to retailers, with sales via internet auctions fluctuating over the period examined. The remainder of their sales were about *** percent to distributors, with no sales via the internet, and about *** percent to other customers. In 2003, U.S. importers of PRCBs from Thailand sold about *** percent of their PRCBs to retailers, increasingly via internet auctions over the period examined. The remainder of their sales were about *** percent to distributors, with an increase in sales via internet auctions during the period examined, and about *** percent to other customers.[80]

Thus, while there were some differences in channels of distribution, we find sufficient overlap among the domestic product and subject imports from China, Malaysia, and Thailand, for purposes of cumulation.

5. Conclusion

We find that, based on the above factors, a reasonable overlap of competition exists among the subject imports and between subject imports and the domestic like product. Consequently, we cumulate subject imports from China, Malaysia, and Thailand for the purpose of analyzing whether the domestic industry is materially injured by reason of the subject imports.

VI. MATERIAL INJURY BY REASON OF LESS THAN FAIR VALUE IMPORTS

A. Conditions of Competition

Several conditions of competition are pertinent to our analysis.

1. Demand

Apparent U.S. consumption, by quantity, increased from 77 billion bags in 2001 to 82 billion bags in 2002 and then to 87.5 billion bags in 2003.[81] From 2001 to 2003, U.S. apparent consumption expanded as U.S. shipments of imports increased, while domestic producers' shipments remained relatively flat.[82]

Grocery stores, various types of retailers, the food service industry, and hotels are the major end

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[79] CR at I-8; PR at I-5 to I-6.

[80] CR at I-9; PR at I-6.

[81] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[82] CR at IV-11; PR at IV-9.

users of PRCBs. To serve the various categories of customers, plastic bags come in a variety of types, such as t-shirt sacks, die-cut handle bags, patch handle bags, drawstring style bags, flat-bottom loop handle bags, and others. Purchaser data indicate that t-shirt sacks and die-cut handle bags account for approximately 90 percent of the market. Differences in dimensions and printing further differentiate these products.[83]

2. Supply

The 22 domestic producers of PRCBs that responded to the Commission's questionnaire are believed to account for at least 98 percent of U.S. production of PRCBs during the period examined.[84] The domestic industry is concentrated among three large producers: ***; and two medium-sized producers (***). The other *** domestic producers comprise the remaining *** percent of production in 2003.[85] Some of these domestic producers, as noted earlier, also import subject PRCBs.[86]

Subject imports from subject countries during 2003 were diffused among many firms. In all, 87 importers provided useable import data. However, the largest four firms accounted collectively for about *** percent of 2003 subject imports.[87]

Sales and distribution of PRCBs are organized in a variety of ways. Some large retailers import directly and also purchase from domestic producers. Other firms purchase bags from importers and producers. The market includes distributors that sell imported and domestically produced PRCBs to a variety of customers. These distributors may or may not offer other packaging services along with PRCBs. Domestic producers also purchase other domestic and imported PRCBs in order to supplement their product offering. Some retailers also double as distributors. There are 24 known domestic producers of PRCBs and perhaps more than 100 importers.[88]

Nonsubject imports' market share, by quantity (measured in bags), rose from 1.5 percent in 2001 to 4.4 percent in 2003.[89] Although an increasing presence, nonsubject imports do not appear to be a dominant presence in the U.S. market.[90] We discuss market shares in more detail in section VI.B. below.

Chinese respondents assert that, because domestic producers cannot fulfill importers' requirements for certain types of high-end PRCBs in low minimum quantities, they looked to subject

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[83] CR/PR at II-1.

[84] CR at I-3; PR at I-2.

[85] CR/PR at III-1.

[86] Table III-2, Memorandum INV-BB-091 (July 8, 2004).

[87] CR/PR at IV-1.

[88] CR/PR at II-1, III-1, IV-1, and Table III-1.

[89] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[90] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

import suppliers.[91] Chinese respondents have not disputed, however, that the majority of imports from China are bags other than high end bags.[92] Importers that participated in the Commission hearing reported importing a wide variety of bags in many thickness gauges and styles.[93] Furthermore, Commission data show that, throughout the period examined, the vast majority of subject imports from China were PRCBs other than high-end PRCBs.[94] While certain specific types of bags are not produced domestically, the record does not support respondents' contention that the domestic industry is unable to supply the high-end of the domestic PRCB market. Larger domestic producers, like petitioners Hilex and Vanguard, tend to make t-shirt sacks while smaller domestic producers, like Genpak and Ampac, make PRCBs that serve the higher end of the PRCB market.[95]

3. Substitutability

As discussed above, the record in these final phase investigations indicates that there is a high degree of substitutability between subject imports and domestic product. The majority of domestic producers and importers reported that subject imports from China, Thailand, and Malaysia are always or frequently interchangeable with domestic product.[96] A majority of purchasers also rated U.S.-produced PRCBs and subject imports comparable in nearly all purchasing factors, including quality.[97]

As discussed in the Cumulation Section, two purchasers and several importers indicated that substitutability may be limited between certain high-end PRCBs from China and other subject imports and the domestic product.[98] However, this does not undermine our finding that subject imports and the domestic product are generally substitutable. High-end PRCBs account for only *** percent of the volume of subject imports from China and only *** percent by volume of the U.S. PRCB market. In addition, there is some U.S. production of certain types of high-end PRCBs and U.S. production of other PRCBs that allegedly compete with high-end PRCBs.[99]

Price is also an important factor in purchasing decisions. Forty of 41 purchasers identified price as a "very important" factor in their purchasing decisions, more than for any other factor. Purchasers

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[91] Hearing Tr. at 156-158 (Keen and Kessler); Chinese respondents' Posthearing Br. at 6, 8-10, Attachment 2; Hearing Tr. at 157-158 (Kessler); Hearing Tr. at 204-205 (Gitlin). Petitioners, however, assert that there are domestic producers, including Ampac, Command Packaging, and Genpak, who have small order minimums. Petitioners' Posthearing Br., Attachment A at 21-22.

[92] CR at II-1 to II-2; PR at II-1.

[93] Hearing Tr. at 193-201 (Platta, Gitlin, Keen, Kessler, Guido, Chertkow, Cannon).

[94] CR/PR at Table C-3; Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[95] CR at I-11; PR at I-7; Hearing Tr. at 70-74 (Varn, Seanor, Bazbaz, Everett, and Baumann).

[96] CR/PR at Table II-8.

[97] CR/PR at Tables II-5 to II-7. More purchasers did rate U.S.-produced product superior in delivery time and technical service and support when compared to subject imports from China. CR/PR at Table II-5.

[98] Hearing Tr. at 156-158, 195, 204-205 (Keen, Kessler, and Gitlin); CR at II-14; PR at II-9.

[99] CR at I-11, I-15, I-17 to I-18, II-1 to II-2; PR at I-7, I-10 to I-11, II-1; Hearing Tr. at 44 (Baumann).

also listed price as the number one factor in their purchasing decisions more often than any other factor, including quality.[100]

4. Resin Costs

Polyethylene (PE) resin is the primary raw material for the production of PRCBs.[101] Petitioners argue that about 50-80 percent of their sales volume has some sort of formal or informal resin price adjustment agreement, and that there are several resin indices that are regularly used by the industry. Resin is the domestic industry's largest individual input cost.[102] As a share of total cost of goods sold (COGs), PE resin comprised *** percent in 2001, *** percent in 2002, and *** percent in 2003.[103]

5. Internet Sales

During the period examined, both U.S. producers and U.S. importers increasingly sold PRCBs to retailers and distributors over the internet.[104] Some of these internet transactions occurred through reverse auctions on the internet, a type of procurement that typically involves a single purchaser and many sellers. *** used a reverse auction to purchase a large quantity of small, medium, and large t-shirt sacks at *** prices in ***. Thai respondents contend that internet auctions result in purchaser savings of *** to *** percent compared to conventional methods, while domestic producers *** maintain that, in some internet auctions, the final winning bids were below their production costs.[105]

Chinese respondents assert that the winning bids of an internet reverse auction do not always turn on the issue of price because purchasers may award a bid to a higher priced supplier, taking into account service and supply.[106] Both API and Thai respondents characterize internet auctions as a very efficient way for buyers and sellers to do business and assert that PRCB customers are concerned about such factors as quality, service, and product improvements in addition to price.[107] The purchaser may hold an evaluation period after the auction to determine if the winning bidder will be awarded the business.[108]

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[100] CR/PR at Tables II-2 and II-3.

[101] CR at I-6; PR at I-4. PE resin, accounting for between *** percent and *** percent of total raw materials during the period examined, is a substantial component of COGS and a primary cost driver of raw materials in the production of PRCBs. CR/PR at Table VI-3.

[102] Hearing Tr. at 62-65, 95 (Seanor, Varn, and Bazbaz).

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

[104] CR at I-8; PR at I-5 to I-6.

[105] CR at II-2; PR at II-1.

[106] Hearing Tr. at 160 (Cannon); Chinese respondents' Posthearing Br., Appendix A at 1-2.

[107] Hearing Tr. at 184 (Platta); Thai respondents' Posthearing Br. at 2.

[108] Hearing Tr. at 183-184 (Platta); Hearing Tr. at 215 (Cannon); Chinese respondents' Posthearing Br.,

Purchasers using the internet reverse auction process reported that these auctions focus on price, but that the winner still has to qualify with an acceptable quality bag.[109]

B. Volume of the Subject Imports

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

As discussed above in the section on Negligible Imports, in these final phase investigations, we rely on import data as reported by U.S. importers in their questionnaire responses.[111] [112] The quantity of cumulated subject imports, in terms of bags, increased from 8.7 million bags in 2001 to 11.6 million bags in 2002 and then to 17.0 million bags in 2003.[113] The share of the quantity of apparent U.S. consumption

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[108] (...continued)
Appendix A at 1-2.

[109] CR at II-2; PR at II-1.

[110] 19 U.S.C. § 1677(7)(C)(i).

[111] The Commission collected questionnaire quantity data in both pounds and bags; however, some U.S. importers were unable to supply data in pounds. Therefore, we rely on unit-based data, i.e., bags, for purposes of our determination because we find it to be more complete than pounds data. CR at I-3, n.11; PR at I-2, n.11.

[112] Commission staff confirmed the reasonableness of the questionnaire import data by checking certain of the data against business proprietary Customs data. CR at IV-3 to IV-4; PR at IV-2. The import data in the Confidential Report were revised by staff to reflect the fact that Commerce revised the margin of Thai producer, Thai Plastic Bags, from *de minimis* to non-*de minimis*. See Memorandum INV-BB-091, July 8, 2004.

Commerce also revised the margin of a Chinese firm, Nantong Huasheng Plastic Products Co. ("Nantong"), downwards from 2.29 percent to 0.01 percent (*de minimis*). However, because Nantong accounted for only an estimated *** percent of subject imports from China in 2003, no change was made in the import data for subject imports from China. See Memorandum INV-BB-091 (July 8, 2004).

Chinese respondents argue that imports from Nantong should be excluded from subject import volume data, because Nantong's subject exports are neither "negligible" nor "insignificant." They contend that Nantong's preliminary phase questionnaire response and the record data in Commerce's dumping investigation show that Nantong's exports to the United States comprise over *** percent of total Chinese exports in terms of volume and about *** percent in terms of value. See Chinese respondents' Comments to Commission's July 9, 2004, APO release, p.2. Nantong's preliminary phase questionnaire response was inconsistent with official import statistics and Nantong did not submit a questionnaire response in the final phase of these investigations. See Staff Worksheet dated July 12, 2004. However, even if we exclude exports reported by Nantong in its preliminary phase questionnaire from subject import data for China, as reflected in Memorandum INV-BB-092, we would still find both the volume and increase in volume of cumulated subject imports, both in absolute terms and relative to consumption and production in the United States, to be significant. See Memorandum INV-BB-092 (July 13, 2004), Alternative Summary Tables.

[113] Table IV-1, Memorandum INV-BB-091 (July 8, 2004).

represented by U.S. shipments of cumulated subject imports increased from 10.5 percent in 2001 to 13.5 percent in 2002 and then to 18.6 percent in 2003.[114]

The cumulated subject imports gained market share at the expense of the domestic industry. The domestic industry's share of the quantity of U.S. apparent consumption declined from 88.0 percent in 2001 to 84.0 percent in 2002 and then to 77.0 percent in 2003.[115] The share of the quantity of U.S. apparent consumption of imports from nonsubject sources also increased from 1.5 percent in 2001 to 2.5 percent in 2002 and then to 4.4 percent in 2003.[116] However, subject imports gained more market share than nonsubject imports during the period examined and are primarily responsible for U.S. producers' lost market share. From 2001 to 2003, the domestic industry lost 11.0 percentage points of market share, compared to an 8.1 percentage point gain for subject imports and a 2.9 percentage point gain for nonsubject imports.[117]

The quantity of subject imports relative to domestic production also increased, from 12.6 percent in 2001 to 16.7 percent in 2002 and to 25.2 percent in 2003.[118]

Thus, subject imports of PRCBs, which were largely substitutable with domestically produced PRCBs, grew substantially and took significant market share away from the U.S. industry.[119] We find both the volume and increase in volume of subject imports, both in absolute terms and relative to consumption and production in the United States, to be significant.

C. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a

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[114] Table IV-3, Memorandum INV-BB-091 (July 8, 2004).

[115] Table IV-3, Memorandum INV-BB-091 (July 8, 2004).

[116] Table IV-3, Memorandum INV-BB-091 (July 8, 2004).

[117] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[118] Table IV-1, Memorandum INV-BB-091 (July 8, 2004).

[119] Chinese respondents contend that a substantial portion of the subject imports from China are "high-end" PRCBs which do not compete directly with domestically produced PRCBs. Chinese respondents' Prehearing Br. at 30. However, as we noted earlier, high-end PRCBs accounted for about *** percent of the volume and *** percent of the value of subject imports from China in 2003. Therefore, the vast majority of the volume of PRCBs from China are comprised of PRCBs other than high-end PRCBs. In addition, high-end PRCBs accounted for only about *** percent of the volume and *** percent of the value of the overall U.S. market for PRCBs in 2003. CR at II-1 to II-2; PR at II-1.

significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[120]

The record in this investigation indicates that domestically produced PRCBs and cumulated subject imports are largely substitutable, and that price is the most important factor in purchasing decisions.[121] Given the general substitutability of domestic and subject import products and the importance of price, we find underselling to be significant in these investigations. In comparisons involving seven standard pricing products,[122] cumulated subject imports undersold domestic product in 72 out of 84 quarterly comparisons.[123] In particular, for product 2, the pricing product with the largest subject import volume and a very substantial volume of shipments of the U.S.-produced product, cumulated subject imports undersold domestic product in all 12 quarterly comparisons, with margins ranging from 8.7 percent to 24.8 percent.[121]

Overall, prices of domestically-produced PRCBs were fairly stable but trended downward for all products except product 3.[122] Although there were some irregular fluctuations, subject import prices, on a per-bag basis, generally declined from 2001 to 2003.[123] In light of subject imports' increasing volumes and their significant underselling of, and high substitutability with, domestic PRCBs, we find that the record indicates a causal link between the pricing pressure imposed by the low-priced subject imports and the price declines experienced in the U.S. PRCB market.[124] We thus find that the cumulated subject imports have had significant price-depressing effects on prices for the domestic like product.

We also find that cumulated subject imports suppressed U.S. PRCB prices to a significant degree. While the pricing data show that domestic producer prices for several pricing products (products

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[120] 19 U.S.C. § 1677(7)(C)(ii).

[121] CR at II-8 to II-16; PR at II-4 to II-11; CR/PR at Tables II-2, II-3, II-5 to II-8.

[122] The Commission requested sales and purchaser pricing data for nine PRCB products and received the requested data for products 1-7. For products 8-9, the Commission received only f.o.b. price data for imports from China. Sales price data are used in the quarterly comparisons because they are at the same level of trade for both U.S. producers and importers. CR at V-4 to V-7; PR at V-3 to V-5.

[123] CR/PR at Table V-16.

[121] CR/PR at Table V-2; Table V-2, Memorandum INV-BB-091 (July 8, 2004).

[122] CR at V-7; PR at V-5.

[123] CR/PR at Tables V-1, V-3, V-4, V-5, V-6, and V-7; Table V-2, Memorandum INV-BB-091 (July 8, 2004). Cumulated subject import prices, by quantity, were lower in the last quarter of 2003 than they were in the first quarter of 2001, with the exception of products 3, 5, and 7.

[124] Because pricing data were not tied to specific exporting firms, staff was unable to directly adjust the data to exclude firms with *de minimis* margins. However, staff removed importers from the pricing data when their reported imports from *de minimis* firms were a majority of their imports. CR at V-6; PR at V-4. After Commerce revised its margin for Thai Plastic Bags, staff included Thai Plastic Bags' subject imports in the relevant pricing tables. Table V-2, Memorandum INV-BB-091 (July 8, 2004).

2, 3, 4) increased somewhat from 2002 to 2003,[125] the domestic industry's COGS increased between 2002 and 2003 because of rising raw material costs.[126] COGS increased as a ratio to total net sales between each of the periods examined, with the increase in raw material costs, primarily PE resin, largely accounting for the increase in the ratio of total COGS to total net sales. As a ratio to net sales, average COGS was 84.0 percent in 2001, 85.3 percent in 2002, and 89.4 percent in 2003.[127] Thus, although domestic producers were able to raise prices somewhat from 2002 to 2003, they could not do so sufficiently to offset increased costs.[128]

Chinese respondents contend that the reason that subject imports have undersold domestic PRCBs is because there is a consistent price premium for U.S.-produced PRCBs over subject imports, particularly for pricing product 2.[129] As noted earlier, the record data show that most purchasers rated U.S.-produced and subject imports from China to be comparable in most respects.[130] Thus, the record does not support respondents' contention that purchasers were willing to pay a premium for U.S.-produced product.[131]

We are also not persuaded by Thai respondents' assertion that internet auctions, not subject imports, have driven prices down.[132] Internet auctions serve as an alternate method of conducting purchases and may indeed amplify price competition. However, the form of the price competition does not negate the fact of the competition, nor the ability of subject imports to have price effects.

We thus find that the increasing subject import volume, combined with lower subject import prices, has significantly suppressed and depressed U.S. prices for PRCBs to a significant degree. Consistent with our finding of adverse price effects by the subject imports, there are also a number of instances of confirmed lost sales and lost revenues. These confirmed lost sales and lost revenues totaled ***.[133]

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[125] CR/PR at Tables V-2, V-3 and V-4; Table V-2, Memorandum INV-BB-091 (July 8, 2004).

[126] CR at VI-6; PR at VI-4. Total COGs declined by 7.6 percent from 2001 to 2002, and increased by 5.0 percent from 2002 to 2003. By contrast, U.S. production of PRCBs increased by 0.5 percent from 2001 to 2002 and declined by 2.9 percent from 2002 to 2003. Table C-1, Memorandum INV-BB-091 (July 8, 2004); CR/PR at Table VI-1.

[127] CR at VI-6, PR at VI-4; CR/PR at Tables VI-1 and VI-3. The unit value of PE resin per 1,000 bags declined from $4.83 in 2001 to $4.10 in 2002, but increased to $4.88 in 2003. CR/PR at Table VI-3.

[128] CR/PR at Table F-1; Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[129] Chinese respondents' Posthearing Br. at 11-13, Appendix A at 5; Hearing Tr. at 173-176 (Boltuck).

[130] The only factors for which most purchasers found one source or the other to be superior were delivery time, technical support and service, and price. CR/PR at Table II-5.

[131] CR/PR at Table II-5; CR at II-10 to II-12; PR at II-6 to II-8. Most purchasers considered Malaysian and U.S. PRCBs to be comparable on most factors. Purchasers also reported that subject imports from Thailand and U.S. PRCBs were generally comparable. CR at II-11 to II-13; PR at II-7 to II-9; CR/PR at Tables II-6 and II-7.

[132] Thai respondents' Prehearing Br. at 4-5.

[133] Although petitioners reported losing a number of internet sales solely on the basis of price, these generally are

(continued...)

We consequently conclude that there has been significant price underselling by the subject imports and that subject imports have depressed and suppressed prices for the domestic like product to a significant degree.

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[134] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[135] [136]

As demand grew over the period examined, the domestic industry's capacity increased from 84.3 billion bags in 2001 to 87.2 billion bags in 2002 and then to 88.1 billion bags in 2003, or by 4.5 percent over the period.[137] Notwithstanding the overall increase in apparent U.S. consumption (by 13.6 percent) from 2001 to 2003,[138] U.S. production of PRCBs increased only slightly from 68.9 billion bags in 2001 to

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[133] (...continued)
not included among the lost sales allegations, thus potentially understating the number of lost sales. Internet auctions in this case customarily involve aggregate bids for several products and it is often not possible to tie a price to a specific product. *Petitioners' Prehearing Br. at 48.* CR at V-36; PR at V-21.

[134] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 ("In material injury determinations, 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 also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

[135] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[136] In its final affirmative determination for Thailand, Commerce determined dumping margins for five named Thai manufacturer/exporters ranging from 0.62 percent to 122.88 percent and an "all others" margin of 5.66 percent. 69 Fed. Reg. at 34125. Commerce subsequently amended its final determination for Thailand, revising the final margin for Thai Plastic Bags from 0.62 percent to 2.26 percent and the final margin of Universal Bags from 5.66 percent to 5.35 percent. The "all others" rate was revised to 2.80 percent. 69 Fed. Reg. at 42419. In its final affirmative determination for China, Commerce determined dumping margins for 26 named Chinese producers/exporters ranging from 0.20 to 41.21 percent and an "all others" margin of 77.33 percent. 69 Fed. Reg. at 34127. Commerce subsequently amended its final determination for China, revising the final margins for all 26 named Chinese producers/exporters, with margins ranging from 0.01 percent to 41.28 percent. The "all others" rate was revised to 77.57 percent. 69 Fed. Reg. at 42420. In its final determination for Malaysia, Commerce determined dumping margins for six named Malaysian producers/exporters ranging from 0.91 percent to 101.74 percent. The "all others" margin is 84.94 percent. 69 Fed. Reg. at 34129.

[137] CR/PR at Table III-3; Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[138] Apparent U.S. consumption increased from 77 billion bags in 2001 to 82 billion bags in 2002 and to 87.5 billion bags in 2003. Tables IV-3 and C-1, Memorandum INV-BB-091 (July 8, 2004).

69.3 billion bags in 2002 before declining to 67.3 billion bags in 2003.[139] Domestic producers' U.S. shipments increased from 67.8 billion bags in 2001 to 68.9 billion bags in 2002, and then fell to 67.4 billion bags in 2003. The domestic industry's market share declined from 88.0 percent in 2001 to 84.0 percent in 2002 and then to 77.0 percent in 2003.[140]

The above data show that the largest declines in the domestic industry's production, U.S. shipments, capacity utilization, and market penetration occurred from 2002 to 2003. This was also the period in which subject imports in the U.S. market, measured both in terms of quantity of U.S. shipments of subject imports and in terms of market penetration, increased most sharply, although subject imports increased steadily and significantly over the entire period examined.[141] The declines in U.S. production and U.S. shipments of the domestic industry were not due to declining demand, as apparent U.S. consumption increased by 13.6 percent from 2001 to 2003. We also note that, despite increased apparent U.S. consumption, the domestic industry's production and U.S. shipments in 2003 were lower than 2001 levels.[142]

Most employment-related indicators declined during the period examined. These declines, like those in output-related indicators, were concentrated between 2002 and 2003, when subject imports' presence in the U.S. market increased most sharply. The number of production and related workers declined from 4,578 in 2001 to 4,271 in 2002 and then to 3,904 in 2003. The hours worked by such workers declined from 9.4 million in 2001 to 9.0 million in 2002 and then declined further to 8.3 million in 2003. Productivity did increase from 7,300 bags per hour in 2001 to 7,700 bags per hour in 2002 and to 8,100 bags per hour in 2003. Wages paid to production and related workers fell from 2001 to 2003, although hourly wages rose.[143]

Capacity utilization declined from 81.7 percent in 2001 to 79.4 percent in 2002, and then declined further to 76.3 percent in 2003.[144] The decline in capacity utilization is significant and had an adverse impact on the industry's performance because PRCB plants are designed to operate 24 hours a day, seven days a week, to spread fixed costs over as many production units as possible.[145] Some of the decline in capacity utilization is attributable to the increase in the domestic industry's production capacity. However, the data for the domestic industry does not include data for plants closed during the period for which data were collected, thereby understating the industry's production declines and

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[139] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[140] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[141] By quantity, U.S. shipments of cumulated subject imports increased by 37.3 percent in 2001-2002 and by 46.6 percent in 2002-2003. In terms of market share, cumulated subject imports increased by 3.0 percentage points from 2001 to 2002 and by 5.1 percentage points from 2002 to 2003. Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[142] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[143] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[144] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[145] Hearing Tr. at 19-20 (Varn); Chinese respondents' Posthearing Br. at 6.

possibly overstating its capacity buildup.[146] Moreover, some growth in domestic capacity would be expected given the strong growth in apparent consumption over the period examined.

As low-priced subject imports gained market share, declining PRCB prices adversely affected the domestic industry's financial performance from 2001 to 2002.[147] From 2002 to 2003, the industry's costs increased sharply, primarily as a result of higher resin and energy costs, and although there was some price recovery, subject imports' increased volume from 2002 to 2003 hindered the domestic industry from raising prices sufficiently to recover or even maintain profitability levels.[148]

The domestic industry's operating income and operating margin declined throughout the period examined, with the industry registering its largest decline in profitability from 2002 to 2003.[149] Domestic producers' operating income continually declined from $54.1 million in 2001 to $32.7 million in 2002 and then to $6.1 million in 2003. The industry's operating margin declined from 6.3 percent in 2001 to 4.2 percent in 2002 to 0.8 percent in 2003.[150]

The domestic industry's cash flow fell dramatically from $82.7 million in 2001 to $56.5 million in 2002 to $36.1 million in 2003. Consistent with the declines in cash flow, the domestic industry's capital expenditures declined irregularly from $31.0 million in 2001 to $17.7 million in 2003.[151] Domestic producers also indicated that they have had to cancel or delay capital improvement projects as a result of the presence of subject imports.[152]

Given the significant volume of subject imports and their adverse effect on domestic prices, we find that low-priced subject imports have had a significant adverse impact on the domestic industry, as reflected in the declining financial, trade and employment indicators during the period examined.

Chinese respondents contend that the rapid rise in nonsubject imports during the period

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[146] CR at III-8; PR at III-4.

[147] Petitioners also describe other negative effects as a result of subject imports. Vanguard closed its plant in Compton, California in 2001 and laid off 50 employees. Hearing Tr. at 26 (Seanor). Hilex closed a plant in Santa Maria, California, in July 2002, and the 100 former workers at this plant were certified for trade adjustment assistance by the U.S. Department of Labor. CR/PR at Appendix G; Petitioners' Prehearing Br. at 55. Hilex was forced to shut down its PRCB plants several times in 2003 because of large inventories that had accumulated due to subject imports. Hearing Tr. at 20 (Varn).

[148] CR/PR at Tables VI-1, VI-3, and F-1.

[149] CR/PR at Tables VI-1 and F-1. Chinese respondents argue that increasing raw material and energy costs in 2003, not subject imports, resulted in the decline in the domestic industry's operating income in 2003, noting that U.S. shipments of the domestic industry remained relatively flat, as domestic producers increased capacity and as U.S. apparent consumption increased. Chinese respondents' Prehearing Br. at 18. Although the domestic industry experienced increases in raw material and energy costs from 2002 to 2003, we find that the subject imports' increasing volumes and their price-suppressing effects prevented the domestic industry from increasing sales or raising prices sufficiently to reverse the decline in profitability.

[150] CR/PR at Table VI-1.

[151] CR/PR at Tables VI-1 and VI-12.

[152] CR/PR at Appendix G.

examined obviates causation of material injury by subject imports.[153] However, we are not persuaded by this argument because subject imports, both in terms of volume and market penetration, were at much higher levels in the U.S. market than nonsubject imports during the period examined and increased by a much larger quantity over the period examined.[154]

As noted in the related parties discussion, the domestic industry itself imported and/or purchased subject imports during the period examined. However, the record indicates that domestic producers imported subject merchandise to retain market share and, as indicated by the universal decline in profitability among importing firms over the period examined, importation did not appear to insulate producers from financial difficulties.[155] Moreover, while any given domestic producer's imports would presumably not harm that producer, the same cannot be said for other domestic producers who must compete with those imports. Thus, the fact that a portion of subject imports were imported or purchased by domestic producers does not significantly lessen the impact of those imports on the domestic industry.

In light of significant increases in the volume and market penetration of the subject imports, particularly from 2002 to 2003, the significant adverse price effects of the subject imports, and the causal linkage between the subject imports and the domestic industry's declines in output, market share, employment, and operating performance, we conclude that the subject imports have had a significant adverse impact on the domestic PRCB industry.

CONCLUSION

For the foregoing reasons, we find that the domestic PRCB industry is materially injured by reason of LTFV imports from China, Malaysia, and Thailand.

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[153] Hearing Tr. at 162 (Cannon); Chinese respondents' Prehearing Br. at 23-25.

[154] Table C-1, Memorandum INV-BB-091 (July 8, 2004).

[155] CR at III-7 to III-8, n.3; PR at III-4, n.3; CR/PR at Table F-1.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the Commission and the Department of Commerce (Commerce) on behalf of the Polyethylene Retail Carrier Bag Committee, an ad hoc coalition of U.S. polyethylene retail carrier bag producers (consisting of Inteplast Group, Ltd. (Inteplast), Livingston, NJ; PCL Packaging, Inc. (PCL), Barrie, Ontario; Sonoco Products Company (Sonoco), Hartsville, SC;[1] Superbag Corp. (Superbag), Houston, TX; and Vanguard Plastics, Inc. (Vanguard), Farmers Branch, TX) on June 20, 2003, alleging that an industry in the United States is materially injured and threatened with further material injury by reason of less-than-fair-value (LTFV) imports of polyethylene retail carrier bags (PRCBs)[2] from China, Malaysia, and Thailand. Information relating to the background of these investigations is provided below.[3]

Effective date	*Action*
June 20, 2003	Petition filed with Commerce and the Commission; institution of Commission investigations
July 16, 2003	Commerce's notice of initiation
August 4, 2003	Commission's preliminary determinations
January 26, 2004 ...	Commerce's preliminary determinations; scheduling of final phase of Commission's investigations (69 FR 6004, February 9, 2004)
June 18, 2004	Commerce's final determinations (69 FR 34125, June 18, 2004)[4]
June 10, 2004	Commission's hearing[5]

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[1] The High Density Film Division of Sonoco, which manufactures polyethylene retail carrier bags, was sold to Hilex Poly Co., LLC (Hilex) in February 2004. Letter from petitioners' counsel, February 11, 2004.

[2] For purposes of these investigations, PRCBs are certain non-sealable sacks and bags with handles, with or without gussets, with or without printing, of polyethylene film. For statistical reporting purposes, PRCBs are included under HTS statistical reporting number 3923.21.0090. For a more detailed description of the merchandise subject to these investigations, including the like product produced in the United States, see the subsection of Part I entitled *The Subject Product.*

[3] *Federal Register* notices cited in the tabulation are presented in app. A.

[4] Commerce calculated its final LTFV margins to be as follows: for China, it compared export prices and constructed export prices to the normal value of the surrogate country of India to derive margins ranging from 0.20 to 77.33 percent *ad valorem*, with Hang Lung Plastic Manufactory (Hang Lung) receiving a *de minimis* margin. Commerce subsequently amended its final determination for China, revising the final margins for all 26 named Chinese producers/exporters, with margins ranging from 0.01 percent to 41.28 percent. The "all others" rate was revised to 77.57 percent (69 FR 42420, July 15, 2004). For Malaysia, it compared export prices and constructed export prices to the cost of production and the normal value of sales in Malaysia to derive margins ranging from 0.91 to 101.74 percent *ad valorem*, with Bee Lian Plastic Industries (Bee Lian) receiving a *de minimis* margin. For Thailand, it compared export prices and constructed export prices to the normal value and constructed normal value of sales in Thailand to derive margins ranging from 0.62 to 122.88 percent *ad valorem*, with Thai Plastic Bags Industries Group (Thai Plastic Bags) receiving a *de minimis* margin. Commerce subsequently amended its final determination for Thailand, revising its final margin for Thai Plastic Bags from 0.62 percent to 2.26 percent and the final margin of Universal Bags from 5.66 percent to 5.35 percent. The "all others" rate was revised from 5.11 percent to 2.80 percent (69 FR 42419, July 15, 2004).

[5] A list of witnesses who appeared at the hearing is included in app. B.

July 13, 2004 ..... Commission's vote
August 2, 2004 ..... Commission's determinations sent to Commerce

The product, as defined, has not been the subject of any other Commission investigations under sections 701 or 731 of the Tariff Act of 1930 (the Act), under sections 201 or 301 of the Trade Act of 1974, or under section 232 of the Trade Expansion Act of 1962. However, one member of the Committee, Superbag, filed for import relief against Hmong Industries, Pan Pacific Plastics, Spectrum Plastics, and Thai Plastic Bags Industries (all ***), pursuant to section 337 of the Act, 19 U.S.C. 1337, on April 2, 2003, with respect to certain merchandise that is included within the class or kind of merchandise that is the subject of these investigations.[6] The merchandise covered was tabless, self-opening bags which are dispensed at checkout counters.[7] The presiding administrative law judge made a final initial and recommended determination on March 30, 2004 that a general exclusion order be issued with respect to bags and bag packs that literally infringe the asserted claims of the patent at issue.[8] On May 28, 2004, the Commission issued a notice stating that it would not review Judge Luckern's final initial determination.[9] The deadline for completion of the investigation (No. 337-TA-492) is August 10, 2004.

According to counsel for the petitioners, ***.[10]

SUMMARY DATA

A summary of data collected in the investigations is presented in appendix C. U.S. industry data are based on questionnaire responses of 22 producers that are believed to account for at least 98 percent of U.S. production of PRCBs in the period examined (2001-03). U.S. imports are based on questionnaire responses of 87 importers that are believed to account for the great majority of U.S. imports of PRCBs during the period examined. Although data were collected in units (number of bags) and pounds, and are presented in the body of this report in both quantities, data in appendix C are presented in units only as the most accurate measure of the quantity of PRCBs in these investigations.[11]

MAJOR FIRMS INVOLVED IN THE U.S. PRCB MARKET

Major U.S. producers in the PRCB market include API, Hilex, Inteplast, Superbag, and Vanguard. Major importers of PRCBs from China, Malaysia, and Thailand include ***. Major purchasers of PRCBs in the United States include Ahold USA, Command Packaging, Pollock Investments, Safeway, Inc., and Wal-Mart Stores.

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[6] Subsequent to the filing, the following firms were added: Advance Polybag, Inc. (API), Bee Lian Plastic Marketing, Polson Products, Prime Source International, Nantong Huasheng Plastic Products, and Universal Polybag Co.

[7] Transcript of the Commission's July 11, 2003 conference (conference transcript) (Mr. Bazbaz), pp. 32-33.

[8] Email from ***, May 6, 2004.

[9] Transcript of the Commission's June 10, 2004 hearing (hearing transcript) (Mr. Bazbaz), p. 31.

[10] Email from ***, May 6, 2004.

[11] Although most U.S. producers were able to supply data in both units and pounds, some U.S. importers were unable to supply data in pounds. Accordingly, the data in pounds for some importers were estimated by Commission staff using the conversion ratios of units per pound for each subject country and for all other sources combined, and are thus less accurate and should be viewed accordingly.

THE SUBJECT PRODUCT

The imported products subject to these investigations, as defined by the Department of Commerce, are as follows:

> PRCBs, which also may be variously referred to as t-shirt sacks, merchandise bags, grocery bags, or checkout bags, are non-sealable sacks and bags with handles (including drawstrings), without zippers or integral extruded closures, with or without gussets, with or without printing, of polyethylene film having a thickness no greater than .035 inch (0.889 mm) and no less than .00035 inch (0.00889 mm), and with no length or width shorter than 6 inches (15.24 cm) or longer than 40 inches (101.6 cm). The depth of the bag may be shorter than 6 inches but not longer than 40 inches (101.6 cm). PRCBs are typically provided without any consumer packaging and free of charge by retail establishments (e.g., grocery, drug, convenience, department, specialty retail, discount stores, and restaurants) to their customers to package and carry their purchased products. The scope of the investigations excludes (1) polyethylene bags that are not printed with logos or store names and that are closeable with drawstrings made of polyethylene film and (2) polyethylene bags that are packed in consumer packaging with printing that refers to specific end uses other than packaging and carrying merchandise from retail establishments (e.g., garbage bags, lawn bags, and trash can liners).

Physical Characteristics and Uses

The parameters for PRCBs set forth in the product scope are designed to encompass all or nearly all polyethylene bags that are normally provided free of charge by retail establishments to their customers as a means of packaging and conveying the customer's purchases from the store. Most PRCBs are made to the specifications of the retailer and are designed not only for the convenience of the retailer's customers but also to advertise the retailer's identity. Indeed, for higher-end retail establishments, PRCBs are considered part of the firm's image and much consideration goes into the design of the bag. Other PRCBs, more generic in nature, are not company-specific and are generally used by local or small retailers such as neighborhood grocery stores and thrift shops. In keeping with individual retailers' specifications, PRCBs are made in a wide variety of shapes and sizes, with various gauges (thicknesses) and types of polyethylene, and come with an equally wide variety of handles, gussets (pleats) or no gussets, color combinations, and printing–all of which bear on the price of the bag. In general, the thicker the polyethylene used, the larger the size, the more sophisticated the handle, the more colors, gussets, and printing used, and the more manual labor necessary for production, the higher the price will be to the retailer. Prices range from well under $10 per 1,000 bags to over $300 per 1,000 bags.[12]

Interchangeability

Most PRCBs imported from China, Malaysia, and Thailand have similar, interchangeable, counterparts produced in the United States;[13] however, some PRCBs, particularly those that require manual labor to finish, are not available in the United States due to non-competitive U.S. labor costs. These include certain "high-end" PRCBs with cardboard inserts at the bottom or top and separately

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[12] Meeting with ***, January 23, 2004.

[13] Responses to Commission's purchaser questionnaires. The majority of purchasers considered the U.S.-produced PRCBs to be always interchangeable with subject imported PRCBs (see table II-8). A few purchasers considered the products to be not interchangeable.

applied handles other than drawcords or handles made of polyethylene.[14] Separately applied handles are generally loop handles extending from the top of the bag and are made from a variety of materials other than polyethylene, including PVC tubing and knotted rope, the latter including metal grommets that hold them to the bag.[15] Most U.S.-produced and imported bags have handles that are either die cut out of the main body of the bag, with or without patches for reinforcement, or consist of a drawcord.[16] For more information regarding interchangeability of the imported and domestically produced PRCBs, see the *Substitutability Issues* section of Part II of this report.

The Production Process

Polyethylene (PE) resin is the primary raw material for the production of PRCBs, and in the United States it is purchased by bag producers from unrelated sources.[17] [18] Three types are used, either exclusively or in combination: high density (HDPE), linear low density (LLDPE), and low density (LDPE). HDPE is typically the material of choice for t-shirt bags and many other subject items because it has a higher strength-to-weight ratio (tensile strength) than LDPEs for a given gauge. However, it is stiffer, not as glossy, more opaque, and may be less amenable to bold colors and sharp printing than LDPEs. LLDPE is usually more transparent, stretchy, and puncture resistant than HDPE, and has better heat-sealing characteristics, while LDPE has the highest clarity and stretch.[19] Also, PRCBs which contain LDPE are softer to the touch than those made exclusively with HDPE.

The basic process to produce PRCBs is generally the same everywhere in the world: blending, extrusion, printing, and bag conversion. First, polyethylene resins and color concentrates are blended at room temperature and injected into an extruder. The molten resin mixture exits the extruder via an annular slit die where it is formed into a large thin walled cylindrical tube in a continuous process known as blown film extrusion. Air is introduced via a hole in the center of the die to blow up the tube like a

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[14] In the preliminary and final phases of these investigations, petitioners asserted that high-end PRCBs with heat-sealed square bottoms produced in the United States compete with imported high-end PRCBs with cardboard inserts and separately applied handles; one producer, Genpak, Cedar Grove, NJ, produces the heat-sealed, square-bottomed bags domestically. Conference transcript (Mr. Dorn), pp. 16; Mr. Creais, p. 63; and Mr. Gitlen, pp. 100-101, and meeting with counsel for petitioners, January 23, 2004. These PRCBs generally have a serrated top compared with the fold-down top of high-end imported PRCBs, and they generally have a tube handle compared with the rope handles of many high-end imported PRCBs. Meeting with ***, March 1, 2004, and questionnaire response of ***. In the final phase of these investigations, petitioners have argued that Genpak created the market for square-bottom bags in 1967, and that the Chinese producers simply followed their lead, using cardboard inserts to provide the strength that Genpak bags have without such inserts. At the hearing, Genpak provided essentially identical square-bottom bags produced by Genpak and by Chinese producers for the same account–Verizon. Hearing transcript (Mr. Everett), pp. 35-37.

[15] Conference transcript (Mr. Gitlen), pp. 100-101.

[16] Meeting with ***, January 23, 2004.

[17] Vanguard, a domestic producer and petitioner, bought U.S. resin and also Asian resin during the POI. Vanguard imports its resin duty free in 40-foot containers from Thailand, a GSP beneficiary. Hearing transcript (Mr. Dorn), p. 295.

[18] Petitioners assert that *** domestic producer of PRCBs is vertically integrated back to resin production, although ***. Petitioners' posthearing brief, June 17, 2004, exhibit A, pp. 18-19. Chinese respondents allege that *** is *** to resin production via ***. Chinese respondents' posthearing brief, Garvey Schubert Barer, June 17, 2004, appendix A, p. 14.

[19] Statistics provided by the American Plastics Council Plastics Industry Producers' Statistics Group, as compiled by VERIS Consulting, LLC, indicate that in 2003, HDPE accounted for about *** percent of total direct domestic resin sales for PE retail bag manufacture by volume; LLDPE *** percent; and LDPE *** percent.

balloon to the desired specifications. Secondly, the cooled flattened film is wound into mill rolls and fed into a printer, where a custom design or textual message is printed on the film. In the United States, printing is accomplished predominately by the flexographic process using water-based inks, while subject countries typically employ the more precise rotogravure process using solvent-based inks.[20] Third, the film is converted into bags by cutting the three dimensional film into the desired size and shape, forming gussets (pleats) on the sides or bottom, heat sealing, and forming or applying handles.[21] [22] Handles may be either die cut into the sides, or near the top; drawcords may be heat sealed into loops around the opening; or various configurations may be heat sealed to the top, or hand applied.

The entire PRCB production process in the United States is automated, with little or no manual labor required other than for the maintenance and adjustment of the machinery. Most U.S. producers use a two-step sequential process involving blown film extrusion, followed by continuous printing and bag conversion; this, however, is variably dependent upon the complexity of the type of bag produced.[23] The process in China, Malaysia, and Thailand is more labor intensive, particularly in the conversion stage for high-end bags that require an extensive amount of manual labor to form elaborate bags with both side and bottom gussets, and handwork to apply cardboard inserts, fancy metal grommets, and/or rope handles of polypropylene and other materials.[24] [25] It appears that factory size is smaller in China than in the United States, and that the lot sizes in China are smaller also.[26]

In both the United States and abroad, other bags of polyethylene film can be made with similar equipment and employees used to produce PRCBs.[27] For the most part these other bags consist of (1) consumer bags, i.e., bags without handles (other than polyethylene drawcords) and without printing that are generally sold through retailers to consumers for uses specified on the packaging, such as trash bags, garbage bags, and sandwich bags; (2) industrial bags, i.e., bags sold to manufacturers and food growers and processors to package products such as bread and bird seed for resale; and (3) produce bags, i.e., bags without handles and generally in continuous rolls that grocery stores and others provide to their customers for storing and separating the store's fruits, vegetables, and other bulk or unpackaged items while in the store.[28]

Channels of Distribution

In 2003, U.S. producers sold about 70 percent of their PRCBs to retailers, increasingly over the period via internet auctions (from 4 percent in 2001 to 18 percent in 2003). The remainder of their sales

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[20] Genpak LLC, a domestic producer, prints the majority of its bags using the same solvent base coatings as referenced by respondents. Hearing transcript (Mr. Everett), p. 153.

[21] Conference transcript (Mr. Seanor), pp. 23-24.

[22] Staff conversation with ***, May 21, 2004.

[23] Ibid.

[24] Conference transcript (Mr. Dill), pp. 55-59, and Mr. Creais, pp. 137-138.

[25] Chinese respondents confirmed that numerous importers of high-end PRCBs also import and sell high-end shopping bags made of polypropylene, a polyolefin plastic-like polyethylene. Numerous customers were reported to specifically request polypropylene bags. An antidumping order would reportedly ***. Chinese respondents' posthearing brief, Garvey Schubert Barer, appendix A, p. 13.

[26] Hearing transcript (Mr. Perry), p. 207, and Mr. Wong, p. 214.

[27] Petitioners claim there is only limited overlap between the producers who make PRCBs and the producers who make other products, and there is even less overlap between the facilities that make PRCBs and the facilities that make these other products. Petitioners' prehearing brief, p. 21, footnote 70.

[28] Responses to producers' questionnaires.

were to distributors (about 26 percent), with a small but increasing emphasis on internet auction sales (from 0.5 percent in 2001 to 2 percent in 2003) and 4 percent to other customers (down from 14 percent in 2001 as retail internet auctions increasingly replaced this channel of distribution).[29]

In 2003, U.S. importers of PRCBs from all subject countries sold about 41 percent of their PRCBs to retailers, increasingly over the period via the internet (from 0.1 percent in 2001 to 13 percent in 2003). The remainder of their sales were to distributors (about 48 percent), increasingly over the period via the internet (from 7 percent in 2001 to 15 percent in 2003), and about 11 percent to other customers (up from 7 percent in 2001 as retail sales declined).[30]

In 2003, U.S. importers of subject PRCBs from China sold about *** percent of their PRCBs to retailers, increasingly over the period via the internet (from *** percent in 2001 to *** percent in 2003). The remainder of their sales were about *** percent to distributors, steadily over the period via the internet (around *** percent) and about *** percent to other customers (up from *** percent in 2001 as distributor sales declined).[31]

In 2003, U.S. importers of subject PRCBs from Malaysia sold about *** percent of their PRCBs to retailers, fluctuating over the period via the internet (from *** percent in 2001 to *** percent in 2002, to *** percent in 2003). The remainder of their sales were about *** percent to distributors, with no sales via the internet, and about *** percent to other customers (up from *** percent in 2001 as retail sales declined). Overall, retail sales fell from *** percent of the market for Malaysian PRCBs in 2001 to *** percent in 2003 as distributor sales and other sales gained share in 2002 and 2003.[32]

In 2003, the U.S. importers of subject PRCBs from Thailand sold about *** percent of their PRCBs to retailers, increasingly over the period via the internet (from *** percent in 2001 to *** percent in 2003).[33] The remainder of their sales were about *** percent to distributors, increasingly over the period via the internet (from *** percent in 2001 to *** percent in 2003),[34] and about *** percent to other customers (down from *** percent in 2001 as retail sales declined). Overall, retail sales fell from *** percent of the market in 2001 to *** percent in 2003 as distributor and other sales gained share in 2002 and 2003.[35]

Price

Average unit values for U.S. producers' commercial domestic shipments of PRCBs declined from $12.55 per 1,000 bags in 2001 to $11.45 in 2003. Average unit values for subject shipments of imports declined from $13.20 in 2001 to $11.56 in 2003; the overall decline was influenced by a decline in the average unit values for imports from Malaysia and Thailand. Average unit values for shipments of subject imports of PRCBs from China increased from $*** in 2001 to $*** in 2003, possibly reflecting the greater emphasis on high-end PRCB imports from that country. It should be noted that average unit values may be of limited usefulness in a discussion about price due to variations in the product mix.

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[29] Ibid.

[30] Responses to importers' questionnaires. It should be noted that these imports included imports from the *de minimis* firms.

[31] Ibid.

[32] Ibid.

[33] This sharply increasing trend was primarily due to the practices of ***.

[34] Ibid.

[35] Responses to importers' questionnaires. It should be noted that these imports included imports from the *de minimis* firm.

Pricing practices and prices reported for PRCBs in response to Commission questionnaires are presented in Part V of this report.

DOMESTIC LIKE PRODUCT ISSUES

The Commission's decision regarding the appropriate domestic products that are "like" the subject imported product is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. Petitioner has argued that there is one domestic like product, a continuum of all PRCBs, coexistent with the scope of the investigations.[36] Counsel for the Chinese respondents throughout most of these investigations contended that high-end PRCBs and other than high-end PRCBs are separate domestic like products, and therefore subject to separate injury determinations by the Commission. Alternatively, the Chinese respondents contended that if there is no U.S. production of high-end PRCBs, the domestic like product most similar to high-end PRCBs consists of high-end paper shopping bags.[37] In its posthearing brief, however, counsel for respondents revised its position to state that the industry in the United States most like the imported high-end PRCBs would be the high-end PRCBs produced by Genpak.[38] In its preliminary determinations, the Commission found one domestic like product consisting of the continuum of PRCBs, consistent with Commerce's scope, but indicated that it would explore this issue more fully in any final phase investigations.[39]

The following presents information gathered during these investigations from producers' and importers' questionnaire responses with regard to domestic like product issues. It is important to note that most U.S. producers are also importers. For purposes of gathering information in the questionnaires, high-end PRCBs were defined as consisting of "PRCBs with inserts of cardboard, rigid plastic, or other rigid flat materials at the bottom and/or top and PRCBs with separately applied handles other than drawcords or those made of polyethylene. Also included are heat-sealed square-bottomed or rectangular-bottomed PRCBs without inserts of cardboard, rigid plastic, or other rigid flat materials." This definition encompassed products 7 and 8 of the pricing products in Part V of this report. The definition can be summarized as flat-bottomed bags with either cardboard inserts as reinforcement at the bottom and/or top or heat-sealed bottoms with four true sides, all with handles.

Summary data for high-end PRCBs are presented in appendix C. Only one U.S. producer, Genpak NJ, produced the product during the period for which data were examined. This product, a heat-sealed square-bottomed shopping bag, did not fit the Chinese respondents' original definition of high-end bags, as articulated in their comments on the Commission's draft questionnaires, that included cardboard inserts at top and bottom; however, Genpak and petitioners asserted that it competed with the imported high-end PRCBs.[40] Major importers of subject high-end PRCBs in 2003 were ***. Apparent

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[36] Petition, pp. 15-20; petitioners' postconference brief, pp. 3-12; petitioners' comments on draft questionnaires, January 30, 2004, p. 2; and petitioners' prehearing brief, pp. 3-21.

[37] Postconference brief of Garvey Schubert Barer, pp. 1-15; Garvey Schubert Barer's comments on draft questionnaires, January 30, 2004, pp. 1-3; and prehearing brief of Garvey Schubert Barer, pp. 14-17.

[38] Posthearing brief of Garvey Schubert Barer, pp. 3-8.

[39] *Polyethylene Retail Carrier Bags from China, Malaysia, and Thailand*, Investigations Nos. 731-TA-1043-1045 (Preliminary), USITC Pub. 3618, August 2003, p. 9.

[40] Genpak claimed that it created the market for square-bottom bags in 1967, and that the Chinese producers simply followed its lead, using cardboard inserts to provide the strength that Genpak bags have without such inserts. At the hearing, Genpak provided essentially identical square-bottom bags produced by Genpak and by Chinese

(continued...)

consumption of high-end PRCBs was about *** percent of the volume and *** percent of the value of consumption all PRCBs in 2003. Almost all imports of subject high-end PRCBs came from China, with the exception of small quantities from Thailand principally in 2003. Subject high-end PRCB shipments of imports from China accounted for about *** percent of the volume of total subject PRCB shipments of imports from China and *** percent of the value in 2003. High-end shipments of imports from Thailand in 2003 accounted for *** percent of the volume and *** of the value of shipments of imports of all PRCBs from Thailand in that year. The U.S. producers' market share of high-end PRCBs was *** and declined further from 2001 to 2003. Foreign producers' data included in appendix C for high-end PRCB exports from China accounted for approximately *** percent of high-end shipments of imports from China reported by U.S. importers during 2003 and *** percent of Chinese foreign producers' reported subject exports of all PRCBs, measured in units.

In answering questions about high-end PRCBs and laminated and non-laminated shopping bags, U.S. producers and importers mainly compared imported high-end PRCBs with domestically produced PRCBs (although it was difficult to determine when they were referring to domestically produced high-end bags which did not fit the respondents' definition and when they were referring to imported high-end PRCBs), and imported laminated paper shopping bags with domestically produced PRCBs. Questionnaire respondents maintained that high-end PRCBs with cardboard inserts and laminated paper shopping bags were solely imported, whereas non-laminated paper shopping bags were at most produced by one U.S. firm.

Physical Characteristics and Uses

U.S. producers largely agreed that there were no significant differences in physical characteristics and uses between high-end PRCBs and all other PRCBs. Both are made from the same material (polyethylene), are used to carry merchandise or food, and have the same carrying capacity, size, and strength. Most U.S. producers maintain no clear distinctions between various types and styles, such as square bottom, gusset bags, patch handle bags, reinforced die cut handle bags, and draw tape bags.

Importers were mixed in their attitude toward differences between high-end and all other PRCBs. Some agreed with U.S. producers that there were no clear distinctions. However, many mentioned that high-end imported PRCBs were superior to any PRCBs produced in the United States based on a number of features: rope or loop handles; printing done by the rotogravure printing process, which results in higher quality printing;[41] 14-color bags, which cannot be printed in the United States; cardboard or rigid plastic inserts; and grommets. Most alleged that high-end bags were simply not available from U.S. sources and were therefore imported.

When examining the data provided during these investigations in terms of conversion factors in bags per pound, domestically produced high-end PRCBs averaged around *** to *** bags per pound, while domestically produced total PRCBs averaged between 61 and 62 bags per pound. For imports

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[40] (...continued)
producers for the same account–Verizon. Hearing transcript (Mr. Everett), pp. 35-37. A witness for the Chinese respondents, Carol Keen, Director of Sales for CPI, stated that a high-end bag is defined as a square-bottomed bag with four true sides. Hearing transcript (Ms. Keen), p. 231. At the hearing, counsel for the Chinese respondents stated that " the staff's definition of high-end is pretty close to accurate." Hearing transcript (Mr. Perry), p. 233. Chinese respondents agreed with the staff's definition of high-end PRCBs in their posthearing brief, Garvey Schubert Barer, p. 3.

[41] At the hearing, a representative for Genpak testified that it uses the same solvents used in the rotogravure process in its flexographic process, and that unlike 10 years ago, it would be very difficult to differentiate a bag made from the roto process from one made by the flexographic process in his plant. Hearing transcript (Mr. Everett), p. 145.

from China, high-end PRCBs averaged around *** bags per pound, while subject imports of all PRCBs from China averaged around *** bags per pound; subject imports from Malaysia averaged around *** bags per pound; and subject imports from Thailand averaged around *** bags per pound.

Most U.S. producers maintained that high-end paper bags, whether laminated or non-laminated, are physically different from PRCBs. Paper bags are not waterproof, have a lower strength-to-weight ratio than PRCBs, and do not stretch. They also require more retail storage space to maintain. Also, paper bags cannot be offered in a clear film option, and can only be printed in two colors rather than the eight available on PRCBs produced in the United States. Most U.S. producers alleged that high-end laminated shopping bags were not produced in the United States.[42]

Responding importers' questionnaires indicated that they were not aware of any high-end laminated paper shopping bags produced in the United States. Many importers maintained that high-end laminated paper shopping bags are not interchangeable with high-end PRCBs because the costs for the paper bags are much higher.[43]

Common Manufacturing Facilities, Production Processes, and Employees

U.S. producers differed in their attitudes towards this factor. Some maintained that high-end and all other PRCBs were produced using very similar production methods. *** were produced in the same facilities, using the same processes, by the same production employees. A few producers acknowledged differences in the manufacturing processes between high-end and all other PRCBs.

Imported high-end bags use a rotogravure process, which provides a sharpness and print consistency allegedly not found in the flexographic printing process used in the United States, although this allegation was challenged by Genpak. Rotogravure is not typically used in the United States because of the high cost of equipment and engraved print cylinders and the cost of environmental controls. The process tends to be limited to extremely high-volume products such as *** bags. In addition, imported high-end PRCBs use hand assembly, while other PRCBs are produced entirely by machine.

Importers' views were mixed on this factor. Some believed that high-end and other PRCBs could be made using the same production equipment. Others pointed out that while the extrusion process is similar for both products, the conversion to finished product is entirely different: for high-end PRCBs, finishing is done by hand labor (i.e., handles are affixed or inserted, cardboard turntops inserted), while for all other PRCBs, finishing is performed by machine; the importers may have been referring to the manufacturing process used abroad instead of in the United States.

U.S. producers maintained that the production process and facilities for producing high-end laminated and non-laminated paper shopping bags are completely different from the processes and facilities producing high-end PRCBs, and that the products are produced by different industries.

Importers reported that high-end laminated and non-laminated paper shopping bags are made in different production facilities from high-end PRCBs. The production processes are different and require different training of personnel.

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[42] However, research by Commission staff revealed that allegations by Chinese respondents were correct that there were two producers of high-end laminated paper shopping bags in the United States: Pacobond in Sun Valley, CA and Pack America in Kansas City, KS. Prehearing brief of Garvey Schubert Barer, p. 15, and emails from ***, June 9, 2004.

[43] These observations were also confirmed at a meeting with importer ***, March 1, 2004.

Interchangeability and Customer and Producer Perceptions of the Products

Most producers viewed high-end and all other PRCBs as interchangeable because they serve the same function. One producer cited additional business for its sales of all other PRCBs after these investigations were filed, with customers switching from high-end imported PRCBs to other PRCBs made in the United States. One producer mentioned that while the soft loop handle bags are not included in the definition of high-end PRCBs, they have the same high-end image. On the other hand, one producer cited an obstacle to interchangeability in that some rectangular food containers fit better in a square-bottom bag than a conventional PRCB. Also, one producer mentioned that high-end PRCBs are more upscale and therefore image-enhancing for high-end customers, and therefore would not compete with all other PRCBs.

Some importers viewed high-end PRCBs and all other PRCBs as interchangeable, especially those PRCBs in the upper end of the spectrum; however, some cited differences in film colors and minimum printing quantities as reasons for interchangeability to be limited, in addition to the image and style differences.

Most producers viewed high-end PRCBs and high-end laminated and non-laminated paper shopping bags as not interchangeable. Although theoretically possible, the substitution is hampered by cost, sales in different markets, and plastic's superior moisture protection. Producers maintain that paper bags and PRCBs are seen in the marketplace as very different products by their customers.

Most importers viewed the high-end laminated and non-laminated paper shopping bags as not interchangeable with high-end PRCBs due to the paper bags' higher cost. One importer noted that high-end laminated shopping bags could be interchangeable with high-end PRCBs, although the plastic bags seem to appeal to slightly different customers, like those of "artsy" boutique/fashion stores, whose bags have a frosty look, while the laminated high-end paper shopping bags appeal to a more classic customer, such as at jewelry stores and high-end clothing stores. Importers believe that their customers perceive a difference between high-end laminated and non-laminated paper shopping bags and high-end PRCBs.

The Commission's purchaser questionnaire asked if paper bags, whether laminated or not, are substitutes for PRCBs. *** stated that high-end retailers use paper and would switch to polyethylene only if very heavy price pressure existed. *** stated that it uses plastic bags at its outlet stores and during its semi-annual sales at its full price stores; its regular price stores use laminated paper shopping bags at all other times. *** stated that paper shopping bags with handles are substitutes for high-end PRCBs; paper shoppers cost 10 to 50 percent more than high-end PRCBs. *** alleged that high-end PRCBs are competitive with high-end paper bags.

Channels of Distribution

U.S. producers' shipments of high-end PRCBs were *** to distributors during 2003. In that same year, U.S. producers sold about 70 percent of their total PRCBs to retailers.

U.S. shipments of imports from China of high-end PRCBs were about *** percent to retail customers in 2003, *** percent to distributors, and *** percent to other customers. Internet auctions for distributors began in 2002 and increased in 2003 to *** percent of total shipments. In that same year, U.S. importers of total PRCBs from China sold about *** percent of their PRCBs to retailers, increasingly over the period via the internet (from *** percent in 2001 to *** percent in 2003). The remainder of their sales were about *** percent to distributors, steadily over the period via the internet (around *** percent), and about *** percent to other customers.[44]

[44] These imports included PRCBs from Hang Lung, which received a *de minimis* dumping margin.

U.S. producers did not view much overlap in the channels of distribution between high-end PRCBs and high-end laminated and non-laminated paper shopping bags. Importers mentioned that laminated paper shopping bags would be limited to high-end retail establishments, such as department stores, designer houses, or boutiques only. Importers mentioned that paper distributors and retailers have their own warehouse and wholesale systems apart from the PRCB industry. One importer mentioned that high-end laminated paper shopping bags may compete with high-end PRCBs in higher end retail stores, depending on the look that the customer desires.

Price

Average unit values for U.S. producers' commercial domestic shipments of high-end PRCBs declined from $*** per 1,000 bags in 2001 to $*** in 2003.[45] Average unit values for commercial domestic shipments of PRCBs other than high-end PRCBs declined from $*** per 1,000 bags in 2001 to $*** in 2003. While domestically produced PRCBs other than high-end PRCBs sold in the $*** range, many U.S. firms had shipments of PRCBs not classified as high-end PRCBs that were much higher: ***. These firms manufacture higher-end bags with thicker gauges, more intricate printing, and more elaborate handles, which still do not fall into the high-end PRCB definition of the questionnaires.

The average unit values of shipments of imports of high-end PRCBs from China remained relatively steady at about $*** per 1,000 bags. Average unit values for shipments of imports of PRCBs other than high-end PRCBs from China increased from $*** in 2001 to $*** per 1,000 bags in 2003. Pricing practices and prices reported for PRCBs in response to Commission questionnaires are presented in Part V of this report.

U.S. producers and importers maintained that high-end laminated paper shopping bags are labor intensive and expensive, and are not made in the United States due to the manual labor required. High-end paper shopping bags are far more expensive than high-end PRCBs.

Most Comparable Products

When asked which domestically produced products are most similar to imports of high-end PRCBs, U.S. producers responded with a number of products: Genpak's heat-sealed square- and rectangular-bottom bags; other higher-end bags with die-cut handles and high quality printing; wave top bags; soft loop plastic bags; and draw-string or draw-tape PRCBs. One producer maintained that virtually no PRCBs produced in the United States are comparable with high-end PRCBs from Asia. One producer mentioned high-gloss paper twist rope handle bags which are machine-made (gloss is from a high beam in-line ultraviolet coating technique).[46]

U.S. importers cited many of the same products as U.S. producers as most similar to high-end PRCBs.

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[45] The reason for the decrease in average unit value was attributed to ***. Email from ***, May 20, 2004.

[46] It appears as if the bag referenced has a serrated top and twist rope handles, made from thinner gauge paper than the high-end laminated bags used by jewelry and high-end department stores. These paper bags would be found in Hecht's and Nordstrom's, for example. At a meeting with importer ***, March 1, 2004, these bags were compared with the bags made by Genpak--both with a serrated top and similar thickness. It was alleged that there are two U.S. producers of such bags, Duro Bag in Kentucky and Interstate, a division of Ampac (see prehearing brief of Garvey Schubert Barer, p. 15). *** did not think that these twist rope handle paper bags were comparable to high-end PRCBs.

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

MARKET CHARACTERISTICS

Sales and distribution of PRCBs are organized in a variety of ways. Some large retailers import directly and also purchase from domestic producers. Other firms purchase bags from importers and producers. The market includes distributors that sell imported and domestically produced PRCBs to a variety of customers. These distributors may or may not offer other packaging services along with PRCBs. Domestic producers also purchase other domestic and imported PRCBs in order to complement their product offering. Some retailers double as distributors, for example ***.

Grocery stores, various types of retailers, the food service industry, and hotels are the major end users of PRCBs. To serve the various categories of customers, plastic bags come in a variety of types, such as t-shirt bags, die-cut handle bags, patch handle bags, drawstring style bags, flat-bottom loop handle bags, and others. Of these, purchaser data indicate that t-shirt bags and die-cut handle bags account for approximately 90 percent of the market. Differences in dimensions and printing further differentiate these products.

The Commission's questionnaires defined high-end PRCBs as those with inserts of cardboard, rigid plastic, or other rigid flat materials at the bottom and/or top; with separately applied handles other than drawcords or those made of polyethylene; or with heat-sealed square or rectangular bottoms without inserts.[1] High-end bags may have printing that serves as a form of advertising for the firm. High-end PRCBs accounted for about *** percent of the volume and *** percent of the value of the overall U.S. market for PRCBs in 2003, but accounted for a much greater share of imports from China (about *** percent of the volume and *** percent of the value), although bags other than high-end bags comprise the majority of imports from China.

Nine out of 20 reporting producers, 67 out of 80 reporting importers, and 33 out of 37 reporting purchasers stated that they do not sell or purchase PRCBs over the internet. Some distributors reported having on-line catalogs that account for a small portion of their sales. Some transactions occurred through reverse auctions on the internet, a type of procurement that typically involves a single purchaser and many sellers. *** used a reverse auction to procure a large quantity of small, medium, and large t-shirt bags at *** prices in October 2001. *** submitted bids in a large number of reverse auctions, of which it won some and lost others. These auctions were sponsored by grocery chains and national retailers. *** alleged in its importer questionnaire that reverse auctions drive prices down to a point where it is difficult to make a profit. It also questioned the fairness and transparency of the process. For example, it stated that, because the rules do not guarantee that the low bidder gets the sale, the procurer could submit phantom low bids if it deems that the bidding has stopped too soon. Thai respondents allege that internet auctions result in purchaser savings of *** to *** percent compared to conventional methods.[2] Producers *** alleged that the final winning bids were below their production costs. Purchasers using the process stated that reverse auctions focus on price, but that the winner still has to qualify with an acceptable quality bag.

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[1] The Commission's definition was somewhat more restrictive than that of the respondents. Hearing transcript (Mr. Gitlin), p. 195 and (Ms. Keen), p. 231; and the posthearing brief of Garvey Schubert Barer, pp. 3-4.

[2] Thai respondents' posthearing brief, p. 2.

SUPPLY OF U.S.-PRODUCED PRCBs

Marginal production costs in relation to the market clearing price are the primary determinant of supply. Capacity utilization, availability of alternative markets, and production efficiency affect the supply response.

Average U.S. capacity was 88.1 billion bags in 2003 as reported by 22 domestic producers (see table C-1). Capacity utilization was moderate; it declined from 81.7 percent in 2001 to 79.4 percent in 2002, and to 76.3 percent in 2003. The ratio of U.S. producers' inventories to total shipments of PRCBs ranged from *** percent in 2001 to *** percent in 2003. Exports ranged from *** to *** percent of the value of total U.S. shipments; this indicates that U.S. producers have little opportunity to use alternate markets to shift supply.

Efficiency indicators were generally positive. Bags produced per hour rose from 7,296 in 2001 to 8,078 in 2003 (see table C-1). Unit labor costs declined from $1.82 in 2001 to $1.71 in 2003. The unit cost of goods sold fell by 8.8 percent between 2001 and 2002 but increased by 6.5 percent between 2002 and 2003.

Respondents alleged that, although Genpak produces some high-end bags domestically, numerous bag styles are not produced domestically, and they conclude that U.S. producers cannot supply the high-end segment of the market.[3] The petitioners counter that there is a very large variety of PRCBs and that domestic producers, while not producing all types, manufacture an array of PRCBs including t-shirt bags and more expensive products.[4]

In the short term, U.S. producers of PRCBs are likely to respond to changes in price with small-to-moderate changes in the quantity shipped to the U.S. market. The low level of exports and the moderate availability of idle capacity may limit the response, although the fairly high efficiency may increase the response.

SUPPLY OF SUBJECT IMPORTS

China

Reported Chinese production capacity was *** billion PRCBs in 2003 (see table VII-1). Overall capacity utilization was *** percent (based on units). In 2003, *** percent of Chinese producers' shipments went to the United States, *** percent to third-country markets, with the remainder to the home market and internal consumption. Given China's moderate installed capacity, its relatively high capacity utilization, and ability to divert shipments between other markets and the United States, it is likely to respond to changes in price in the U.S. market with small-to-moderate changes in the quantity of shipments to the U.S. market.

Malaysia

Malaysian production capacity was *** billion PRCBs in 2003, all of which was in other-than-high-end PRCBs (see table VII-3). Its capacity utilization was reported to be *** percent. In 2003, *** percent of Malaysian producers' shipments went to the United States, and *** percent went to third-country markets, with the remainder going to their home market. Given Malaysia's moderate installed capacity, its moderately high capacity utilization rate, and ability to divert some shipments between other

[3] Posthearing brief of Garvey Schubert Barer, pp. 6, 8, 10, and attachment 4.

[4] Petitioners' posthearing brief, p. 3.

markets and the United States, it is likely to respond to changes in price in the United States with small-to-moderate changes in the quantity of shipments to the U.S. market.

Thailand

Thai production capacity was *** billion PRCBs in 2003 (see table VII-5). Capacity utilization was *** percent. In 2003, *** percent of shipments were destined to the United States, *** percent to third-country markets, and the remainder to the Thai home market. Given Thailand's moderate installed capacity, its moderately high capacity utilization rate, and its ability to divert some shipments between the United States and other countries, it is likely to respond to changes in price in the U.S. market with small-to-moderate changes in the quantity of PRCBs shipped to the U.S. market.

U.S. DEMAND

Demand Characteristics

Demand for PRCBs is derived primarily from retail and food service demand, as many of these firms provide PRCBs to their customers to carry home food and other merchandise. Firms that are end users of PRCBs were asked if the demand for their firm's final products had changed since January 1, 2001. Fourteen purchasers reported that this demand had increased; eight reported that it was unchanged; and two reported that their demand had decreased. Of those reporting increases in their final product demand, eight also reported that their demand for PRCBs had also increased, and two purchasers reported that changes in their final product demand had not affected their demand for PRCBs (the remaining purchasers did not respond to this part of the question). *** reported that the demand for high-end bags had increased, but that the demand for patch-handle and t-shirt bags had decreased.

The value of apparent U.S. consumption was $995.5 million in 2003; it decreased by 3.7 percent between 2001 and 2002 but increased by 6.4 percent between 2002 and 2003. Some purchasers claimed that their information systems did not permit them to provide data on the quantity and value of purchases by source.[5] Purchasers' data, however, account for approximately one third of apparent U.S. consumption and provide an indication of overall trends. The value of reported purchases of domestic PRCBs decreased between 2001 and 2002 but was steady between 2002 and 2003, while the number of bags per pound and unit values were relatively steady (table II-1). The reported value of purchases of imports from China increased dramatically between 2001 and 2002 but decreased somewhat between 2002 and 2003. Although the unit value per bag increased only slightly, the unit value in pounds decreased. There were few reported purchases of Malaysian product. The value of purchases of Thai product increased dramatically between 2002 and 2003, and the unit value per bag and per pound decreased in 2003. Imports from China accounted for the greatest volume of purchases of high-end bags, and unit values of purchases of U.S.-produced high-end bags were greater than those of imports from China. No purchases of high-end bags were reported from Malaysia or Thailand.

Table II-1
PRCBs: Value, bags per pound, and unit values, by source, as reported by purchasers

* * * * * * *

[5] Out of 38 reporting purchasers, 21 stated that they were always aware whether they were purchasing U.S.-produced or imported PRCBs; 14 were usually aware; and 3 were sometimes aware.

Substitute Products

Purchasers were asked to list any products that may be substituted for PRCBs. They cited paper bags, laminated paper bags, paper bags with serrated edges, paper bags with handles, and boxes as potential substitutes, although a number of purchasers reported that there are no substitutes. ***, a grocery chain, reported that its customers use both paper bags and plastic bags to carry purchases out of their stores. *** stated that some fast food chains use paper bags. *** reported that laminated paper shopping bags are part of its image, although their expense was justified at its regular price stores, but not at its outlet stores, which use plastic bags. *** stated that there is no effective competition between paper and plastic bags. *** stated that only a few grocery stores offer the choice of paper or plastic and that cost differences and physical differences, such as handles to permit multiple bags to be carried and moisture resistance, limit the substitution possibilities.

Only one out of 28 responding purchasers reported that changes in the prices of potential substitutes had affected the price of PRCBs. *** stated that paper prices had increased and that, when considering full-ink printing, high-end PRCBs are 50 percent less than comparable paper bags.

Purchasers were asked if paper bags, whether laminated or not, were substitutes for PRCBs. Twelve purchasers replied in the affirmative and 25 in the negative. *** reported that they offer both paper and plastic bags; however, *** added that they encourage the use of plastic bags because of their lower cost. *** stated that it uses paper bags in Oregon to comply with state regulations. *** stated that serrated edge, paper merchandise bags without handles act as a substitute for many types of PRCBs, such as die cut handle bags, patch handle bags, and some t-shirt bags, and that paper bags with handles substitute for high-end PRCBs, although paper is more expensive.

Cost Share

Although high-end bags cost more other PRCBs, the costs of either type of PRCB are insignificant compared to most retail purchases, and retailers generally provide PRCBs free to the final consumer.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported PRCBs depends upon quality, relative prices, and the conditions of sale. Although there are some differences, PRCBs from the subject countries appear to be largely substitutable with domestic PRCBs.

Factors Affecting Purchasing Decisions

Purchasers were asked to list the three major factors, in order of their importance, that they consider in deciding from whom to purchase PRCBs. Price, quality, and delivery were mentioned most frequently (table II-2).

Table II-2
PRCBs: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Availability	1	3	1
Consistency	2	2	0
Delivery	0	2	9
Historic supplier	2	0	1
Price	16	8	12
Product range	0	1	1
Quality	11	13	2
Reliability	1	4	2
Service	1	3	2
Other	4	1	6

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

Purchasers were asked to rate the importance of 15 purchase factors in their decision to buy PRCBs (table II-3). Availability, delivery terms, delivery time, lowest price, product consistency, quality meets industry standards, and reliability of supply appear to be the most important factors.

Comparisons of Domestic Products and Subject Imports

U.S. producers and importers reported the shares of their 2003 sales that were from inventory and produced to order and the lead times for each category (table II-4). Importers reported that 33.1 percent of 2003 sales were from inventory and 66.9 percent were produced to order,[6] and producers reported that 45.6 percent were from inventory and 54.4 percent were produced to order. Lead times for both importers and producers were substantially less for sales from inventory. Lead times for U.S. producers were less for both categories, but the difference was greatest for produced-to-order sales.

Purchasers were asked to compare the PRCBs from the United States to those from the subject countries with respect to the previously discussed 15 purchase factors. Although the responses varied when U.S.-produced PCRBs were compared with those from China (table II-5), purchasers most frequently considered the Chinese and domestic products to be comparable; U.S. PRCBs were considered superior with respect to delivery time and technical support and service but inferior on lowest price. Chinese respondents argued that purchasers are more likely to rate the U.S. product as superior than inferior when considering only non-price factors (product availability, delivery terms, delivery time, minimum quantity requirements, packaging, product consistency, quality meeting industry standards, quality exceeding industry standards, product range, reliability of supply, and technical support and service).[7] They conclude that purchasers are willing to pay a price premium for the U.S. product because they rated most of these items as very important or somewhat important.

[6] The figures are simple averages of firms' responses that do not account for differences in firm size.

[7] Posthearing brief of Garvey Schubert Barer, p. 12.

Table II-3
PRCBs: Importance of purchase factors, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	32	7	2
Delivery terms	22	16	3
Delivery time	28	12	1
Discounts offered	13	16	12
Extension of credit	10	22	9
Lowest price	40	1	0
Minimum quantity requirements	9	21	11
Packaging	9	28	4
Product consistency	32	8	1
Quality meets industry standards	33	6	2
Quality exceeds industry standards	17	17	7
Product range	6	27	8
Reliability of supply	34	5	2
Technical support & service	14	20	7
U.S. transportation costs	18	12	10

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

Table II-4
PRCBs: Share of sales from inventory and produced to order, and lead times

Type	Source	Share (*percent*)	Lead time (*weeks*)
Producers	From inventory	45.6	0.8
	Produced to order	54.4	3.9
Importers	From inventory	33.1	1.8
	Produced to order	66.9	9.9

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

Table II-5
PRCBs: Comparisons between U.S.-produced and subject Chinese products, as reported by purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	6	16	2
Delivery terms	9	13	1
Delivery time	13	9	1
Discounts offered	3	17	3
Extension of credit	3	19	1
Lower price	1	3	19
Minimum quantity requirements	7	14	3
Packaging	4	19	1
Product consistency	8	11	5
Quality meets industry standards	5	15	4
Quality exceeds industry standards	5	15	4
Product range	2	17	5
Reliability of supply	9	12	3
Technical support & service	12	10	2
U.S. transportation costs	6	17	0

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

Fewer purchasers were able to compare domestic PRCBs to those from Malaysia (table II-6). Although responses varied, most purchasers considered Malaysian and U.S. PRCBs to be comparable on most factors. The U.S. product was reported to be inferior with respect to lowest price, which means that prices for the U.S. product were generally higher than those for the Malaysian product. Chinese respondents allege that the predominant rating of the U.S. product as superior compared to inferior indicates that purchasers are willing to pay a premium for the domestic product.[8]

[8] Posthearing brief of Garvey Schubert Barer, p. 12.

Table II-6
PRCBs: Comparisons between U.S.-produced and subject Malaysian products, as reported by purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	1	6	0
Delivery terms	2	5	0
Delivery time	2	5	0
Discounts offered	2	5	0
Extension of credit	2	5	0
Lower price	1	2	4
Minimum quantity requirements	1	3	3
Packaging	2	5	0
Product consistency	0	7	0
Quality meets industry standards	1	6	0
Quality exceeds industry standards	1	6	0
Product range	1	6	0
Reliability of supply	0	7	0
Technical support & service	2	5	0
U.S. transportation costs	1	6	0

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

When compared to the product from Thailand, U.S. PRCBs were generally considered comparable (table II-7). Some purchasers (6 out of 13) considered the U.S. product to be inferior to the Thai product with respect to price (meaning that the Thai product was priced lower). On factors not related to price, purchasers tended to rate the domestic product superior more often than inferior. Chinese respondents allege that purchasers' more frequent rating of the domestic product as superior on these non-price factors compared to inferior indicates that non-price factors are important and that purchasers may be willing to pay a premium to obtain the domestic product.

Table II-7
PRCBs: Comparisons between U.S.-produced and subject Thai products as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	4	9	0
Delivery terms	4	9	0
Delivery time	5	7	0
Discounts offered	2	11	0
Extension of credit	2	11	0
Lower price	1	6	6
Minimum quantity requirements	5	5	3
Packaging	4	9	0
Product consistency	2	11	0
Quality meets industry standards	3	10	0
Quality exceeds industry standards	3	10	0
Product range	3	10	0
Reliability of supply	2	11	0
Technical support & service	6	7	0
U.S. transportation costs	5	8	0

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

Purchasers were asked if they specifically ordered PRCBs from one country over other possible sources of supply. Out of 37 responding purchasers, 22 responded negatively and the remainder responded affirmatively. Many of those that responded affirmatively order from the United States because of reliability, short lead times, ability to manage the print-change process, the availability of consistent high quality rectangular or square bottom bags, and overall quality and service. *** stated that *China was its most dependable supplier of high-end bags.* *** *stated that it prefers U.S. PRCBs but* considers imports because of their lower price, although several importers lack the consistent quality and service of the domestic suppliers. *** stated that it has a 20-year history of ordering *** and that it orders high-end bags from China.

Purchasers were asked if certain grades, types, or sizes of PRCBs were available from a single source. Out of 36 responding purchasers, 34 responded negatively, and the remainder responded affirmatively. *** stated that the high-end bags that it purchases from China, such as frosted high-density bags with cardboard or plastic inserts (2-4 mil),[9] are not manufactured by any U.S. company. ***, which imports high-end products from China, stated that bottom-gusseted handle bags with or without cardboard and bags in some special sizes are not manufactured in the United States.

[9] A mil is one one-thousandth of an inch.

If purchasers bought PRCBs from one source although a comparable product was available at a lower price from another source, they were asked to explain their reasons for doing so. *** stated that previous commitments or immediate availability could lead it to purchase from a higher priced source. Several firms reported preferring to purchase domestically because of shorter lead times and greater reliability. *** reported that it had decided to buy both domestic and imported products and had tested products from Thailand, but the antidumping action led it to purchase domestically. *** stated that many importers are not considered because of inconsistent quality and service. *** stated that it recently selected domestic manufacturers over importers due to a combination of lead times, price, quality, and its manufacturing/distribution system.

Purchasers were asked to indicate if PRCBs produced in the United States and in other countries can be "always," "frequently," "sometimes," or "never" used interchangeably. The majority of purchasers considered U.S.-produced PRCBs to be always interchangeable with subject imported bags (table II-8). A few purchasers, though, considered U.S. PRCBs to be frequently, sometimes, or never (U.S.-China and U.S.-Malaysia only) interchangeable with subject imported PRCBs.

Table II-8
PRCBs: Interchangeability by subject sources as reported by purchasers

Country	China	Malaysia	Thailand	Other
	Number of firms reporting "always interchangeable"			
United States	18	11	15	12
China		10	11	9
Malaysia			9	7
Thailand				9
	Number of firms reporting "frequently interchangeable"			
United States	3	1	1	0
China		0	0	0
Malaysia			0	0
Thailand				0
	Number of firms reporting "sometimes interchangeable"			
United States	4	1	1	3
China		1	1	1
Malaysia			1	1
Thailand				1
	Number of firms reporting "never interchangeable"			
United States	4	1	0	0
China		0	0	0
Malaysia			0	0
Thailand				0

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

Comparisons of Domestic Products and Nonsubject Imports

A purchaser (a different one in each case) compared domestically produced PRCBs to those imported from Ecuador, Indonesia, and Israel. The domestic product was rated comparable to inferior compared to imports from ***. The domestic product was rated comparable to superior compared to imports from ***.

Comparisons of Subject Imports and Nonsubject Imports

One purchaser compared subject imports from China to those from Singapore and Turkey. The Chinese product was mainly rated *** to the imports from Singapore and Turkey.

Comparisons of Subject Products from the Subject Countries

Two purchasers, three purchasers, and five purchasers compared, respectively, Malaysia to China, Malaysia to Thailand, and China to Thailand. In all cases, the ratings were comparable.

ELASTICITY ESTIMATES

The domestic supply elasticity for PRCBs indicates how U.S. producers will alter quantities shipped to the U.S. market in response to changes in the market price of PRCBs. The previous discussion of U.S. supply factors suggests that the elasticity of domestic supply is likely to be in the range of 2 to 4. The U.S. demand elasticity for PRCBs measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of PRCBs. This estimate depends on factors discussed earlier such as the viability of substitutes and the component share of the PRCBs in the value of final products. These factors suggest that demand is somewhat inelastic; a range of -0.3 to -0.6 is suggested.[10] The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon quality and conditions of sale. Based on available information, the elasticity of substitution between U.S.-produced PRCBs and subject imported PRCBs is likely to be in the range of 5 to 7.[11]

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[10] Petitioners suggest that demand is more inelastic, in a range of -0.2 to -0.4. Petitioners' prehearing brief, exhibit A, p. 2. In contrast, respondents assert that demand is not so inelastic because paper and polypropylene bags are substitutes for PRCBs. Hearing transcript (Mr. Boltuck), p. 179.

[11] Petitioners suggest that the elasticity of substitution is in the range of 7 to 9. Petitioners' prehearing brief, exhibit A, p. 2.

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

U.S. PRODUCERS

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 22 firms that are believed to account for over 98 percent of all PRCBs produced in the United States in the period examined. Another U.S. producer that responded to the Commission's questionnaire, ***, was not incorporated into the aggregate data because it provided no usable data.[1]

Domestic producers' plant locations, positions on the petition, individual shares of U.S. production in units (number of bags) and pounds, and conversion factors in bags per pound in 2003, are presented in table III-1. The industry is concentrated among three large producers: ***; and two medium-size producers (***). The other *** firms split the remaining *** percent of production in 2003. The conversion factor of bags per pound shown in table III-1 illustrates the point that there is a wide product mix among firms in the industry, with the larger firms generally producing t-shirt bags having higher bags-per-pound ratios and the smaller firms producing more higher-value merchandise bags and high-end bags having lower bags-per-pound ratios.

Table III-2 presents data on U.S. producers' subject imports, purchases, and production.

[1] Producers' questionnaires were mailed to 32 potential U.S. producers. Twenty-two were returned with usable data; one with no data but qualitative responses; two with responses indicating that they did not produced PRCBs; and seven did not respond. Known U.S. producers that did not respond to the Commission's questionnaires include ***. Most of the other "producers of polyethylene retail carrier bags" listed in exhibit 3 of the petition produce polyethylene sheet but not PRCBs. Polyethylene sheet is much thicker than the film used to produce PRCBs and is used to make products such as carton liners and aprons. Together the non-responding firms and *** are estimated to account for no more than 2 percent of U.S. production of PRCBs in 2003.

Table III-1
PRCBs: U.S. producers, locations of production facilities, positions with respect to the petition, shares of U.S. production, and conversion factors, in bags per pound, 2003

Company	Locations of production facilities	Position with respect to the petition	Bags: share of production *(percent)*	Pounds: share of production *(percent)*	Conversion factor–bags per pound
Aargus[1]	Wheeling, IL	Support	***	***	***
Alpha[2]	Lyndhurst, NJ	Support	***	***	***
Ampac[3]	Cincinnati, OH	Support	***	***	***
API[4]	Metairie, LA	Support	***	***	***
Bemis[5]	Terre Haute, IN	***	***	***	***
Command Pkg.[6]	Los Angeles, CA	Support	***	***	***
Continental[7]	Sugarland, TX	Support	***	***	***
Durabag[8]	Tustin, CA	Support	***	***	***
Eastar[9]	Piscataway, NJ	***	***	***	***
Europackaging[10]	Salem, NH	Support	***	***	***
Genpak[11]	Cedar Grove, NJ	Support	***	***	***
Genpak[12]	Bloomington, MN	Support	***	***	***
Golden Plastics[13]	Nutley, NJ	***	([14])	***	***
Hilex[15]	Hartsville, SC	Petitioner	***	***	***
Inteplast[16]	Livingston, NJ	Petitioner	***	***	***
PCL Pkg[17]	Pueblo, CO North Dighton, MA	Petitioner	***	***	***
Poly-Pak[18]	Melville, NY	Support	***	***	***
Prince Plastics[19]	Sugarland, TX	***	***	***	***
Roplast[20]	Oroville, CA	Support	***	***	***
Superbag[21]	Houston, TX	Petitioner	***	***	***
Trinity[22]	Armonk, NY	***	***	***	***
Unistar[23]	Harahan, LA Houston, TX	Support	***	***	***
Vanguard[24]	Farmers Branch, TX; Carrollton, TX; Rancho Cucamonga, CA; Jacksonville, FL; Richmond, VA; St. Louis, MO	Petitioner	***	***	***
VS Plastics[25]	Compton, CA Crittenden, KY	Support	***	***	***
Total/Average			100.0	100.0	61.0

Footnotes continued on next page.

[1] Aargus is not owned, in whole or in part, by any other firm. Aargus ***.
[2] Alpha is not owned, in whole or in part, by any other firm. Alpha ***.
[3] Ampac is *** owned by Key Principal Partners, Greenwich, CT, and *** owned by Pouschine Cook Capital Management, LLC, New York, NY. ***.
[4] API includes API Enterprises, Inc.; Alpine Plastics, Inc.; Advance Polybag, Inc., Advance Polybag (Nevada), Inc., Advance Polybag (Northwest), Inc. and Universal Polybag Co. Ltd. The firm is not owned, in whole or in part, by any other firm. ***.
[5] Bemis is not owned, in whole or in part, by any other firm.
[6] Command Packaging is not owned, in whole or in part, by any other firm.
[7] Continental is not owned, in whole or in part, by any other firm.
[8] Durabag is not owned, in whole or in part, by any other firm.
[9] Eastar Plastics is not owned, in whole or in part, by any other firm. Eastar ***.
[10] Europackaging is ***.
[11] Genpak (Cedar Grove), formerly Continental Superbag, is ***.
[12] Genpak (Bloomington), formerly Strout Plastics, is ***.
[13] Golden ***.
[14] ***.
[15] Hilex, formerly Sonoco, is not owned, in whole or in part, by any other firm. Hilex's plant in Santa Maria, CA closed in July 2002.
[16] Inteplast is ***.
[17] PCL Packaging is not owned, in whole or in part, by any other firm.
[18] Poly-Pak is not owned, in whole or in part, by any other firm.
[19] Prince is not owned, in whole or in part, by any other firm.
[20] Roplast is not owned, in whole or in part, by any other firm.
[21] Superbag is not owned, in whole or in part, by any other firm.
[22] Trinity is not owned, in whole or in part, by any other firm.
[23] Unistar is not owned, in whole or in part, by any other firm.
[24] Vanguard is ***.
[25] VS Plastics, formerly Orange Plastics, is ***.

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

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

Table III-2
PRCBs: U.S. producers who import, with imports and purchases from subject sources, and U.S. production, 2001-03

* * * * * * *

Fourteen of the 22 reporting firms import or purchase imports of PRCBs from China, Malaysia, or Thailand, although their U.S. production accounts for the overwhelming bulk of their sales in most cases. Two producers, ***, have related producers in China and Thailand, respectively, from which they import the subject product. ***.[2] Almost all of the producers importing or purchasing imports from the subject countries, however, report that dealing in such imports has been necessary for the maintenance of their competitive position in the market.[3] In order to compete with the price of PRCBs imported from these countries and retain their customer base, U.S. producers report that they have taken advantage of the cost benefits these imports present.[4] It is interesting to note that *** U.S. producers import high-end bags which they do not produce. These firms are ***. *** imports PRCBs because it does not have enough capacity and because it wants to provide multiple products to its customers.[5] ***.[6]

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

The U.S. industry's production, capacity, and capacity utilization data in units and pounds are presented in table III-3. It should be noted that, as with other data in the remainder of this part of the report, the data do not include data for plants closed during the period for which data were collected, thereby understating the industry's production decline and possibly overstating its capacity buildup.[7]

Table III-3
PRCBs: U.S. production capacity, production, and capacity utilization, 2001-03

Item	2001	2002	2003
Capacity (*1,000 bags*)	84,307,568	87,194,502	88,108,015
Production (*1,000 bags*)	68,918,284	69,275,404	67,260,527
Capacity utilization (*percent*)	81.7	79.4	76.3
Capacity (*1,000 pounds*)	1,380,374	1,418,377	1,411,524
Production (*1,000 pounds*)	1,116,104	1,142,824	1,098,500
Capacity utilization (*percent*)	80.9	80.6	77.8

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

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

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[2] Email from ***, May 13, 2004.

[3] The following firms reported that importing the subject PRCBs was necessary to retain market share: ***. ***.

[4] Responses to producers' questionnaires.

[5] ***.

[6] Email from *** April 28, 2004.

[7] ENE Plastics closed its facility in Millwood, WV in January 2003, laying off 27 employees. It employed 100 workers in 2001. ***. Petitioners' prehearing brief, p. 55.

API (Northwest) intends to open a new plant in Howard County, MD in 2004, employing 150 new workers.[8] *** built a new plant in *** in 2001, in addition to expanding new extruding, printing, and converting lines. Hilex's predecessor firm, Sonoco, closed its Santa Maria, CA plant in July 2002, allegedly ***. Sonoco sold its high-density film plant division in South Carolina to Hilex in ***; Hilex intends to continue the manufacture of PRCBs at that facility.[9] *** reduced its production lines by *** percent during the period for which data were examined. *** claimed that capacity utilization declined due to low-priced imports from China, Malaysia, and Thailand. *** closed its ***, allegedly due to pressure from subject imports. ***.

Despite plant closings allegedly due to competition from subject imports, the data show an increase in capacity from 2001 to 2003 in the domestic industry, but a decrease in capacity utilization during that period. The capacity increase was due to additions by ***.

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

Table III-4 presents U.S. producers' U.S. shipments from 2001 to 2003. The majority of transfers to related firms is accounted for by transfers from *** to its ***.[10] The remainder of transfers were accounted for by ***.[11] Internal consumption was accounted for solely by *** samples for customers and potential customers.[12] Exports were mainly accounted for by ***. *** main export market is ***.[13]

Unit values varied markedly among the various U.S. producers, with ranges in 2003 from $*** for *** to $*** for ***. The petitioning group, on average, accounted for the majority of production and also accounted for the low end of the unit values in 2003: ***. ***, also a large producer, had a *** average unit value in 2003 ***. Many of the small producers had average unit values in the higher range: ***. These firms manufacture higher-end bags with thicker gauges, more intricate printing, and more elaborate handles, which still do not fall into the respondents' definition of "high-end" PRCBs because they do not have cardboard inserts or do not have separately applied handles using hand labor. Many of these higher-end bags made by the smaller companies fall into the category of drawstring bags for retail stores such as ***.[14]

Despite the wide variety of unit values among producers, the overall industry average unit values declined from 2001 to 2003, driven by the larger firms with lower unit values. However, even the smaller firms with higher unit values saw some decline in their average unit values, especially in 2002. On average, the unit values for the smaller, high-value firms bounced back somewhat in 2003, while the average unit values continued to decline for the larger, low-value firms.

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[8] API's prehearing brief, p. 13.

[9] February 11, 2004 letter submitted by counsel for petitioners, p. 1.

[10] Email from ***, April 29, 2004.

[11] Email from ***, April 1, 2004.

[12] Ibid.

[13] Email from ***, May 13, 2004.

[14] Email from ***, April 21, 2004; email from ***, April 22, 2004; email from ***, April 20, 2004; email from ***, May 7, 2004; email from ***, April 22, 2004; and email from ***, April 26, 2004.

Table III-4
PRCBs: U.S. producers' shipments, by types, 2001-03

Item	2001	2002	2003
		Quantity (*1,000 bags*)	
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	67,842,603	68,873,756	67,420,261
Export shipments	***	***	***
Total shipments	***	***	***
		Quantity (*1,000 pounds*)	
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	1,101,361	1,130,205	1,100,985
Export shipments	***	***	***
Total shipments	***	***	***
		Value (*1,000 dollars*)	
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	851,723	777,718	772,295
Export shipments	***	***	***
Total shipments	***	***	***
		Unit value (*dollars per 1,000 bags*)	
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	12.55	11.29	11.45
Export shipments	***	***	***
Total shipments	***	***	***

Table continued on next page.

Table III-4--*Continued*
PRCBs: U.S. producers' shipments, by types, 2001-03

Item	2001	2002	2003
	Unit value (*dollars per 1,000 pounds*)		
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	773.34	688.12	701.46
Export shipments	***	***	***
Total shipments	***	***	***

[1] Not applicable.

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

U.S. PRODUCERS' INVENTORIES

Table III-5 presents data on the U.S. industry's inventories during the period.[15]

Table III-5
PRCBs: U.S. producers' end-of-period inventories, 2001-03

Item	2001	2002	2003
Inventories (*1,000 bags*)	4,667,815	4,005,465	2,888,366
Ratio of inventories to production (*percent*)	6.8	5.8	4.3
Ratio of inventories to U.S. shipments (*percent*)	6.9	5.8	4.3
Ratio of inventories to total shipments (*percent*)	***	***	***
Inventories (*1,000 pounds*)	73,415	63,852	48,851
Ratio of inventories to production (*percent*)	6.6	5.6	4.4
Ratio of inventories to U.S. shipments (*percent*)	6.7	5.6	4.4
Ratio of inventories to total shipments (*percent*)	***	***	***

Note: Ratios are calculated using data from firms that provided both inventory and shipment data.

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

[15] Inventory/production/shipments data do not reconcile because of reporting anomalies of some of the domestic producers.

As production and commercial shipments for the U.S. industry declined, inventories were sold off and the ratios of inventories to shipments and production declined from 2001 to 2003.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-6 presents U.S. producers' employment information.

Table III-6
PRCBs: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2001-03

Item	2001	2002	2003
Production and related workers (PRWs)	4,578	4,271	3,904
Hours worked by PRWs (*1,000 hours*)	9,447	9,004	8,327
Wages paid to PRWs (*1,000 dollars*)	125,385	123,524	114,814
Hourly wages	$13.27	$13.72	$13.79
Productivity (*bags produced per hour*)	7,295.5	7,693.6	8,077.8
Productivity (*pounds produced per hour*)	118.1	126.9	131.9
Unit labor costs (*per 1,000 bags*)	$1.82	$1.78	$1.71
Unit labor costs (*per 1,000 pounds*)	$112.34	$108.09	$104.52

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

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

In July 2002, ***, closed its plant in *** resulting in the layoff of *** workers. Since 2001, *** experienced layoffs of workers also. *** reduced its employees from *** to *** since 2001, allegedly due mainly to competition from low-priced subject imports. *** had to lay off *** workers during March-April 2003, allegedly due to competition from subject imports. *** closed its ***, resulting in the loss of ***. ***.[16]

As large decreases in employment were experienced by the industry, productivity gains and decreases in unit labor costs were achieved throughout the period for which data were collected.

[16] Responses to producers' questionnaires.

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

U.S. IMPORTERS

Importers' questionnaires were mailed to 184 firms believed to be importing PRCBs from all sources. Staff developed a mailing list from information obtained from the Bureau of Customs and Border Protection (Customs), from questionnaires submitted during the preliminary and final phases of these investigations by foreign producers naming their importers, from purchaser questionnaires naming their suppliers, from U.S. producers, and from the petition. Responses containing usable data were received from 87 importers; four firms submitted responses with unusable or no data; 46 firms submitted responses indicating that they did not import PRCBs; 13 firms had undeliverable addresses; and 34 firms did not respond.

Subject imports from subject countries during 2003 were diffused among many firms; however, a few firms were major importers: ***; ***; ***; and ***.[1] Together these four firms accounted for approximately *** percent of 2003 subject imports. *** of the four are U.S. producers: ***.

Subject imports from China were diffused among the most firms: 71 firms imported PRCBs from China during the period for which data were examined. *** was the largest importer with a ***-percent share of the quantity of subject imports from China. The next largest importers were *** and ***, with ***- and ***-percent shares, respectively.[2] All other firms had less than a 5-percent share of subject imports from China.

Eighteen firms imported PRCBs from Malaysia. *** was the *** importer of subject imports from Malaysia, with a ***-percent share in 2003. *** was a major supplier in 2001 and 2002, and *** also had a substantial share of the market for subject imports from Malaysia during those earlier years. All other importers accounted for 5 percent of subject imports from Malaysia or less.

Eighteen firms imported PRCBs from Thailand. In 2003, subject imports from Thailand were concentrated among a few firms: ***. *** strongly increased its imports in 2002 and 2003.

Nonsubject imports (*de minimis* dumping margin imports) from China in 2003 were concentrated among *** firms: ***. Nonsubject imports from Malaysia in that year were dominated by ***. Nonsubject imports from Thailand were ***.

Fifty-two firms imported PRCBs from nonsubject countries; however, imports were concentrated among *** firms: ***.

U.S. IMPORTS

Subject U.S. imports are based on responses to Commission questionnaires. The HTS statistical reporting number under which subject imports are categorized contains many different types of out-of-scope bags. Such a "basket" category of the Department of Commerce's official statistics makes the usefulness of such data very questionable. In the preliminary phase of these investigations, the poor response rate from importers' questionnaires necessitated using a formula supplied by counsel for the petitioners which estimated percentages of the quantities and values reported in the official statistics to assign to subject imports.

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[1] ***. Email from ***, May 20, 2004, and email from ***, May 25, 2004.

[2] Important importers measured in terms of the value of subject PRCBs imported from China were ***. The differential between measurements of importers' shares in bags and dollars is likely to be indicative of a difference in product mix, with the high-value group perhaps concentrating more on high-end imports of PRCBs.

In a submission during these final phase investigations, counsel for the petitioners first urged the Commission to use importers' questionnaire responses if the coverage was adequate or to use a modified percentage system applied to official statistics, containing higher percentages applied to subject country imports than used in the preliminary phase of these investigations.[3] In their prehearing brief, petitioners then argued that the imports from China were understated as reported in importers' questionnaires, and urged the Commission to rely on the petitioners' suggested import data as shown in appendix D of this report.[4] However, there was very little discussion of the issue from the petitioners at the hearing and no mention of the issue in their posthearing brief. There is now additional importer questionnaire coverage beyond that considered in petitioners' prehearing brief. Counsel for Chinese respondents filed submissions urging the Commission to rely on importers' questionnaires after initially claiming that the petitioners' estimates based on percentages of official statistics were too high for subject imports and too low for Canada and Mexico.[5]

Import data reported by U.S. importers for subject imports are believed to account for the great majority of U.S. imports in 2003.[6] A reasonableness check was performed by checking imports reported by U.S. importers for three individual foreign producers (Hang Lung, Bee Lian, and Thai Plastic Bags, one in each of the subject countries) against business proprietary Customs data reported as imports by those three foreign producers. Almost all importers identified in the Customs data responded to Commission questionnaires, and the quantities those importers reported were either close to or substantially higher than the quantities shown in official statistics, indicating the possibility that some PRCBs are being entered under a different HTS statistical reporting number.[7]

The largest difference in data suggested by counsel for petitioners and data reported by importers is in subject imports from China, which are much smaller in quantity than what petitioners had most recently estimated for 2003. However, importers reported substantially more imports in 2003 from Thailand and Malaysia than the estimates provided by petitioners.[8] A possible reason for the petitioners' comparatively high estimate of imports from China may be that there are more out-of-scope products being imported from China than from other subject countries under the relevant statistical reporting category. Conversely, a theory for why official statistics may understate imports of PRCBs from Malaysia and Thailand may be that they are entering under an additional reporting category.[9]

Reported data for imports from all other country sources were smaller as a percentage of total imports than in official statistics, perhaps indicating that other countries were shipping out-of-scope

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[3] King and Spalding submission of March 17, 2004, pp. 1-5.

[4] Petitioners' prehearing brief, pp. 37-42.

[5] Garvey Schubert Barer submission of March 17, 2004, pp. 1-5, and posthearing brief of Garvey Schubert Barer, pp. 1-2.

[6] In addition, ***. Email from ***, May 10, 2004.

[7] An additional reasonableness check was performed by comparing Chinese exports to the United States during October 1, 2002 to March 31, 2003 reported by Chinese foreign producers to the Department of Commerce. The firms reported $45 million (ranged 10 percent) in exports of PRCBs during this six-month period, which is a little more than half of what importers reported to the Commission for the value of imports of PRCBs from China in 2002. Submission by counsel for petitioners, May 24, 2004, exhibit C.

[8] The differential in values is not as great for China.

[9] One importer, ***, has alleged that other importers of subject merchandise are bringing in PRCBs classified as polypropylene or paper bags (mislabeling the bags), "color concentrating the bags," or transshipping the bags through Indonesia; in short, engaging in customs fraud to avoid posting bonds. Telephone conversations with ***, March 12, 2004 and March 16, 2004. If these allegations are true, it would explain the understatement of official statistics for Malaysia and Thailand.

products under the relevant HTS number. Many U.S. importers identified in Customs data as having imported material from either Canada or Mexico responded that they were not importers of PRCBs.

Table IV-1 presents U.S. imports of PRCBs during 2001-03. Nonsubject imports from China and Malaysia shown in the table consist of importers' data for the two firms (Hang Lung (China) and Bee Lian (Malaysia)) that received *de minimis* final dumping margins. A considerable amount of staff effort was expended in reconciling conflicting data from various sources and in selecting what is believed to be the most accurate and appropriate data for the *de minimis* margin firms.[10]

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[10] Questionnaire data from *** were estimated by staff for 2001 and 2002 for imports from Bee Lian and Hang Lung based on the shares it imported in 2003, the only year for which it reported data in its original questionnaire response. Despite many followup emails and telephone calls by Commission staff, ***. Emails from ***, June 17, 2004, June 7, 2004, and May 28, 2004, and email from ***, June, 22, 2004.

Importers' questionnaire data for nonsubject imports for 2003 were *** higher for Malaysia, predominantly due to the response of ***. Staff inquiries to confirm the accuracy of *** reported imports from Bee Lian resulted in assurances that the estimates for imports were fairly accurate. Email from ***, May 12, 2004; email from ***, May 24, 2004; email from ***, June 3, 2004; and telephone notes of ***, June 4, 2004. Foreign producer questionnaire data submitted by Bee Lian were ***. For example, Bee Lian reported 2003 exports of PRCBs to the United States of *** pounds of exports to all other countries in that year. *** reported imports in 2003 from Bee Lian of ***. Bee Lian reported the following exports of PRCBs to the United States: ***. Bee Lian's export data for the period April 1, 2002 to March 31, 2003 submitted to the Department of Commerce were 750 million bags, ranged 10 percent. Submission by counsel for the petitioners, March 18, 2004, exhibit 1. *** reported imports alone from Bee Lian for 2001-03 were as follows: ***. Business proprietary Customs data for imports from Bee Lian for 2001-03 were as follows: *** million bags in 2001; *** million bags in 2002; and *** million bags in 2003. Bee Lian's data were thus viewed as confusing and were not used herein for nonsubject imports from Malaysia.

Finally, imports from Hang Lung were also *** the business proprietary Customs data and exports reported for Hang Lung for the period as well, primarily involving imports by ***. These Customs data for imports from Hang Lung for 2001-03 were as follows: ***. Hang Lung reported exports to the United States for 2001-03 as follows: *** million bags in 2001; *** million bags in 2002; and *** million bags in 2003.

Table IV-1
PRCBs: U.S. imports, by sources, and ratios of imports to U.S. production, 2001-03

Item	2001	2002	2003
		Quantity (*1,000 bags*)	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	8,678,902	11,602,655	16,949,947
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	1,852,813	2,938,595	3,694,443
Total imports	10,531,715	14,541,249	20,644,390
		Quantity (*1,000 pounds*)	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	138,684	199,620	299,222
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	27,386	40,673	50,920
Total imports	166,070	240,294	350,142

Table continued on next page.

Table IV-1--*Continued*
PRCBs: U.S. imports, by sources, and ratios of imports to U.S. production, 2001-03

Item	2001	2002	2003
		Value (*$1,000*)[1]	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	98,882	126,302	173,485
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	14,112	19,929	25,800
Total imports	112,995	146,231	199,285
		Unit value (*dollars per 1,000 bags*)	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	11.39	10.89	10.24
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	7.62	6.78	6.98
Total imports	10.73	10.06	9.65

Table continued on next page.

Table IV-1--*Continued*
PRCBs: U.S. imports, by sources, and ratios of imports to U.S. production, 2001-03

Item	2001	2002	2003
		Unit value (*dollars per 1,000 pounds*)	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	713.01	632.71	579.79
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	515.31	489.97	506.68
Total imports	680.40	608.55	569.16
		Share of quantity–bags (*percent*)	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	82.4	79.8	82.1
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	17.6	20.2	17.9
Total imports	100.0	100.0	100.0

Table continued on next page.

Table IV-1--*Continued*
PRCBs: U.S. imports, by sources, and ratios of imports to U.S. production, 2001-03

Item	2001	2002	2003
		Share of quantity--pounds (percent)	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	83.5	83.1	85.5
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	16.5	16.9	14.5
Total imports	100.0	100.0	100.0
		Share of value (percent)	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	87.5	86.4	87.1
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	12.5	13.6	12.9
Total imports	100.0	100.0	100.0

Table continued on next page.

Table IV-1--*Continued*
PRCBs: U.S. imports, by sources, and ratios of imports to U.S. production, 2001-03

Item	2001	2002	2003
		Ratio of imports to U.S. production–bags (*percent*)	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	12.6	16.7	25.2
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	2.7	4.2	5.5
Total imports	15.3	21.0	30.7
		Ratio of imports to U.S. production–pounds (*percent*)	
Subject imports:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	12.4	17.5	27.2
Nonsubject imports:			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	2.5	3.6	4.6
Total imports	14.9	21.0	31.9

[1] Landed, duty-paid.

Note.--Because of rounding, figures may not add to totals shown. Data in pounds for nonsubject imports from China and Malaysia were converted from the number of bags using conversion ratios derived from questionnaire data.

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

APPARENT U.S. CONSUMPTION

Table IV-2 presents apparent U.S. consumption during the period, based on the sum of U.S. shipments of imports and U.S. producers' U.S. shipments. From 2001 to 2003 apparent consumption expanded with the expansion of U.S. shipments of imports, while U.S. producers' shipments remained relatively flat.

U.S. MARKET SHARES

During the period for which data were examined, U.S. producers lost market share steadily, partly to subject imports and partly to nonsubject sources (table IV-3). The market share of subject imports, based on the number of bags, was 10.5 percent in 2001, 13.5 percent in 2002, and 18.6 percent in 2003.

NEGLIGIBILITY

The Tariff Act provides for the termination of an investigation if imports of the subject product from a country are less than 3 percent of total imports during the most recent 12 months for which data are available preceding the filing of the petition. In this case the period is June 2002 through May 2003. According to importers' questionnaire data, total imports of PRCBs in this period were *** billion bags. Subject imports from China were *** billion bags, subject imports from Malaysia were *** billion bags, and subject imports from Thailand were *** billion bags. As a share of total imports in this period, subject imports from China, Malaysia, and Thailand were *** percent, *** percent, and *** percent, respectively.[11]

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[11] The calculation of imports for the period was derived from reported questionnaire data with one exception. It should be noted that questionnaire data from *** were estimated by staff for the period June 1, 2002-May 31, 2003 for imports from Bee Lian and Hang Lung based on the percentage it imported from those firms in 2003, the only year for which it reported data in its original questionnaire response. This methodology appears to have been supported by counsel for the Malaysian Plastic Manufacturers Association (MPMA) in its posthearing brief, wherein it states "if the Commission is unable to collect the supplemental data requested by staff for imports of Bee Lian for the 12-month period June 2002 to May 2003, MPMA supports the use of U.S. importers' calendar year 2003 data to approximate the ratio of nonsubject imports from Bee Lian to subject imports from Malaysia, and apply that ratio to imports reported by U.S. importers for the period June 2002 to May 2003." Posthearing brief of White & Case, p. 2. This position was stated in conjunction with the belief that Malaysian imports constitute less than 3 percent of total imports of PRCBs during the most recent 12-month period before the filing of the petition. This methodology was contested by the petitioners in their posthearing brief, tab A, pp. 11-12. Petitioners urged the Commission to calculate imports from Bee Lian using the foreign export data provided by Bee Lian as a percentage of all exports from Malaysia to the United States as the most reasonable estimate.

Table IV-2
PRCBs: U.S. shipments of domestic product, U.S. import shipments, and apparent U.S. consumption, 2001-03

Item	2001	2002	2003
		Quantity (*1,000 bags*)	
U.S. producers' U.S. shipments	678,426,003	68,873,756	67,420,261
U.S. shipments of imports from--			
Subject sources:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	8,067,760	11,073,090	16,234,869
Nonsubject sources			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	1,145,531	2,073,817	3,850,971
Total import shipments	9,213,290	13,146,907	20,085,840
Apparent U.S. consumption	77,055,893	82,020,663	87,506,101
		Quantity (*1,000 pounds*)	
U.S. producers' U.S. shipments	1,101,361	1,130,205	1,100,985
U.S. shipments of imports from--			
Subject sources:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	133,224	190,516	288,951
Nonsubject sources			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	17,177	29,196	51,847
Total import shipments	150,400	219,712	340,798
Apparent U.S. consumption	1,251,761	1,349,917	1,441,783

Table continued on the next page.

Table IV-2--*Continued*
PRCBs: U.S. shipments of domestic product, U.S. import shipments, and apparent U.S. consumption, 2001-03

Item	2001	2002	2003
		Value (*1,000 dollars*)	
U.S. producers' U.S. shipments	851,723	777,718	772,295
U.S. shipments of imports from--			
Subject sources:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	106,508	137,008	187,718
Nonsubject sources			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	12,909	20,870	35,479
Total import shipments	119,417	157,878	223,197
Apparent U.S. consumption	971,140	935,596	995,491

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

Table IV-3
PRCBs: U.S. consumption and market shares, 2001-03

Item	2001	2002	2003
		Quantity (*1,000 bags*)	
U.S. consumption	77,055,893	82,020,663	87,506,101
		Quantity (*1,000 pounds*)	
U.S. consumption	1,251,761	1,349,917	1,441,783
		Value (*1,000 dollars*)	
U.S. consumption	971,140	935,596	995,491
		Share of quantity--bags (*percent*)	
U.S. producers' U.S. shipments	88.0	88.4	77.0
U.S. shipments of imports from--			
Subject sources:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	10.5	13.5	18.6
Nonsubject sources			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	1.5	2.5	4.4
Total import shipments	12.0	16.0	23.0

Table continued on next page.

Table IV-3--*Continued*
PRCBs: U.S. consumption and market shares, 2001-03

Item	2001	2002	2003
		Share of quantity--pounds (*percent*)	
U.S. producers' U.S. shipments	88.0	83.7	76.4
U.S. shipments of imports from--			
Subject sources:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	10.6	14.1	20.0
Nonsubject sources			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	1.4	2.2	3.6
Total import shipments	12.0	16.3	23.6
		Share of value (*percent*)	
U.S. producers' U.S. shipments	87.7	83.1	77.6
U.S. shipments of imports from--			
Subject sources:			
China	***	***	***
Malaysia	***	***	***
Thailand	***	***	***
Subtotal	11.0	14.6	18.9
Nonsubject sources			
China	***	***	***
Malaysia	***	***	***
All other sources	***	***	***
Subtotal	1.3	2.2	3.6
Total import shipments	12.3	16.9	22.4

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

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Transportation Costs

Subject countries incur sizeable costs to ship PRCBs to the U.S. market. These costs were estimated from official import data and represent the cost of PRCBs plus insurance and freight compared to their customs value. Costs for ocean freight and insurance averaged 12.8 percent, 14.6 percent, and 14.7 percent of customs value, respectively, for China, Malaysia, and Thailand in 2003.

All 17 responding U.S. producers reported that they generally make the arrangements to ship PRCBs to their customers. Sixty-four reporting importers stated that they generally make transportation arrangements themselves, and 15 reported that the purchaser generally makes the arrangements. U.S. producers and importers were asked to report the percentage of the total delivered cost of PRCBs that is accounted for by U.S. inland transportation costs. The median response of 20 reporting producers was 5 percent, and the similar figure for the 66 reporting importers was also 5 percent. U.S. producers reported that, on average, 18.3 percent, 57.5 percent, and 24.2 percent of their sales were within 100 miles, between 101 and 1,000 miles, and over 1,000 miles of their production facilities, respectively. U.S. importers reported that, on average, 43.9 percent, 36.7 percent, and 19.4 percent of their sales were within 100 miles, between 101 and 1,000 miles, and over 1,000 miles of their storage facilities or ports of entry, respectively.

Exchange Rates

The nominal value of the Chinese yuan was fixed at 8.3 yuan per U.S. dollar between the first quarter of 2001 and the fourth quarter of 2003. A producer price index was not available to calculate a real exchange rate for China. The nominal value of the Malaysian ringgit was fixed at 3.8 ringgit per dollar between the first quarter of 2001 and the fourth quarter of 2003. In real terms, the dollar value of the Malaysian ringgit increased by 12.0 percent between the first quarter of 2001 and the fourth quarter of 2003 (figure V-1). The dollar value of the Thai baht increased by 8.7 and 15.5 percent, respectively, in nominal and real terms between the first quarter of 2001 and the fourth quarter of 2003 (figure V-2).

Resin Prices

Chinese respondents alleged that Asian producers had access to lower cost resin, the main raw material input into the production of PRCBs, but that this price advantage is evaporating.[1] Petitioners alleged that arbitrage prevents large price gaps in price between domestic and foreign sources of resin and that resin prices are not correlated with natural gas prices, the primary constituent of resin.[2] Petitioners further argue that import competition has prevented them from recouping upward movements in the price of resin in their contracts for PRCBs. Staff examined the landed, duty-paid unit value of high-density polyethylene and found its correlation coefficient with the price of medium t-shirt bags (pricing product 2 as described later in this part) to be 0.509 using quarterly data between January 2001 and December 2003. Raw material prices are further discussed in Part VI.

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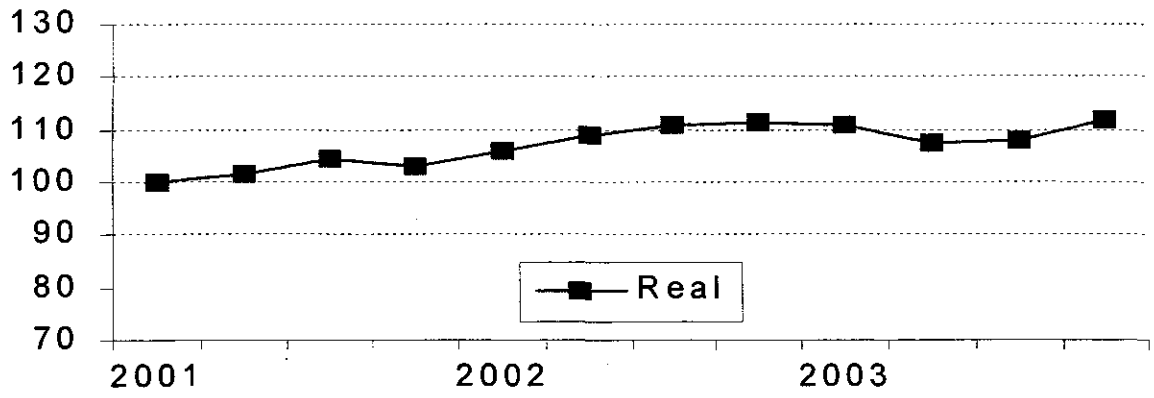
[1] Prehearing brief of Garvey Schubert Barer, pp. 20-21.

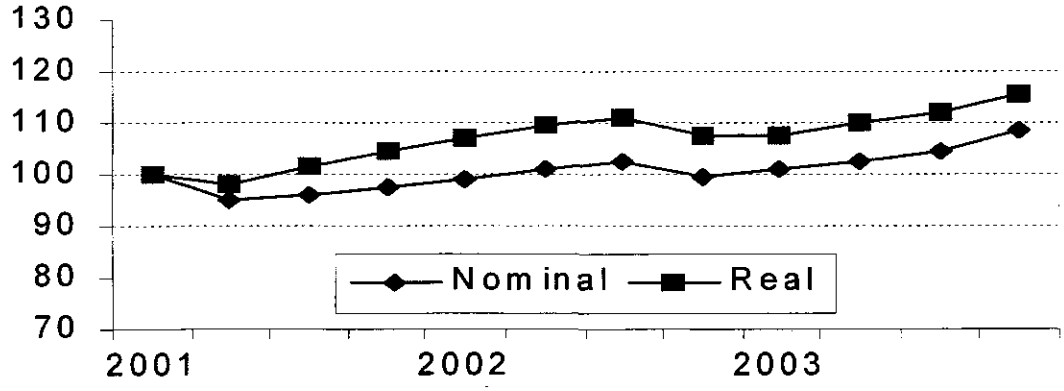
[2] Hearing transcript (Mr. Seanor), pp. 28-29.

Figure V-1
Exchange rates: Index (first quarter 2001=100) of the real exchange rate between the Malaysian ringgit and the U.S. dollar, by quarters, first quarter 2001-fourth quarter 2003



Source: International Monetary Fund, *International Financial Statistics*, April 2004.

Figure V-2
Exchange rates: Indexes (first quarter 2001=100) of the nominal and real exchange rates between the Thai baht and the U.S. dollar, by quarters, first quarter 2001-fourth quarter 2003



Source: International Monetary Fund, *International Financial Statistics*, April 2004.

PRICING PRACTICES

U.S. producers cited transaction-by-transaction pricing and contracting for multiple shipments as means of establishing pricing. *** stated that it establishes prices based upon what the market will allow and upon cost variables. *** stated that the market is the ultimate determiner of prices and that it is forced to match import prices or lose business. *** stated that price lists are not generally used but that companies typically quote prices for a specific customer's requirements. It added that end users propose

prices in most transactions. *** stated that its prices are either fixed for some time span or indexed to raw material movements.

U.S. importers similarly use transaction-by-transaction negotiations and contracting for multiple shipments to establish price. Unlike U.S. producers, several importers reported having catalogs and discounting off of the catalog price for large shipments. Many importers reported having prices that are certain percentage mark-ups, typically from 15 to 40 percent, from their landed, duty-paid costs. Importers also acknowledged the importance of the market in determining prices.

U.S. producers reported that discounts are not an important factor because most sales are individually negotiated to customers' requirements. Nevertheless, some discounts are made for large annual volumes and for early payment. Because of the uniqueness of each sale, many importers similarly reported that they do not offer discounts. Some importers, however, reported offering discounts for large-volume sales, large annual volumes, or early payment.

U.S. producers reported that 23.2 percent of their 2003 sales were under long-term (a year or longer) contracts; 37.6 percent were under short-term (less than a year) contracts; and 39.2 percent were in the spot market. Long-term contracts typically last a year or two, and prices are commonly renegotiated during this period. Five producers reported that these long-term contracts fix both price and quantity, and three producers reported that they fix only price. Meet-or-release provisions are common, although producers generally did not report how often they are invoked.

U.S. producers reported that short-term contracts tend to last slightly longer than 8 months. Seven producers reported that prices can be renegotiated during this period, and nine producers reported that they cannot be renegotiated. Twelve out of 15 reporting producers stated that contracts fix both price and quantity. Meet-or-release provisions are not common, with only 5 out of 19 reporting producers stating that their short-term contracts have these provisions.

U.S. importers were more oriented toward spot sales (55.9 percent of 2003 sales) than short-term contracts (26.8 percent) and long-term contracts (17.3 percent). One year was the most frequently cited duration for importers' long-term contracts; their short-term contracts tend to last slightly more than 7 months. Generally, prices are not renegotiated (due to meet-or-release provisions) on either short- or long-term importer contracts, although price renegotiation does occur sometimes. Short-term contracts for responding importers tend not to have meet-or-release provisions.

PRICE DATA

The Commission requested that U.S. producers and importers of PRCBs provide data on the total quantity (in bags and in pounds) and value of PRCBs shipped to unrelated customers in the U.S. market, f.o.b. their U.S. points of shipment. Quarterly data were requested for the period from the first quarter of 2001 to the fourth quarter of 2003. The Commission requested data on the following nine products, of which products 7 and 8 are high-end PRCBs:

Product 1.–Small "t-shirt sack"-style bag with (a) dimensions 7-10" width x 4-6" side x 12-20" length, (b) 10-17 microns film thickness, (c) side gussets, and (d) printed with one or two colors on at least one side (5-30 percent ink coverage for entire bag).

Product 2.–Medium "t-shirt sack"-style bag with (a) dimensions 11-13" width x 6-8" side x 18-26" length, (b) 11-25 microns film thickness, (c) side gussets, and (d) printed with one or two colors on at least one side (5-30 percent ink coverage).

Product 3.–Large "t-shirt sack"-style bag with (a) dimensions 15" x 18" width x 8-10" side x 27-36 inch length, (b) 15-28 microns film thickness, (c) side gussets, and (d) printed with one or two colors on at least one side (5-30 percent ink coverage for entire bag).

Product 4.–Die-cut-handle-style merchandise bag with (a) dimensions 12-20" width x 3-5" side x 20-30" length, (b) 13-32 microns film thickness, (c) side gussets, and (d) printed with at least two colors on at least one side (5-30 percent ink coverage for entire bag).

Product 5.–Die-cut-handle-style merchandise bag with (a) dimensions 12-18" width x 15-24" length, (b) no side gussets and with or without bottom gusset, (c) 30-75 microns film thickness, and (d) printed with at least one color on two sides (10-75 percent ink coverage for entire bag).

Product 6.–Drawstring-style merchandise bag with (a) dimensions 12-18" width x 15-22" length, (b) no side gussets with or without bottom gusset, (c) 35-75 microns film thickness, and (d) printed with 1 to 4 colors on two sides (75-100 percent ink coverage for entire bag).

Product 7.–Heat-sealed, square-bottomed merchandise or carry-out bag with (a) dimensions 9-18" width x 4-10" side x 12-22" length, (b) 50-150 microns film thickness, (c) side gussets, (d) separately applied flat flexible plastic handle, and (e) printed with 1-6 colors on up to 5 sides (5-100 percent ink coverage for entire bag).

Product 8.–High or low density resin bag with (a) dimensions 16" x 6" x 12" x 6", (b) rope handle (polypropylene or cotton), (c) 2 mil. or greater thickness, (d) top and bottom cardboard inserts, and (e) printed with 4 colors on 2 sides.

Product 9.–High or low density patch-handle resin bag with (a) dimensions 12" x 3" x 18", (b) side gussets, (c) 1 mil. or greater in thickness, and (d) printed with 4 colors on 2 sides.

The following 59 firms provided either usable U.S. producer data or data on subject imports or both: ***; some of these firms presented data subsequent to the prehearing report and their data are now included.

Because pricing data were not tied to specific exporting firms, staff could not directly adjust the data to exclude firms with *de minimis* margins. However, staff removed importers from the pricing data when their reported imports from *de minimis* firms were a significant portion of their imports. The following data were removed from the price data set: *** data for China and Malaysia, and *** data for Malaysia. *** data from Thailand were removed because its sales were to an affiliated firm. Also, *** made some adjustments to its data, which are reflected in the pricing tables.

Some retailers import PRCBs for their own use, and hence do not resell them. These firms were asked to report their landed, duty-paid net values at the U.S. port of entry of their imports. U.S. producers and all other importers were asked to report the final net amount paid to their firm (f.o.b. their U.S. point of shipment) for their sales of PRCBs. Reporting firms were asked to provide quantities in both thousands of bags and thousands of pounds, which most firms were able to provide. Some firms, however, only reported quantities in either thousands of bags or thousands of pounds. Coverage for the purchase and sales data based on U.S. shipments of thousands of PRCBs during 2001-03 is shown in the following tabulation.

Item	China	Malaysia	Thailand	United States
	Coverage (*percent*)			
Purchases	4.4	0.6	13.1	0.0
Sales	41.4	25.4	89.3	88.3
Total	45.8	26.1	102.4	88.3
Note.–Figures may not total due to rounding.				

Sales pricing data based on the number of bags (thousands of bags) are shown in tables V-1 through V-7, and data based on weight (thousands of pounds) are shown in tables V-8 through V-14. Plots of the data based on the number of bags follow the tables. Only the sales price data are used in the comparisons because they are at the same level of trade for both the U.S. producers and importers. The purchase price data for the subject imports as reported by retailers are shown in appendix E. The only f.o.b. price data for products 8 and 9 are imports from China; these data are also shown in appendix E. Also, domestic and imported Thai prices of product 2 as reported by *** are shown in appendix E.[3]

Price Trends

Trends in importer prices can be seen in figures V-3 through V-8. Only the United States and China presented enough data to produce figures for products 3 to 6. Data for product 7 were not plotted because of the very large differences of scale. Overall prices for U.S. products were fairly stable but trended downward for all products except product 3. Prices for the imported products were more erratic, especially for Malaysia and Thailand. Prices of imports from China decreased except for products 5 and 7. Percentage changes between prices in the earliest and latest quarters for which data were available during January 2001 to December 2003 (based on tables V-1 through V-7) are presented in table V-15.

[3] ***.

Table V-1
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	United States		China			Malaysia		
	Price *(per thousand bags)*	Quantity *(thousand bags)*	Price *(per thousand bags)*	Quantity *(thousand bags)*	Margin *(percent)*	Price *(per thousand bags)*	Quantity *(thousand bags)*	Margin *(percent)*
2001:								
Jan.-Mar.	$9.90	396,815	$8.64	30,104	12.8	***	***	***
Apr.-June	9.87	467,822	8.27	37,450	16.2	***	***	***
July-Sept.	9.71	596,828	7.74	44,686	20.3	***	***	***
Oct.-Dec.	9.41	652,643	7.28	42,605	22.6	***	***	***
2002:								
Jan.-Mar.	8.99	525,194	6.25	46,292	30.4	***	***	***
Apr.-June	9.42	559,191	4.36	87,873	53.7	***	***	***
July-Sept.	9.15	595,706	6.29	46,602	31.3	***	***	***
Oct.-Dec.	9.14	603,211	5.81	65,356	36.5	***	***	***
2003:								
Jan.-Mar.	8.89	521,650	5.47	68,339	38.5	***	***	***
Apr.-June	9.28	653,472	5.97	46,547	35.7	***	***	***
July-Sept.	8.81	837,527	6.16	52,576	30.0	***	***	***
Oct.-Dec.	8.64	701,506	7.36	77,749	14.8	***	***	***

Continued on next page.

Table V-1--*Continued*
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	Thailand			All subject		
	Price *(per thousand bags)*	Quantity *(thousand bags)*	Margin *(percent)*	Price *(per thousand bags)*	Quantity *(thousand bags)*	Margin *(percent)*
2001:						
Jan.-Mar.	***	***	***	$8.78	31,596	11.3
Apr.-June	***	***	***	8.35	41,691	15.4
July-Sept.	***	***	***	7.88	47,746	18.9
Oct.-Dec.	***	***	***	7.49	48,621	20.4
2002:						
Jan.-Mar.	***	***	***	6.44	50,517	28.3
Apr.-June	***	***	***	4.73	96,653	49.7
July-Sept.	***	***	***	6.68	51,894	27.1
Oct.-Dec.	***	***	***	6.26	75,586	31.6
2003:						
Jan.-Mar.	***	***	***	5.79	81,636	34.9
Apr.-June	***	***	***	6.24	69,499	32.8
July-Sept.	***	***	***	6.61	89,602	25.0
Oct.-Dec.	***	***	***	7.23	108,640	16.3

[1] Product 1.–Small "t-shirt sack"-style bag with (a) dimensions 7-10" width x 4-6" side x 12-20" length, (b) 10-17 microns film thickness, (c) side gussets, and (d) printed with one or two colors on at least one side (5-30 percent ink coverage for entire bag).

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

Table V-2
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	United States		China			Malaysia		
	Price *(per thousand bags)*	Quantity *(thousand bags)*	Price *(per thousand bags)*	Quantity *(thousand bags)*	Margin *(per-cent)*	Price *(per thousand bags)*	Quantity *(thou-sand bags)*	Margin *(per-cent)*
2001: Jan.-Mar.	$10.99	13,031,501	$9.35	473,832	14.9	$9.29	20,475	15.5
Apr.-June	11.06	13,769,119	8.94	526,760	19.2	8.44	36,632	23.7
July-Sept.	10.94	13,957,364	9.72	565,580	11.1	9.82	44,671	10.3
Oct.-Dec.	10.62	14,406,057	9.81	575,583	7.6	9.31	49,494	12.4
2002: Jan.-Mar.	9.95	12,237,297	9.88	442,630	0.7	9.30	40,213	6.5
Apr.-June	9.55	13,833,723	9.03	449,705	5.4	8.38	66,217	12.3
July-Sept.	9.44	14,778,175	9.43	446,532	0.1	9.64	45,178	(2.1)
Oct.-Dec.	9.46	14,626,157	9.16	411,182	3.2	11.13	135,310	(17.6)
2003: Jan.-Mar.	9.55	13,194,531	8.41	461,080	11.9	13.37	72,532	(40.0)
Apr.-June	10.05	13,322,361	8.18	479,115	18.7	11.19	61,539	(11.3)
July-Sept.	10.03	14,468,365	9.04	411,997	9.9	10.95	83,879	(9.2)
Oct.-Dec.	10.28	14,460,434	8.96	509,592	12.8	12.20	61,230	(18.7)

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Table V-2--*Continued*
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	Thailand			All subject		
	Price *(per thousand bags)*	Quantity *(thousand bags)*	Margin *(percent)*	Price *(per thousand bags)*	Quantity *(thousand bags)*	Margin *(percent)*
2001:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	$6.98	111,390	34.3	9.35	736,467	12.0
2002:						
Jan.-Mar.	7.25	194,237	27.2	9.09	677,080	8.7
Apr.-June	6.52	174,209	31.7	8.33	690,131	12.7
July-Sept.	5.97	485,398	36.7	7.72	977,108	18.2
Oct.-Dec.	6.48	599,503	31.5	7.99	1,145,995	15.6
2003:						
Jan.-Mar.	6.65	867,766	30.3	7.58	1,401,378	20.6
Apr.-June	7.00	931,604	30.4	7.56	1,472,258	24.8
July-Sept.	7.42	958,324	26.0	8.10	1,454,200	19.3
Oct.-Dec.	7.22	1,161,972	29.7	7.91	1,732,794	23.0

[1] Product 2.–Medium "t-shirt sack"-style bag with (a) dimensions 11-13" width x 6-8" side x 18-26" length, (b) 11-25 microns film thickness, (c) side gussets, and (d) printed with one or two colors on one side (5-30 percent ink coverage).

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

Table V-3
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	United States		China			Malaysia		
	Price *(per thousand bags)*	Quantity *(thou-sand bags)*	Price *(per thousand bags)*	Quantity *(thou-sand bags)*	Margin *(per-cent)*	Price *(per thousand bags)*	Quantity *(thou-sand bags)*	Margin *(per-cent)*
2001: Jan.-Mar.	$20.24	161,355	$20.17	21,847	0.4	***	***	***
Apr.-June	20.55	202,393	17.91	37,158	12.8	***	***	***
July-Sept.	20.97	261,229	17.67	43,582	15.7	***	***	***
Oct.-Dec.	22.70	433,051	17.97	47,784	20.8	***	***	***
2002: Jan.-Mar.	18.14	157,495	20.07	26,763	(10.6)	***	***	***
Apr.-June	18.92	232,535	18.18	29,152	3.9	***	***	***
July-Sept.	19.64	239,934	21.00	28,244	(6.9)	***	***	***
Oct.-Dec.	20.06	370,511	17.04	82,276	15.0	***	***	***
2003: Jan.-Mar.	17.10	240,682	20.30	42,933	(18.7)	***	***	***
Apr.-June	20.57	245,582	16.89	18,042	17.9	***	***	***
July-Sept.	20.26	276,332	22.13	20,990	(9.2)	***	***	***
Oct.-Dec.	21.48	355,472	15.32	41,016	28.7	***	***	***

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Table V-3--*Continued*
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	Thailand			All subject		
	Price *(per thousand bags)*	Quantity *(thousand bags)*	Margin *(percent)*	Price *(per thousand bags)*	Quantity *(thousand bags)*	Margin *(percent)*
2001: Jan.-Mar.	***	***	***	$17.62	42,762	12.9
Apr.-June	***	***	***	17.10	48,750	16.8
July-Sept.	***	***	***	17.02	59,025	18.8
Oct.-Dec.	***	***	***	17.09	65,283	24.7
2002: Jan.-Mar.	***	***	***	17.91	42,893	1.3
Apr.-June	***	***	***	16.85	42,670	10.9
July-Sept.	***	***	***	18.63	44,857	5.1
Oct.-Dec.	***	***	***	16.86	99,497	15.9
2003: Jan.-Mar.	***	***	***	19.77	53,031	(15.6)
Apr.-June	***	***	***	18.67	31,745	9.3
July-Sept.	***	***	***	21.62	43,156	(6.7)
Oct.-Dec.	***	***	***	17.64	59,027	17.9

[1] Product 3.–Large "t-shirt sack"-style bag with (a) dimensions 15 x 18" width x 8-10" side x 27-36 inch length, (b) 15-28 microns film thickness, (c) side gussets, and (d) printed with one or two colors on at least one side (5-30 percent ink coverage for entire bag).

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

Table V-4
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2001-December 2003

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Table V-5
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2001-December 2003

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Table V-6
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2001-December 2003

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Table V-7
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 bags) of domestic and imported product 7 and margins of underselling/(overselling), by quarters, January 2001-December 2003

* * * * * * *

Table V-8
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	United States		China			Malaysia		
	Price *(per thousand pounds)*	Quantity *(thou-sand pounds)*	Price *(per thousand pounds)*	Quantity *(thou-sand pounds)*	Margin *(per-cent)*	Price *(per thousand pounds)*	Quantity *(thou-sand pounds)*	Margin *(per-cent)*
2001: Jan.-Mar.	$1,060	3,512	$910	283	14.2	***	***	***
Apr.-June	1,079	4,020	928	321	14.0	***	***	***
July-Sept.	1,114	4,944	919	357	17.5	***	***	***
Oct.-Dec.	1,060	5,464	894	326	15.7	***	***	***
2002: Jan.-Mar.	1,036	4,286	777	359	25.0	***	***	***
Apr.-June	1,060	4,665	617	610	41.8	***	***	***
July-Sept.	1,052	5,058	709	407	32.7	***	***	***
Oct.-Dec.	1,035	5,322	704	522	32.0	***	***	***
2003: Jan.-Mar.	1,015	4,560	584	632	42.5	***	***	***
Apr.-June	1,108	5,448	690	392	37.7	***	***	***
July-Sept.	1,064	6,911	692	453	35.0	***	***	***
Oct.-Dec.	1,015	5,936	589	759	42.0	***	***	***

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Table V-8--*Continued*
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	Thailand			All subject		
	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*
2001:						
Jan.-Mar.	***	***	***	$918	299	13.4
Apr.-June	***	***	***	923	365	14.5
July-Sept.	***	***	***	925	379	16.9
Oct.-Dec.	***	***	***	900	374	15.1
2002:						
Jan.-Mar.	***	***	***	790	390	23.8
Apr.-June	***	***	***	633	679	40.3
July-Sept.	***	***	***	720	420	31.6
Oct.-Dec.	***	***	***	711	587	31.3
2003:						
Jan.-Mar.	***	***	***	611	714	39.8
Apr.-June	***	***	***	741	558	33.1
July-Sept.	***	***	***	763	665	28.3
Oct.-Dec.	***	***	***	646	962	36.3

[1] Product 1.–Small "t-shirt sack"-style bag with (a) dimensions 7-10" width x 4-6" side x 12-20" length, (b) 10-17 microns film thickness, (c) side gussets, and (d) printed with one or two colors on at least one side (5-30 percent ink coverage for entire bag).

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

Table V-9
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	United States		China			Malaysia		
	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*
2001: Jan.-Mar.	$692	199,639	$801	5,110	(15.7)	$654	291	5.5
Apr.-June	694	209,369	722	6,111	(4.1)	660	468	4.8
July-Sept.	710	204,751	711	7,609	(0.1)	690	636	2.8
Oct.-Dec.	683	212,751	690	7,963	(1.0)	687	671	(0.5)
2002: Jan.-Mar.	629	183,213	705	6,101	(12.1)	637	587	(1.2)
Apr.-June	585	216,882	641	6,261	(9.6)	624	889	(6.7)
July-Sept.	583	232,518	640	6,472	(9.8)	682	638	(17.1)
Oct.-Dec.	581	234,851	633	5,675	(8.9)	677	2,226	(16.5)
2003: Jan.-Mar.	597	207,966	628	5,813	(5.2)	749	1,294	(25.5)
Apr.-June	630	209,872	622	6,003	1.2	718	960	(13.9)
July-Sept.	621	230,667	636	6,160	(2.4)	785	1,171	(26.3)
Oct.-Dec.	637	228,818	621	6,642	2.6	838	892	(31.4)

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Table V-9--*Continued*
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	Thailand			All subject		
	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*
2001:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2002:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	$411	5,567	29.5	542	12,677	7.1
Oct.-Dec.	484	6,947	16.7	570	14,847	1.9
2003:						
Jan.-Mar.	462	11,178	22.6	535	18,285	10.4
Apr.-June	504	10,954	20.0	555	17,916	11.9
July-Sept.	524	11,680	15.7	576	19,010	7.2
Oct.-Dec.	524	13,579	17.7	568	21,113	10.9

[1] *Product 2.–Medium "t-shirt sack"-style bag with (a) dimensions 11-13" width x 6-8" side x 18-26"* length, (b) 11-25 microns film thickness, (c) side gussets, and (d) printed with one or two colors on one side (5-30 percent ink coverage).

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

Table V-10
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	United States		China			Malaysia		
	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*
2001:								
Jan.-Mar.	$930	3,361	$867	470	6.7	***	***	***
Apr.-June	895	4,499	860	692	3.9	***	***	***
July-Sept.	848	6,229	818	805	3.5	***	***	***
Oct.-Dec.	826	11,714	801	910	3.0	***	***	***
2002:								
Jan.-Mar.	812	3,461	797	672	1.9	***	***	***
Apr.-June	764	5,648	797	658	(4.3)	***	***	***
July-Sept.	784	6,008	793	748	(1.1)	***	***	***
Oct.-Dec.	778	9,555	783	1,788	(0.6)	***	***	***
2003:								
Jan.-Mar.	742	5,342	767	1,111	(3.3)	***	***	***
Apr.-June	833	5,788	687	443	17.5	***	***	***
July-Sept.	805	6,640	688	625	14.5	***	***	***
Oct.-Dec.	786	9,187	674	736	14.3	***	***	***

Continued on the next page.

Table V-10--*Continued*
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2001-December 2003

Period	Thailand			All subject		
	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*	Price *(per thousand pounds)*	Quantity *(thousand pounds)*	Margin *(percent)*
2001: Jan.-Mar.	***	***	***	$951	757	(2.3)
Apr.-June	***	***	***	904	843	(1.1)
July-Sept.	***	***	***	877	1,018	(3.4)
Oct.-Dec.	***	***	***	863	1,142	(4.5)
2002: Jan.-Mar.	***	***	***	863	888	(6.3)
Apr.-June	***	***	***	854	824	(11.7)
July-Sept.	***	***	***	848	951	(8.1)
Oct.-Dec.	***	***	***	816	2,033	(4.9)
2003: Jan.-Mar.	***	***	***	792	1,285	(6.8)
Apr.-June	***	***	***	754	736	9.5
July-Sept.	***	***	***	746	1,179	7.3
Oct.-Dec.	***	***	***	710	1,282	9.7

[1] Product 3.–Large "t-shirt sack"-style bag with (a) dimensions 15 x 18" width x 8-10" side x 27-36 inch length, (b) 15-28 microns film thickness, (c) side gussets, and (d) printed with one or two colors on at least one side (5-30 percent ink coverage for entire bag).

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

Table V-11
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2001-December 2003

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Table V-12
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2001-December 2003

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Table V-13
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2001-December 2003

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Table V-14
PRCBs: Weighted-average f.o.b. prices and quantities (1,000 pounds) of domestic and imported product 7 and margins of underselling/(overselling), by quarters, January 2001-December 2003

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Figure V-3
PRCBs: Weighted-average f.o.b. prices (dollars per thousand bags) of domestic and imported product 1, by quarters, 2001-03

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Figure V-4
PRCBs: Weighted-average f.o.b. prices (dollars per thousand bags) of domestic and imported product 2, by quarters, 2001-03

* * * * * * *

Figure V-5
PRCBs: Weighted-average f.o.b. prices (dollars per thousand bags) of domestic and imported product 3, by quarters, 2001-03

* * * * * * *

Figure V-6
PRCBs: Weighted-average f.o.b. prices (dollars per thousand bags) of domestic and imported product 4, by quarters, 2001-03

* * * * * * *

Figure V-7
PRCBs: Weighted-average f.o.b. prices (dollars per thousand bags) of domestic and imported product 5, by quarters, 2001-03

* * * * * * *

Figure V-8
PRCBs: Weighted-average f.o.b. prices (dollars per thousand bags) of domestic and imported product 6, by quarters, 2001-03

* * * * * * *

Table V-15
PRCBs: Percentage changes between weighted-average prices for domestic and imported products[1]

	United States	China	Malaysia	Thailand
Product 1	-12.7	-14.7	***	***
Product 2	-6.5	-4.2	31.4	-10.9
Product 3	6.1	-24.0	***	***
Product 4	-10.1	-36.4	-	-
Product 5	-19.6	35.7	-	-
Product 6	-11.1	-77.7	-	-
Product 7	-26.6	11.3	-	***

[1] This table presents price changes between the earliest and latest quarters for which data were available during January 2001-December 2003 (based on tables V-1 through V-7).

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

Sales by Internet Auctions

Reported pricing data include sales obtained through internet auctions and through conventional means. In its U.S. producer and importer questionnaires, the Commission asked a detailed question concerning internet auctions including product descriptions, opening bids, and winning bids. Although a

few firms provided some detailed information, most firms did not respond to this question,[4] and the reported information was not directly comparable. Petitioners reported losing a number of internet sales solely on the basis of price.[5] Internet auctions typically involve several specific products, but competing companies submit aggregate bids for all products; therefore it is often not possible to tie a price to a specific product, although participating companies have specific prices in mind when they are determining what they are able to bid. Additionally, internet bids may be blends of similar products from different sources with a greater share from a less expensive source enabling a lower bid. It is thus not generally possible to make comparisons using the data reported for this question.

Price Comparisons

For the data based on thousands of bags, product 1 from China undersold the similar domestic product in 12 quarters by margins ranging from 12.8 to 53.7 percent. Product 1 from Malaysia undersold the similar domestic product in 11 quarters by margins ranging from 4.1 to 24.1 percent and oversold the domestic product in 1 quarter by 2.0 percent. Product 1 from Thailand undersold the domestic product in 4 quarters by margins ranging from 18.1 to 30.1 percent and oversold the similar domestic product in 8 quarters by margins ranging from 1.2 to 141.6 percent.

Product 2 from China undersold the similar domestic product in 12 quarters by margins ranging from 0.1 to 19.2 percent. Product 2 from Malaysia undersold the similar domestic product in 6 quarters by margins ranging from 6.5 to 23.7 percent and oversold the domestic product in 6 quarters by margins ranging from 2.1 to 40.0 percent. Product 2 from Thailand undersold the domestic product in 12 quarters by margins ranging from 26.0 to 36.7 percent.

Product 3 from China undersold the similar domestic product in 8 quarters by margins ranging from 0.4 to 28.7 percent and oversold the domestic product in 4 quarters by margins ranging from 6.9 to 18.7 percent. Product 3 from Malaysia undersold the similar domestic product in 11 quarters by margins ranging from 2.4 to 38.9 percent. Product 3 from Thailand undersold the domestic product in 7 quarters by margins ranging from 6.2 to 22.9 percent and oversold it in 5 quarters by margins ranging from 4.2 to 21.1 percent.

Product 4 from China undersold the similar domestic product in 3 quarters by margins ranging from 7.2 to 35.6 percent and oversold the domestic product in 9 quarters by margins ranging from 11.9 to 161.0 percent. Product 4 from Malaysia oversold the similar domestic product in 3 quarters by margins ranging from 9.2 to 52.6 percent.

Product 5 from China undersold the similar domestic product in 12 quarters by margins ranging from 4.6 to 61.2 percent. Product 5 from Thailand undersold the domestic product in 1 quarter by *** percent.

Product 6 from China undersold the similar domestic product in 11 quarters by margins ranging from 6.4 to 80.8 percent and oversold it in 1 quarter by 1.2 percent.

There were very large differences in scale between prices of product 7 from China, Thailand and the United States. Product 7 from China undersold the similar domestic product in 12 quarters by margins ranging from 38.5 to 65.5 percent. Small quantities of product 7 from Thailand oversold the

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[4] Some additional firms made allegations of lost sales from failure to win internet auctions; however, because firms were not asked to identify whether lost sales resulted from internet auctions or other competition, the responses to lost sales do not provide a consistent source of information about internet auctions.

[5] Petitioners' posthearing brief (exhibit A, pp. 16-18 and attachment 6) contains information on auctions lost by ***, which is consistent with their questionnaire responses. Petitioners stated that the internet allows easy access to imports (hearing transcript (Mr. Varn), p. 83) but that competitive pricing has always existed and that the internet has not radically changed pricing (hearing transcript (Mr. Baumann), p. 86).

domestic product in 12 quarters by margins ranging from *** to *** percent. The high prices of the Thai product were attributable to one firm (***). Staff contacted this firm, which confirmed that its prices were correct and that these were normal prices for it.

The pricing data based on pounds as the quantity presented a generally similar picture, although underselling was not as prevalent. There were some small sales of Malaysian product, and Thai overselling margins, while still high, were not as high as in the data based on quantities of bags. Overselling and underselling are summarized in table V-16. Thailand was the only subject country with a predominance of overselling in the data based on both units and weight. The percentage of underselling in the all-subject-countries-combined data was greater than in the sum of the individual country data because some of the quarters of overselling in the individual country data consisted of small volumes.

Table V-16
PRCBs: Number of quarters of underselling and overselling, by type of quantity and by subject country

Country	Underselling	Overselling
Data with quantities in thousands of bags		
China	70	14
Malaysia	28	10
Thailand	24	25
Total	122	49
All subject countries combined	72	12
Data with quantities in thousands of pounds		
China	55	29
Malaysia	38	30
Thailand	17	32
Total	110	91
All subject countries combined	56	28

Note.–The percentage of underselling in the all-subject-countries-combined data was greater than in the sum of the individual country data because some of the quarters of overselling in the individual country data consisted of small volumes.

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

LOST SALES AND LOST REVENUES

U.S. producers reported a total of 95 allegations of lost sales and 35 allegations of lost revenue in the preliminary phase of the investigations. Thirteen firms responded to those allegations, and only five of the purchasers involved agreed or partially agreed with the allegations.

In their questionnaire responses to the final phase of the investigations, U.S. producers made 60 additional allegations of lost sales that totaled approximately $34 million. Although few purchasers have

responded, six purchasers involved in 14 allegations agreed with them; purchasers disagreed with two allegations; and one purchaser was unable to determine the validity of the allegations because it was unaware of the origin of the bags that it purchases through a distributor (table V-17). There were 13 additional allegations of lost revenues totaling approximately $3.9 million. Two purchasers responded to the allegations: one agreed and the other disagreed (table V-18).

Table V-17
PRCBs: Allegations of lost sales

* * * * * * *

Table V-18
PRCBs: Allegations of lost revenues

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PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Twenty U.S. firms provided usable financial data for each of their latest three fiscal years on their operations producing PRCBs; in addition, one firm provided usable financial data for 2003, the year in which it started operating.[1] These reported data are believed to represent at least 98 percent of U.S. PRCB production in the period examined.[2]

OPERATIONS ON PRCBs

Income-and-loss data for the U.S. industry's PRCB operations are presented separately to include and not include API (Advance Polybag). In the preliminary phase of these investigations the Commission was split on whether to exclude API under the "related party" provision, and the Commission's analysis both excluded and included API's financial results in determining the overall effects of subject imports on the domestic industry. Income-and-loss data for the U.S. industry including API are presented in table VI-1, while similar data excluding API are presented in table VI-2.[3]

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[1] The firms are: Ampac; API; Bemis; Command; Continental; Durabag; Eastar; Europackaging; Genpak-Continental (hereafter, Genpak NJ); Genpak-Strout (hereafter, Genpak MN); Hilex (formerly Sonoco); Inteplast; PCL; Poly-Pak; Prince; Roplast; Superbag; Trinity; Unistar; Vanguard; and VS Plastics. *** reported that it had only started up in 2002 with sales only in 2003; it reported trade and sales data only for 2003. Except for ***, ***, and ***, each of the reporting firms has a fiscal year that ends on December 31. Differences between data reported in the trade and financial sections of the Commission's producers' questionnaire primarily are attributable to year-end timing differences of ***; also accounting for differences between data reported in the trade and financial sections of the questionnaire are ***'s deducting bad debt expense from its net sales, accounting for small differences; and ***'s reporting difficulty in extracting product information from its sales and production reports and segregating purchases from its own production (i.e., *** included purchased PRCBs from importers and other domestic producers with its financial data for its own production of PRCBs). However, ***'s purchases are not material to the industry's results. One firm, Genpak NJ, provided financial data on high-end PRCBs. Commission staff verified data in the U.S. producers' and U.S. importers' questionnaire responses of Inteplast, and changes have been incorporated in this report. .

[2] For comments regarding whether the Commission's data reflect a "survivor bias," see petitioners' posthearing brief, responses to questions, p. 14.

[3] For petitioners' comments regarding API's status as a related party, see petitioners' posthearing brief, answers to questions, pp. 6-10.

Table VI-1
PRCBs: Results of operations of U.S. producers including API, fiscal years 2001-03

Item	Fiscal year		
	2001	2002	2003
		Quantity (*1,000 bags*)	
Commercial sales	***	***	***
Internal consumption[1]	***	***	***
Related company transfers[1]	***	***	***
Total net sales	68,567,027	69,448,037	68,451,856
		Quantity (*1,000 pounds*)	
Commercial sales	***	***	***
Internal consumption[1]	***	***	***
Related company transfers[1]	***	***	***
Total net sales	1,110,502	1,133,556	1,113,479
		Value (*$1,000*)	
Commercial sales	***	***	***
Internal consumption[1]	***	***	***
Related company transfers[1]	***	***	***
Total net sales	862,624	784,728	785,637
COGS			
Raw materials	431,884	377,625	426,042
Direct labor	117,264	116,545	108,669
Other factory costs	175,224	174,898	167,887
Total COGS	724,372	669,068	702,598
Gross profit	138,252	115,660	83,039
SG&A expenses	84,112	82,922	76,908
Operating income	54,140	32,738	6,131
Interest expense	16,562	13,773	11,672
Other expense	4,020	10,321	1,143
Other income	1,604	831	1,191
Net income or (loss)	35,162	9,475	(5,493)
Depreciation	47,584	46,987	41,621
Cash flow	82,746	56,461	36,128

Table continued on the following page.

Table VI-1--*Continued*
PRCBs: Results of operations of U.S. producers including API, fiscal years 2001-03

Item	Fiscal year		
	2001	2002	2003
	Ratio to net sales (*percent*)		
COGS:			
Raw materials	50.1	48.1	54.2
Direct labor	13.6	14.9	13.8
Other factory costs	20.3	22.3	21.4
Average COGS	84.0	85.3	89.4
Gross profit	16.0	14.7	10.6
SG&A expenses	9.8	10.6	9.8
Operating income	6.3	4.2	0.8
Net income or (loss)	4.1	1.2	(0.7)
	Unit value (*1,000 bags*)		
Total net sales	$12.58	$11.30	$11.48
COGS:			
Raw materials	6.30	5.44	6.22
Direct labor	1.71	1.68	1.59
Other factory costs	2.56	2.52	2.45
Total COGS	10.56	9.63	10.26
Gross profit	2.02	1.67	1.21
SG&A expenses	1.23	1.19	1.12
Operating income	0.79	0.47	0.09
Net income	0.51	0.14	(0.08)
	Unit value (*1,000 pounds*)		
Total net sales	$776.79	$692.27	$705.57
COGS:			
Raw materials	388.91	333.13	382.62
Direct labor	105.60	102.81	97.59
Other factory costs	157.79	154.29	150.78
Total COGS	652.29	590.24	630.99
Gross profit	124.50	102.03	74.58
SG&A expenses	75.74	73.15	69.07
Operating income	48.75	28.88	5.51
Net income or (loss)	31.66	8.36	(4.93)
	Number of firms reporting		
Operating losses	***	5	12
Data	20	20	21

[1] Reported by ***.

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

Table VI-2
PRCBs: Results of operations of U.S. producers excluding API, fiscal years 2001-03

* * * * * * *

Trends and changes are similar in tables VI-1 and VI-2. The quantity of total sales increased between 2001 and 2002 and fell between 2002 and 2003 on both a 1,000-bag basis and a 1,000-pound basis. Net sales value fell between 2001 and 2002, and then increased slightly between 2002 and 2003 in table VI-1, but decreased *** between 2002 and 2003 in table VI-2. Changes in sales value were driven by the changes in volume and by changes in unit sales value (which fell between 2001 and 2002 and increased between 2002 and 2003). The value of cost of goods sold (COGS) decreased between 2001 and 2002, despite the increase in volume between those years, but increased between 2002 and 2003 because of increasing raw material costs, despite the decrease in sales volume. COGS increased as a ratio to total net sales between each of the periods examined, with the increase in raw material costs, primarily polyethylene (PE) resin, largely accounting for the increase in the ratio of total COGS to total net sales; the dollar values of the other two components of COGS (direct labor and other factory costs) declined between each year of the period examined, although their ratios to net sales increased between 2001 and 2002 and decreased between 2002 and 2003. Energy costs, a component of "other factory costs," decreased between 2001 and 2002, but increased between 2002 and 2003 (table VI-3). Selling, general, and administrative (SG&A) expenses declined in both 2002 and 2003, accounting for about 10 percent of total net sales. The industry's operating income fell sharply between 2001 and 2002 and again between 2002 and 2003 (the industry's operating income was *** in 2001 and 2002 in table VI-2 compared with table VI-1, *** in 2003). The industry's net income also fell sharply to a net loss from 2001 to 2003; although cash flow was positive in each yearly period examined, cash flow fell sharply during 2001-03 in line with net income. The ratios of operating income and net income to sales followed similar trends, each sharply decreasing between each of the yearly periods examined.

U.S. firms were requested to provide a breakout from COGS of their raw materials and energy costs. The total value of raw material and energy costs together was virtually unchanged between 2001 and 2003, although those costs together fell between 2001 and 2002 but rebounded between 2002 and 2003 (table VI-3). Changes in the total dollar value were driven by changes in PE resin costs. These costs increased relative to other costs, accounting for a greater share of total raw materials and total COGS, as well as increasing as a percentage of total net sales; the unit value of PE resin per 1,000 bags also increased between 2001 and 2003. Energy costs increased slightly as a ratio to other factory costs but remained at 4.5 percent of total COGS (including energy costs) between 2001 and 2003.

Table VI-3
PRCBs: Raw materials and energy costs of U.S. producers including API, fiscal years 2001-03

Item	Fiscal years		
	2001	2002	2003
	Value (*$1,000*)		
Polyethylene resin	318,886	275,167	323,687
Pigments	27,430	25,630	26,394
Inks and packaging	41,947	38,757	37,439
All other raw materials	15,430	18,138	17,217
Total raw materials	403,692	357,691	404,737
Energy costs[1]	30,703	28,724	30,059
	Ratio (*percent*)		
PE resin to total net sales[2]	39.2	37.3	43.8
PE resin to total COGS[2]	46.6	43.6	48.7
PE resin to total raw materials[2]	78.2	77.3	80.2
Energy costs to total COGS[2]	4.5	4.5	4.5
Energy costs to other factory costs[2]	18.2	17.0	18.6
	Unit value		
PE resin per 1,000 bags[2]	$4.83	$4.10	$4.88
PE resin per 1,000 pounds[2]	$298.67	$251.79	$300.67

[1] Energy costs are included in "other factory costs" (factory overhead) by most companies; where a firm included energy costs together with raw materials, Commission staff subtracted it from raw materials and added it to "other factory costs" to render the data consistent between companies.

[2] *** stated that its 2001 *** included inventories of finished product for which it did not have cost data for raw materials and energy; hence, the firm did not report its raw material and energy cost breakouts for 2001. *** did not report the requested breakouts for raw materials and energy costs. Total net sales, raw materials, other factory costs, and COGS have been adjusted by subtracting the two companies' data for these items so that numerator and denominator data are consistent.

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

Table VI-4 presents similar data to that contained in table VI-3, but excludes API's data.

Table VI-4
PRCBs: Raw materials and energy costs of U.S. producers excluding API, fiscal years 2001-03

* * * * * * *

Table VI-5 presents salient operating information for the industry, sorted by groups of firms according to net sales value in 2001. Adjusted data also are shown for industry group *** and for all U.S. firms together in this table to eliminate API's data from the group and industry total. Similar data on a firm-by-firm basis are presented in appendix F.

Table VI-5
PRCBs: Results of operations of U.S. producers, by industry group, fiscal years 2001-03

* * * * * * *

Table VI-6 presents the *** financial data received from Genpak NJ on its sales of high-end PRCBs, while table VI-7 shows the related breakouts of raw material and energy costs for this product line.

Table VI-6
High-end PRCBs: Results of operations of Genpak NJ, fiscal years 2001-03

* * * * * * *

Although the sales quantity and value data follow many of the trends in tables VI-1 and VI-2, the *** is more like the operating results of industry group *** in table VI-5 (***). Unit sales values are higher than those in the industry tables but unit costs also are higher, reflecting the heavier weight and more production effort devoted to high-end PRCBs.[4] The firm has attempted to restructure operations in the past several years.

Table VI-7 presents data on raw materials breakouts for high-end PRCBs.

Table VI-7
High-end PRCBs: Raw materials and energy costs of Genpak NJ, fiscal years 2001-03

* * * * * * *

These values differ from the industry averages presented in table VI-3: the ratios are *** (except for energy costs as a percentage of total COGS, which is ***), while the unit values are ***. The *** ratios reflect the higher unit sales values of high-end PRCBs, which are *** the average unit sales values of t-shirt bags. The *** unit costs reflect the greater thickness and weight and general manufacturing costs of a more specialty item high-end PRCB compared with a mass-produced commodity-grade average t-shirt bag.

A variance analysis for U.S. producers is presented in tables VI-8 and VI-10, based on units of 1,000 bags and units of 1,000 pounds, respectively (tables VI-9 and VI-11 present the same analysis

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[4] Mr. Tom Everett, Vice President and General Manager of the Flexible Packaging Group of Genpak LLC, testified at the hearing that his firm's heat-sealed square-bottomed bags are more expensive than the typical t-shirt bags. Hearing transcript (Mr. Everett), p. 38. Mr. Everett also stated that the initial cost of his firm's bags is significantly higher (e.g., more colors and ink coverage) than t-shirt bags. Hearing transcript (Mr. Everett), p. 68.

excluding API's data). The information for these variance analyses is derived from tables VI-1 and VI-2. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. This analysis is more effective when the product involved is a homogeneous product with no variation in product mix.[5]

In tables VI-8 (based on bags) and VI-10 (based on pounds), between 2001 and 2003, the unfavorable operating income variance of $48.0 million was attributable primarily to a unfavorable price variance that offset a favorable variance on net cost/expense; there was a small unfavorable net volume variance on bags, shown in table VI-8, while there was a small favorable volume variance based on pounds, shown in table VI-10. The unfavorable price variance was greater between 2001 and 2002 than between 2001 and 2003, again accounting primarily for the decline in operating income. This situation changed between 2002 and 2003 when the unfavorable operating income variance of $26.6 million was attributable to a favorable price variance that was completely offset by unfavorable variances on net cost/expense[6] and net volume. The operating income variances shown in tables VI-9 and VI-11 are similar to VI-8 and VI-10 and attributable to the same factors.

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[5] See note 4, p. VI-4 in *Polyethylene Retail Carrier Bags from China, Malaysia, and Thailand*, Invs. Nos. 731-TA-1043-1045, USITC Pub. 3618 (August 2003), for producer and respondent comments received in the preliminary phase of these investigations with regard to changes in product mix. In addition, the per-unit sales and costs (app. F) appear to be relatively consistent for each reporting firm in each period, which may offset changes in product mix within a single producer. With regard to per-unit values, see petitioners' posthearing brief, "answers to questions," p. 13.

[6] Resin costs were described as the "largest individual input cost." Hearing transcript (Mr. Seanor), p. 95. Several industry witnesses testified that either they had been unsuccessful in passing through resin costs to customers under formal resin pass-through mechanisms or by informal agreement in the face of low-priced imports of PRCBs. Hearing transcript (Mr. Seanor), p. 26; Mr. Baumann, p. 80; and Mr. Varn, pp. 98-99.

Table VI-8
PRCBs: Variance analysis on results of operations of domestic producers including API, based on units of 1,000 bags, fiscal years 2001-03

Item	Fiscal years		
	2001-03	2001-02	2002-03
	Value (*$1,000*)		
Total net sales:			
Price variance	(75,538)	(88,980)	12,165
Volume variance	(1,449)	11,084	(11,256)
Total net sales variance[1]	(76,987)	(77,896)	909
Cost of goods sold:			
Cost variance	20,557	64,611	(43,127)
Volume variance	1,217	(9,307)	9,597
Total cost of goods variance	21,774	55,304	(33,530)
Gross profit variance	(55,213)	(22,592)	(32,621)
SG&A expenses:			
Expense variance	7,063	2,270	4,825
Volume variance	141	(1,081)	1,189
Total SG&A variance	7,204	1,190	6,014
Operating income variance	(48,009)	(21,403)	(26,607)
Summarized as:			
Price variance	(75,538)	(88,980)	12,165
Net cost/expense variance	27,620	66,882	(38,302)
Net volume variance	(91)	696	(470)

[1] Because data for internal consumption and related company transfers are for one period only (2003), they are not meaningful and not presented separately.

Note.--*Unfavorable variances are shown in parenthesis; all others are favorable. The data are comparable to* changes in operating income and *units of 1,000 bags* as presented in table VI-1.

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

Table VI-9
PRCBs: Variance analysis on results of operations of domestic producers excluding API, based on units of 1,000 bags, fiscal years 2001-03

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Table VI-10
PRCBs: Variance analysis on results of operations of domestic producers including API, based on units of 1,000 pounds, fiscal years 2001-03

Item	Fiscal years		
	2001-03	2001-02	2002-03
	Value (*$1,000*)		
Total net sales:			
Price variance	(79,300)	(95,804)	14,808
Volume variance	2,312	17,908	(13,899)
Total net sales variance[1]	(76,987)	(77,896)	909
Cost of goods sold:			
Cost variance	23,716	70,342	(45,380)
Volume variance	(1,942)	(15,038)	11,850
Total cost of goods variance	21,774	55,304	(33,530)
Gross profit variance	(55,213)	(22,592)	(32,621)
SG&A expenses:			
Expense variance	7,429	2,936	4,546
Volume variance	(225)	(1,746)	1,469
Total SG&A variance	7,204	1,190	6,014
Operating income variance	(48,009)	(21,403)	(26,607)
Summarized as:			
Price variance	(79,300)	(95,804)	14,808
Net cost/expense variance	31,145	73,278	(40,835)
Net volume variance	145	1,124	(580)

[1] Because data for internal consumption and related company transfers are for one period only (2003), they are not meaningful and are not presented separately.

Note.--Unfavorable variances are shown in parenthesis; all others are favorable. The data are comparable to changes in operating income and *units of 1,000 pounds* as presented in table VI-1.

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

Table VI-11
PRCBs: Variance analysis on results of operations of domestic producers excluding API, based on units of 1,000 pounds, fiscal years 2001-03

* * * * * * *

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The responding firms' data on capital expenditures, research and development ("R&D") expenses, and the value of their property, plant, and equipment used in the production of PRCBs are shown in table VI-12.

Table VI-12
PRCBs: Value of assets, capital expenditures, and R&D expenses of U.S. producers, fiscal years 2001-03

Item	Fiscal year		
	2001	2002	2003
	Value *($1,000)*		
Capital expenditures:			
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total–including API	31,044	33,171	17,734
Total--not including API	***	***	***

Table continued on the following page.

Table VI-12–*Continued*
PRCBs: Value of assets, capital expenditures, and R&D expenses of U.S. producers, fiscal years 2001-03

Item	Fiscal year		
	2001	2002	2003
	Value *($1,000)*		
R&D expenses:			
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total	***	***	***
Property, plant, and equipment:[1]			
Original cost–including API[2]	531,139	570,788	576,521
Book value–including API[2]	228,866	217,282	184,065
Original cost–not including API	***	***	***
Book value–not including API	***	***	***

[1] *** did not respond to this question. *** responded for 2003 only, the year in which ***.
[2] The fixed asset values of *** together accounted for over 70 percent of industry total original cost and over 64 percent of industry total book value.

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

The original cost of fixed assets increased between 2001 and 2003 in response to capital expenditures made by the producers in their property, plant, and equipment to increase production capacity or to enhance production efficiency.[7] However, depreciation expense exceeded capital expenditures (including asset acquisitions) by $14 million to $24 million during 2001-03, resulting in a decrease in the industry's collective book value of fixed assets. This indicates that, in accounting terms, productive assets are being used up at a faster rate than they are being replaced. Four of the responding firms reported R&D expenses during the periods investigated.

[7] Mr. Varn of Sonoco (now Hilex) testified at the staff conference that his firm has invested over $15 million in 2001 and 2002 to automate and modernize its production facilties and reduce costs; Mr. Dill of Ampac likewise testified. Conference transcript (Mr. Varn), p. 27, and Mr. Dill, p. 37. Also, see petitioners' postconference brief, pp. 39-42, regarding delayed, deferred, or canceled investments. For example, Mr. Seanor testified that from 1997 through 2000, Vanguard made over $65 million in capital investments to expand its capacity and improve its cost structure, but that from 2001 to 2003 the firm had to reduce its investments due to lower anticipated growth in sales, unsatisfactory capacity utilization, decreasing profits and unsatisfactory rates of return on investment. Hearing transcript (Mr. Seanor), p. 27.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of PRCBs from China, Malaysia, or Thailand on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are shown in appendix G.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(I)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V, and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE CHINESE INDUSTRY

The total number of PRCB producers in China is unknown; however, 101 foreign firms were contacted by fax or by counsel and sent questionnaires by the Commission, and 38 firms responded to the foreign producers' questionnaires with usable data. Two supplied questionnaires with qualitative responses and no data; 11 reported that they neither produced nor exported PRCBs during the period for which data were collected in the investigation; and 50 firms did not respond. Of the Department of Commerce mandatory respondents, Nantong Huasheng, Senetex, and Tai Chiuan did not supply responses to Commission questionnaires. Mandatory respondent *** reported that it neither produced nor exported PRCBs during the period for which data were collected in the investigations. The combined data of 38 firms (excluding data from Hang Lung because of its *de minimis* dumping margin), accounting for about 68 percent of reported subject U.S. imports of PRCBs from China in 2003, are shown in tables VII-1 (in thousands of bags) and VII-2 (in thousands of pounds).[1]

[1] Some Chinese firms only exported the subject product and were unable to provide production and capacity data to match shipment data. Some firms provided data for 2001-03 but were unable to provide data for 2004 and 2005 projections. Some Chinese firms provided data only in number of bags or pounds, and the corresponding quantity data were estimated by Commission staff based on the average conversion ratios of pounds per bag of reported U.S. imports from China. Firms participating with the Department of Commerce reported $45 million (ranged 10 percent) in exports of PRCBs to the United States, and 1.9 billion bags plus 35 million pounds (for those firms not reporting in units), for the period October 1, 2002 to March 31, 2003. Submission by counsel for petitioners, May 24, 2004, exhibit C. In the preliminary phase of these investigations, additional firms not responding in these final phase investigations reported an additional *** billion bags of PRCBs exported to the United States in 2002.

Table VII-1
PRCBs: China's production capacity, production, shipments, and inventories (in bags), 2001-03, and projections for 2004 and 2005

* * * * * * *

Table VII-2
PRCBs: China's production capacity, production, shipments, and inventories (in pounds), 2001-03, and projections for 2004 and 2005

* * * * * * *

***,[2] *** had the largest reported capacity in the Chinese industry. The largest reporting exporters to the United States were (in order of bags exported) ***.

The Chinese industry reported a capacity that was about *** percent of U.S. domestic capacity; however, the incomplete coverage of the Chinese industry based on questionnaire data renders this statistic questionable.[3] The data show noticeable increases in capacity and production during 2001 to 2003, and excess capacity utilization. The industry appears to be export oriented: by far the largest share of these firms' total PRCB shipments was sent to markets outside China. In addition to the United States, Chinese PRCBs are exported to the European Union, Russia, Australia, New Zealand, Japan, and South America. More of these producers than in the United States produce polyethylene products other than PRCBs on the same equipment. Reported data on high-end PRCBs in China are presented in appendix C, tables C-6 and C-7.

During the preliminary phase of these investigations, the Chinese producers projected large increases in capacity and steady exports of PRCBs to the United States. During these final phase investigations, some firms failed to provide complete data with regard to projections for 2004 and 2005 data, and projections for capacity increases were minor, while exports to the United States were projected to decline.[4] Counsel for the Chinese respondents argued that the projected decreases in capacity were due to electricity shortages in China; increases in the price of resin in Asia (based on petroleum) vis-a-vis the price of resin in the United States (based on natural gas); increases in the cost of ocean freight; and the high dumping margins; allegedly, all of these made the Chinese PRCBs less competitive with the domestically produced PRCBs.[5] Counsel also alleged that Chinese firms have moved some capacity to Vietnam.[6] However, questionnaire responses of Chinese foreign producers did not mention energy shortages, increased resin costs, increased ocean freight costs, or moving capacity overseas in their questionnaire responses to the Commission, although some did mention the dumping cases.

The following tabulation, based on responses to the Commission's questionnaire, presents the data on capacity, production, capacity utilization, and exports to the United States for those Chinese producers providing full data, including projections for both 2004 and 2005 (i.e., responding producers other than ***).

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[2] In its prehearing brief, petitioners alleged that ***. However, staff inquiries revealed that ***. Emails from ***, June 10, 2004.

[3] In the preliminary phase of these investigations, additional firms that did not respond in these final phase investigations reported additional capacity of *** billion units in 2002.

[4] Some firms also revised their projections substantially downward from their preliminary responses in the final phase of these investigations, including ***.

[5] Prehearing brief of Garvey Shubert Barer, pp. 19-22; and posthearing brief of Garvey Shubert Barer, pp. 6-8.

[6] Posthearing brief of Garvey Shubert Barer, pp. 6-7.

* * * * * * *

THE MALAYSIAN INDUSTRY

The Commission contacted 16 Malaysian firms believed to have produced PRCBs during the period examined. Nine firms supplied questionnaire responses with data, six firms reported that they neither produced nor exported PRCBs during the period for which data were collected in the investigations, and one firm did not respond. Of the Commerce Department mandatory respondents, only Zhin Hin Plastic Manufacturer failed to respond to the Commission's questionnaire.[7] *** appear to dominate the industry in terms of capacity, and the major exporter to the United States is ***. The combined data for eight firms (excluding Bee Lian's data because of its *de minimis* dumping margin), accounting for about 97 percent of reported subject U.S. imports of PRCBs from Malaysia in 2003, are shown in tables VII-3 (in thousands of bags) and VII-4 (in thousands of pounds).[8] With a total PRCB capacity of about *** percent of that in the United States, most of these firms also produce other polyethylene products in addition to the subject product. Like the firms in China, these firms appear to be export oriented.[9]

Table VII-3
PRCBs: Malaysia's production capacity, production, shipments, and inventories (in bags), 2001-03, and projections for 2004 and 2005

* * * * * * *

Table VII-4
PRCBs: Malaysia's production capacity, production, shipments, and inventories (in pounds), 2001-03, and projections for 2004 and 2005

* * * * * * *

During the preliminary phase of these investigations, the Malaysian producers projected capacity and exports to the United States to remain fairly stable. During these final phase investigations, they have projected substantial decreases. ***. *** shipments to the United States will decline by *** percent assuming that antidumping duties will not be imposed.

The following tabulation, based on responses to the Commission's questionnaire, presents the data on capacity, production, capacity utilization, and exports to the United States for those Malaysian producers providing full data, including projections for both 2004 and 2005 (i.e., responding producers other than ***). The data show projected capacity to remain stable, similar to projections provided in the

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[7] In its submission to the Department of Commerce, ***. Submission by counsel for petitioners, March 17, 2004, exhibit 1. During the preliminary phase of these investigations, ***, other firms that did not respond in these final investigations, reported more than *** million bags exported to the United States during 2002.

[8] Data from *de minimis* firm Bee Lian are not included in tables VII-3 and VII-4. In their reporting to the Commerce Department, additional firms not responding to the Commission's questionnaire in these final phase investigations reported additional exports of *** billion PRCBs to the United States during April 1, 2002 to March 31, 2003, ranged 10 percent. Submission by counsel for petitioners, March 18, 2004, exhibit 1.

[9] Additional firms who responded in the preliminary phase of these investigations but not in these final investigations reported an additional *** billion bags of capacity in 2002.

preliminary phase of these investigations; however, the projections show a substantial decrease in exports to the United States.

* * * * * * *

THE THAI INDUSTRY

The Commission contacted 17 firms by fax or by counsel and received questionnaire responses from eight Thai firms. Nine firms did not respond. Department of Commerce mandatory respondents supplied responses. The combined data for seven firms, accounting for virtually all reported subject U.S. imports from Thailand in 2003, are shown in tables VII-5 (in thousands of bags) and VII-6 (in thousands of pounds).[10] *** dominates the industry's capacity. *** is the largest exporter of PRCBs from Thailand to the United States. The subject industry's combined capacity is about *** percent of that in the United States and increased during the period for which data were examined, although it is projected to decrease appreciably in 2004 and 2005.[11] There is excess capacity. Like PRCB producers in China and Malaysia, producers in Thailand appear to be export oriented and produce other types of bags on the same equipment used to produce PRCBs. Reported data on high-end PRCBs in Thailand are presented in appendix C, tables C–8 and C-9.

Table VII-5
PRCBs: Thailand's production capacity, production, shipments, and inventories (in bags), 2001-03, and projections for 2004 and 2005

* * * * * * *

Table VII-6
PRCBs: Thailand's production capacity, production, shipments, and inventories (in pounds), 2001-03, and projections for 2004 and 2005

* * * * * * *

It is difficult to compare the data reported during the preliminary and final phase of these investigations, in part because ***. ***.

THE INDUSTRIES IN ALL THREE SUBJECT COUNTRIES COMBINED

Tables VII-7 and VII-8 present foreign industry data for China, Malaysia, and Thailand combined. In response to the question "Does your firm have any plans to add, expand, curtail, or shut down production capacity and/or production of PRCBs in China, Malaysia, or Thailand?," virtually all responding firms indicated "No." In response to a question asking firms to explain the basis for their projections, many firms indicated that the basis was market estimates and/or the availability of machinery. Several firms that reported exports of PRCBs from China to the United States indicated that their projections were influenced by the possibility of antidumping duties, as did two firms that reported exports of PRCBs from Malaysia to the United States.

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[10] One Thai respondent only exported the subject product and thus did not provide capacity and production data to match its shipment data.

[11] In the preliminary phase of these investigations, an additional producer, ***, reported additional capacity of *** million units in 2002, but no exports to the United States.

Table VII-7
PRCBs: Subject countries' combined production capacity, production, shipments, and inventories (in bags), 2001-03, and projections for 2004 and 2005

Item	Calendar year			Projected	
	2001	2002	2003	2004	2005
	Quantity (*1,000 bags*)				
Capacity	36,082,258	42,214,033	47,271,470	38,386,993	38,768,109
Production	32,415,871	38,546,391	40,885,292	31,469,115	32,039,688
End-of-period inventories	929,732	1,171,415	849,981	727,315	728,561
Shipments:					
Internal consumption/transfers	58,995	73,859	66,788	68,379	67,907
Home market	3,745,865	4,406,199	4,290,490	5,167,971	5,322,621
Exports to–					
United States	6,149,704	8,749,396	12,933,988	6,218,816	6,156,835
All other markets	22,998,440	25,215,836	24,381,795	20,351,020	20,828,933
Total exports	29,148,144	33,965,232	37,315,783	26,569,835	26,985,768
Total shipments	32,953,004	38,445,290	41,673,061	31,806,186	32,376,296
	Ratios and shares (*percent*)				
Capacity utilization	89.8	91.3	86.5	82.0	82.6
Inventories/production	2.9	3.0	2.1	2.3	2.3
Inventories/shipments	2.8	3.0	2.0	2.3	2.3
Share of total shipments:					
Internal consumption/transfers	0.2	0.2	0.2	0.2	0.2
Home market	11.4	11.5	10.3	16.2	16.4
Exports to--					
United States	18.7	22.8	31.0	19.6	19.0
All other markets	69.8	65.6	58.5	64.0	64.3
Total exports	88.5	88.3	89.5	83.5	83.4

Note.--Some Chinese firms only exported the subject product and were unable to provide production and capacity data to match shipment data. Many firms provided data for 2001-03 but were unable to provide data for 2004 and 2005 projections. Some Chinese firms provided data only in bags or pounds, and the corresponding quantity data were estimated by Commission staff based on the average conversion ratios of pounds per 1,000 bags of reported U.S. imports from China.

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

Table VII-8
PRCBs: Subject countries' combined production capacity, production, shipments, and inventories (in pounds), 2001-03, and projections for 2004 and 2005

Item	Calendar year			Projected	
	2001	2002	2003	2004	2005
	Quantity (*1,000 pounds*)				
Capacity	621,086	746,888	821,088	659,682	672,849
Production	558,829	679,445	694,144	557,189	569,498
End-of-period inventories	13,225	13,851	12,714	13,483	13,760
Shipments:					
Internal consumption/transfers	1,102	1,648	1,518	1,558	1,564
Home market	39,366	49,609	54,692	66,302	68,679
Exports to--					
United States	121,570	190,595	253,215	136,940	138,402
All other markets	405,436	459,590	438,786	366,600	379,553
Total exports	527,006	650,186	692,001	503,540	517,955
Total shipments	567,474	701,443	748,211	571,401	588,198
	Ratios and shares (*percent*)				
Capacity utilization	90.0	91.0	84.5	84.5	84.6
Inventories/production	2.4	2.0	1.8	2.4	2.4
Inventories/shipments	2.3	2.0	1.7	2.4	2.3
Share of total shipments:					
Internal consumption/transfers	0.2	0.2	0.2	0.3	0.3
Home market	6.9	7.1	7.3	11.6	11.7
Exports to--					
United States	21.4	27.2	33.8	24.0	23.5
All other markets	71.4	65.5	58.6	64.2	64.5
Total exports	92.9	92.7	92.5	88.1	88.1

Note.--Some Chinese firms only exported the subject product and were unable to provide production and capacity data to match shipment data. Many firms provided data for 2001-03 but were unable to provide data for 2004 and 2005 projections. Some Chinese firms provided data only in bags or pounds, and the corresponding quantity data were estimated by Commission staff based on the average conversion ratios of pounds per 1,000 bags of reported U.S. imports from China.

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

REMEDIES IN THIRD-COUNTRY MARKETS

Chinese, Malaysian, and Thai PRCBs have been exported to many countries all over the world; however, so far as it is known such exports are not subject to any antidumping orders or any other trade remedies to date.

U.S. INVENTORIES OF IMPORTED PRODUCT

Table VII-9 presents U.S. importers' inventories during the period for which data were examined. Inventories from subject sources were high due to ***.[12] *** inventory levels of nonsubject imports from China and Malaysia, and from all other sources.

U.S. IMPORTERS' OUTSTANDING ORDERS

U.S. importers reported that they had 1.8 billion PRCBs on order since December 31, 2003 from China, *** million bags from Malaysia, 3.0 billion bags from Thailand, and an additional 3.2 billion bags from subject countries combined. Importers' orders are of limited utility in the analysis of the threat of LTFV imports, however, because some orders contained PRCBs from firms having *de minimis* dumping margins.

[12] Staff inquiries about the reasons for *** holding such high inventories revealed that it needs to "better service its customers." Emails from ***, May 11, 2004, and May 12, 2004, and from ***, May 18, 2004. Further inquiries revealed that ***'s inventories had grown along with its sales. Staff telephone interview with ***, June 4, 2004.

Table VII-9
PRCBs: U.S. importers' end-of-period inventories (in bags), with salient ratios, 2001-03

Item	Calendar year		
	2001	2002	2003
Imports from China (subject)– Inventories (*1,000 bags*)	***	***	***
Ratio of inventories to imports (*percent*)	***	***	***
Ratio of inventories to U.S. shipments of imports (*percent*)	***	***	***
Imports from Malaysia (subject)– Inventories (*1,000 bags*)	***	***	***
Ratio of inventories to imports (*percent*)	***	***	***
Ratio of inventories to U.S. shipments of imports (*percent*)	***	***	***
Imports from Thailand (subject)– Inventories (*1,000 bags*)	***	***	***
Ratio of inventories to imports (*percent*)	***	***	***
Ratio of inventories to U.S. shipments of imports (*percent*)	***	***	***
Imports from subject sources– Inventories (*1,000 bags*)	1,456,608	1,934,949	2,356,441
Ratio of inventories to imports (*percent*)	16.8	16.7	13.9
Ratio of inventories to U.S. shipments of imports (*percent*)	18.1	17.5	14.5
Imports from China (nonsubject)– Inventories (*1,000 bags*)	***	***	***
Ratio of inventories to imports (*percent*)	***	***	***
Ratio of inventories to U.S. shipments of imports (*percent*)	***	***	***
Imports from Malaysia (nonsubject)– Inventories (*1,000 bags*)	***	***	***
Ratio of inventories to imports (*percent*)	***	***	***

Table continued on next page.

Table VII-9--*Continued*
PRCBs: U.S. importers' end-of-period inventories (in bags), with salient ratios, 2001-03

Item	Calendar year		
	2001	2002	2003
Ratio of inventories to U.S. shipments of imports (*percent*)	***	***	***
Imports from Thailand (nonsubject)– Inventories (*1,000 bags*)	***	***	***
Ratio of inventories to imports (*percent*)	***	***	***
Ratio of inventories to U.S. shipments of imports (*percent*)	***	***	***
Imports from all other sources– Inventories (*1,000 bags*)	***	***	***
Ratio of inventories to imports (*percent*)	***	***	***
Ratio of inventories to U.S. shipments of imports (*percent*)	***	***	***
Imports from nonsubject sources– Inventories (*1,000 bags*)	***	***	***
Ratio of inventories to imports (*percent*)	***	***	***
Ratio of inventories to U.S. shipments of imports (*percent*)	***	***	***
Imports from all sources– Inventories (*1,000 bags*)	***	***	***
Ratio of inventories to imports (*percent*)	***	***	***
Ratio of inventories to U.S. shipments of imports (*percent*)	***	***	***

Note: Ratios are calculated using data from firms that provided both inventory and import/shipment information.

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

APPENDIX A

FEDERAL REGISTER NOTICES

confidential business information deleted.

Written Submissions: Because of time constraints, the Commission will not hold public hearings in connection with the advice provided under this investigation number. However, interested parties will be invited to submit written statements (a signed original and 3 copies) concerning the matters to be addressed by the Commission in this investigation. The Commission is particularly interested in receiving input from the private sector on the likely effect of any proposed preferential treatment on affected segments of the U.S. textile and apparel industries, their workers, and consumers.

All written submissions must conform with the provisions of section 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8); any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). In the event that confidential treatment of the document is requested, an additional copy must be filed, in which the confidential information must be deleted. Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "nonconfidential" version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available in the Office of the Secretary to the Commission for inspection by interested parties. The Commission may include confidential business information submitted in the course of this investigation in the reports to the USTR. The Commission will also issue a public version of each report. Any confidential business information received by the Commission in this investigation and used in preparing the reports to the USTR will not be published in the public version of the report in a manner that would reveal the operations of the firm supplying the information. All submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436.

The Commission's rules do not authorize filing submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's Rules (19 CFR 201.8) (see Handbook for Electronic Filing Procedures, available on the Commission's Internet site at *ftp://ftp.usitc.gov/pub/reports/electronic_filing_handbook.pdf*). Persons with questions regarding electronic filing should contact the Secretary (202–205–2000 or *edis@usitc.gov*).

List of Subjects

Caribbean, African, Andean, tariffs, imports, yarn, fabric, and apparel.

By order of the Commission.

Issued: February 3, 2004.

Marilyn R. Abbott,

Secretary.

[FR Doc. 04–2687 Filed 2–6–04; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–1043–1045 (Final)]

Polyethylene Retail Carrier Bags From China, Malaysia, and Thailand

AGENCY: International Trade Commission.

ACTION: Scheduling of the final phase of antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigations Nos. 731–TA–1043–1045 (Final) under § 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China, Malaysia, and Thailand of polyethylene retail carrier bags, provided for in subheading 3923.21.00 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: January 26, 2004.

FOR FURTHER INFORMATION CONTACT: Olympia Hand, (202) 205–3182, Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on (202) 205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION:

Background.—The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of Commerce that imports of polyethylene retail carrier bags from China, Malaysia, and Thailand are being sold in the United States at less than fair value within the meaning of § 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on June 20, 2003, by PCL Packaging, Inc., Barrie, Ontario; Sonoco Products Co., Hartsville, SC; Superbag Corp., Houston, TX; Vanguard Plastics, Inc., Farmers Branch, TX; and Interplast Group, Ltd., Livingston, NJ; collectively known as the Polyethylene Retail Carrier Bag Committee.

Participation in the investigations and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules, no later than 21 days prior to the hearing

[1] For purposes of these investigations, the Department of Commerce has defined the subject merchandise as "PRCBs, which may be referred to as t-shirt sacks, merchandise bags, grocery bags, or checkout bags. The subject merchandise is defined as non-sealable sacks and bags with handles (including drawstrings), without zippers or integral extruded closures, with or without gussets, with or without printing, of polyethylene film having a thickness no greater than .035 inch (0.889 mm) and no less than .00035 inch (0.00889 mm), and with no length or width shorter than 6 inches (15.24 cm) or longer than 40 inches (101.6 cm). The depth of the bag may be shorter than 6 inches but not longer than 40 inches (101.6 cm).

PRCBs are typically provided without any consumer packaging and free of charge by retail establishments (*e.g.*, grocery, drug, convenience, department, specialty retail, discount stores, and restaurants) to their customers to package and carry their purchased products. The scope of the investigations excludes (1) polyethylene bags that are not printed with logos or store names and that are closeable with drawstrings made of polyethylene film; and (2) polyethylene bags that are packed in consumer packaging with printing that refers to specific end-uses other than packaging and carrying merchandise from retail establishments (*e.g.*, garbage bags, lawn bags, trash-can liners)."

date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on May 26, 2004, and a public version will be issued thereafter, pursuant to § 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on June 10, 2004, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before June 3, 2004. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on June 7, 2004, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.23 of the Commission's rules; the deadline for filing is June 3, 2004. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.25 of the Commission's rules. The deadline for filing posthearing briefs is June 17, 2004; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before June 17, 2004. On July 6, 2004, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before July 8, 2004, but such final comments must not contain new factual information and must otherwise comply with § 207.30 of the Commission's rules. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by § 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.21 of the Commission's rules.

By order of the Commission.

Issued: February 3, 2004.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–2659 Filed 2–6–04; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1046 (Final)]

Tetrahydrofurfuryl Alcohol (THFA) From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731–TA–1046 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China of THFA, provided for in subheading 2932.13.00 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of this phase of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: January 27, 2004.

FOR FURTHER INFORMATION CONTACT: Jai Motwane (202–205–3176), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION:

Background.—The final phase of this investigation is being scheduled as a result of an affirmative preliminary

[1] For purposes of this investigation, the Department of Commerce has defined the subject merchandise as: "tetrahydrofurfuryl alcohol ($C_5H_{10}O_2$) ('THFA'). THFA, a primary alcohol, is a clear, water white to pale yellow liquid. THFA is a member of the heterocyclic compounds known as furans and is miscible with water and soluble in many common organic solvents."

conference call number and access code number.

To ensure that the Commission secures an appropriate number of lines for the public, persons are asked to register by contacting Barbara de La Viez of the Eastern Regional Office, 202–376–7533 (TTY 202–375–8116), by 4 p.m. on Thursday, June 17, 2004.

The meeting will be conducted pursuant to the provisions of the rules and regulations of the Commission.

Dated: June 11, 2004.

Ivy L. Davis,

Chief, Regional Programs Coordination Unit.

[FR Doc. 04–13847 Filed 6–15–04; 2:50 pm]

BILLING CODE 6335–01–P

DEPARTMENT OF COMMERCE

Submission for OMB Review: Comment Request

DOC has submitted to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act of 1995, Public Law 104–13.

Bureau: International Trade Administration.

Title: Advocacy Quality Assurance Survey.

Agency Form Number: ITA–XXXX.

OMB Number: 0625–XXXX.

Type of Request: Regular submission.

Burden: 37.92 hours.

Number of Respondents: 227.5.

Avg. Hours Per Response: 10 minutes.

Needs and Uses: The International Trade Administration's U.S. Commercial Service is mandated by Congress to help U.S. businesses, particularly small and medium-sized companies, export their products and services to global markets. As part of its mission, the U.S. Commercial Service uses "Quality Assurance Surveys" to collect feedback from the U.S. business clients it serves. These surveys ask the client to evaluate the U.S. Commercial Service on its customer service provision. Results from the surveys are used to make improvements to the agency's business processes in order to provide better and more effective export assistance to U.S. companies. The purpose of the attached survey is to collect feedback from U.S. businesses that receive advocacy services from the U.S. Commercial Service. In providing these services, the U.S. Commercial Service advocates on behalf of a U.S. company that is bidding on a project or government contract, trying to recover payment or goods, or facing a barrier to market entry.

Affected Public: U.S. companies who receive advocacy services from USFCS international posts.

Frequency: Upon completion of receipt of advocacy services (on occasion).

Respondents Obligation: Voluntary.

OMB Desk Officer: David Rostker, (202) 395–7340.

Copies of the above information collection can be obtained by calling or writing Diana Hynek, Department Paperwork Clearance Officer, (202) 482–0266, Department of Commerce, Room 6625, 14th and Constitution Avenue, NW., Washington, DC 20230. E-mail *dHynek@doc.gov.*

Written comments and recommendations for the proposed information collection should be sent to David Rostker, OMB Desk Officer, Room 10202, New Executive Office Building, Washington, DC 20503 within 30 days of the publication of this notice in the **Federal Register.**

Dated: June 14, 2004.

Madeleine Clayton,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. 04–13735 Filed 6–17–04; 8:45 am]

BILLING CODE 3510–FP–P

DEPARTMENT OF COMMERCE

[I.D. 061504A]

Submission for OMB Review; Comment Request

The Department of Commerce has submitted to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35).

Agency: National Oceanic and Atmospheric Administration (NOAA).

Title: Alaska Region Gear Identification Requirements.

Form Number(s): None.

OMB Approval Number: 0648–0353.

Type of Request: Regular submission.

Burden Hours: 3,138.

Number of Respondents: 1,692.

Average Hours Per Response: 15 minutes.

Needs and Uses: The participants in the groundfish fisheries in the Exclusive Economic Zone off the coast of Alaska are required to identify all hook-and-line and pot gear marker buoys on board or in use by the vessel. The vessels will be identified with the vessel's Federal fisheries permit number or the State of Alaska Department of Fish and Game vessel registration number. The information is needed for fishery enforcement purposes.

Affected Public: Business or other for-profit organizations, and Individuals or households.

Frequency: Third party disclosure.

Respondent's Obligation: Mandatory.

OMB Desk Officer: David Rostker, (202) 395–3897.

Copies of the above information collection proposal can be obtained by calling or writing Diana Hynek, Departmental Paperwork Clearance Officer, (202) 482–0266, Department of Commerce, Room 6625, 14th and Constitution Avenue, NW, Washington, DC 20230 (or via the Internet at *dHynek@doc.gov*).

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to David Rostker, OMB Desk Officer, FAX number 202–395–7285, or *David_Rostker@omb.eop.gov.*

Dated: June 10, 2004.

Gwellnar Banks,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. 04–13805 Filed 6–17–04; 8:45 am]

BILLING CODE 3510–22–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–549–821]

Notice of Final Determination of Sales at Less Than Fair Value: Polyethylene Retail Carrier Bags From Thailand

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: June 18, 2004.

SUMMARY: On January 26, 2003, the Department of Commerce published its preliminary determination of sales at less than fair value of the investigation on polyethylene retail carrier bags from Thailand. The period of investigation is April 1, 2002, through March 31, 2003. The investigation covers five manufacturers/exporters.

We invited interested parties to comment on our preliminary determination of sales at less than fair value. Based on our analysis of the comments received, we have made changes to our calculations. The final dumping margins for this investigation are listed in the "Final Determination Margins" section below.

FOR FURTHER INFORMATION CONTACT: Lyn Johnson (TPBG) or Fred Aziz (Universal), Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW.,

Washington, DC 20230; telephone: (202) 482–4733.

Final Determination

The Department of Commerce (the Department) has conducted this antidumping investigation in accordance with section 735 of the Tariff Act of 1930, as amended (the Act). We have determined that polyethylene retail carrier bags (PRCBs) from Thailand are being sold, or are likely to be sold, in the United States at less than fair value (LTFV), as provided in section 735 of the Act. The estimated margins of sales at LTFV are shown in the "Final Determination Margins" section of this notice.

Case History

The preliminary determination of sales at LTFV in this investigation was issued on January 21, 2004. See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Polyethylene Retail Carrier Bags from Thailand*, 69 FR 3552 (January 26, 2004) (*Preliminary Determination*).

Since the *Preliminary Determination* the following events have occurred. In February 2004, we conducted verifications of the questionnaire responses of the respondents, Thai Plastic Bags Industries Co., Ltd. (TPBI), Winner's Pack Co., Ltd., and APEC Film Ltd (APEC) (collectively the Thai Plastic Bags Industries Group (TPBG)), and Advance Polybag Inc., Alpine Plastics Inc., API Enterprises Inc., and Universal Polybag Co., Ltd. (collectively Universal). We gave interested parties an opportunity to comment on the *Preliminary Determination*. We received case briefs on April 30, 2004, from the respondents and May 3, 2004, from the Polyetheylene Retail Carrier Bag Committee and its individual members, PCL Packing, Inc., Hilex Poly Co., LLC, Superbag Corp., Vanguard Plastics Inc., and Inteplast Group, Ltd. (collectively, the petitioners). We received rebuttal briefs on May 6, 2004, from both the respondents and the petitioners. The Department held a public hearing on May 14, 2004, at the request of the petitioners.

Period of Investigation

The period of investigation (POI) corresponds to the four most recent fiscal quarters prior to the filing of the petition, April 1, 2002, through March 31, 2003.

Scope of Investigation

The merchandise subject to this investigation is PRCBs, which also may be referred to as t-shirt sacks, merchandise bags, grocery bags, or checkout bags. The subject merchandise is defined as non-sealable sacks and bags with handles (including drawstrings), without zippers or integral extruded closures, with or without gussets, with or without printing, of polyethylene film having a thickness no greater than .035 inch (0.889 mm) and no less than .00035 inch (0.00889 mm), and with no length or width shorter than 6 inches (15.24 cm) or longer than 40 inches (101.6 cm). The depth of the bag may be shorter than 6 inches but not longer than 40 inches (101.6 cm).

PRCBs are typically provided without any consumer packaging and free of charge by retail establishments (*e.g.*, grocery, drug, convenience, department, specialty retail, discount stores and restaurants) to their customers to package and carry their purchased products. The scope of the petition excludes (1) PRCBs that are not printed with logos or store names and that are closeable with drawstrings made of polyethylene film and (2) PRCBs that are packed in consumer packaging with printing that refers to specific end-uses other than packaging and carrying merchandise from retail establishments (*e.g.*, garbage bags, lawn bags, trash-can liners).

Imports of the subject merchandise are currently classifiable under statistical category 3923.21.0090 of the *Harmonized Tariff Schedule of the United States*. This subheading also covers products that are outside the scope of this investigation. Furthermore, although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this antidumping investigation are addressed in the "Issues and Decision Memorandum" (*Decision Memorandum*) from Jeffrey May, Deputy Assistant Secretary, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated June 9, 2004, which is hereby adopted by this notice. A list of the issues which parties have raised and to which we have responded, all of which are in the *Decision Memorandum*, is attached to this notice as an appendix. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room B–099 of the main Department of Commerce building. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the Web at *http://ia.ita.doc.gov/*. The paper copy and electronic version of the *Decision Memorandum* are identical in content.

Use of Facts Otherwise Available

Section 776(a)(2) of the Act provides that, if an interested party withholds information that has been requested by the Department, fails to provide such information in a timely manner or in the form or manner requested, significantly impedes a proceeding under the antidumping statute, or provides such information but the information cannot be verified, the Department shall, subject to sections 782(d) and (e) of the Act, use facts otherwise available in reaching the applicable determination.

Specifically, section 776(a)(2)(B) of the Act requires the Department to use facts available when a party does not provide the Department with information by the established deadline or in the form and manner requested by the Department. In addition, section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information," the Department may use information that is adverse to the interests of that party as facts otherwise available.

As explained in the *Preliminary Determination*, Champion Paper Polybags Ltd., TRC Polypack, and Zip-Pac Co., Ltd., failed to respond to our July 14, 2003, request for information. See *Preliminary Determination* at 69 FR 3552. Consistent with our decision in the *Preliminary Determination* and pursuant to section 776(a) of the Act, in reaching our final determination we have used total facts available for all three of these companies. These firms did not provide the data we needed to decide whether they should be selected as mandatory respondents. Also, because these companies failed to respond to our requests for information, we have found that they failed to cooperate to the best of their ability. Therefore, pursuant to section 776(b) of the Act, we have used an adverse inference in selecting from the facts available for the margins for these companies. Accordingly, we find that the highest margin based on petition information, as we adjusted for the initiation of this investigation, 122.88 percent, is corroborated within the meaning of section 776(c) of the Act. See *Initiation of Antidumping Duty Investigations: Polyethylene Retail Carrier Bags from The People's Republic of China, Malaysia, and Thailand*, 68 FR 42002 (July 16, 2003).

Section 776(c) of the Act provides that the Department shall, to the extent practicable, corroborate secondary information used for facts available by reviewing independent sources reasonably at its disposal. Information from the petitioners constitutes secondary information. The Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103–316, at 870 (1994) (SAA), provides that the word "corroborate" means that the Department will satisfy itself that the secondary information used has probative value.

As discussed in the memorandum to the file entitled "Corroboration of Facts Available", dated January 16, 2004, we found that the export-price (EP) and normal-value information in the petition were reasonable and, therefore, determined that the petition information has probative value. Furthermore, there is no information on the record that demonstrates that the rate we have selected is an inappropriate total adverse facts-available rate for the companies in question. On the contrary, our existing record supports the use of this rate as the dumping margin for these firms. Therefore, we consider the selected rate to have probative value with respect to the firms in question and to reflect the appropriate adverse inference. Accordingly, for the final determination, the margin for Champion Paper Polybags Ltd., TRC Polypack, and Zip-Pac Co., Ltd., is 122.88 percent.

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A(a) of the Act based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

Cost of Production

As explained in our "Request to Initiate a Cost Investigation" dated November 21, 2003, we conducted a COP investigation of sales by TPBG in the home market pursuant to section 773(b)(1) of the Act.

In accordance with section 773(b)(3) of the Act, we calculated the cost of production (COP) based on the sum of the costs of materials and fabrication employed in producing the foreign like product, the selling, general and administrative (SG&A) expenses, and all costs and expenses incidental to packing the merchandise. In our COP analysis, we used the home-market sales and COP information provided in TPBG's questionnaire responses.

After calculating the COP, in accordance with section 773(b)(1) of the Act, we tested whether home-market sales of the foreign like product were made at prices below the COP within an extended period of time in substantial quantities and whether such prices permitted the recovery of all costs within a reasonable period of time. We compared model-specific COPs to the reported home-market prices less any applicable movement charges.

Pursuant to section 773(b)(2)(C) of the Act, when less than 20 percent of TPBG's sales of a given product were at prices less than the COP, we did not disregard any below-cost sales of that product because the below-cost sales were not made in substantial quantities within an extended period of time. When 20 percent or more of a respondent's sales of a given product during the POI were at prices less than the COP, we disregarded the below-cost sales because they were made in substantial quantities within an extended period of time pursuant to sections 773(b)(2)(B) and (C) of the Act and because, based on comparisons of prices to weighted-average COPs for the POI, we determined that these sales were at prices which would not permit recovery of all costs within a reasonable period of time in accordance with section 773(b)(2)(D) of the Act. Based on this test, in the *Preliminary Determination* and for this final determination, we disregarded below-cost sales with respect to TPBG.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondents for use in our final determination. We used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by respondents.

Changes Since the Preliminary Determination

Since the *Preliminary Determination*, we have made the following changes to our margin calculations:

TPBG

1. We incorporated pre-verification changes by using the revised U.S., home-market, and cost-of-production sales listings provided in TPBG's February 2, 2004, filing.

2. We adjusted TPBG's reported U.S., home-market, and cost sales listings for corrections presented on the first day of the cost verification (see the cost verification report for TPBG dated March 31, 2004) and the first day of the sales verification (see the sales verification report dated April 15, 2004).

3. We adjusted TPBG's reported cost of inputs obtained from affiliates to reflect the higher of transfer price or market price in accordance with section 773(f)(2) of the Act. See Comment 5 of the *Decision Memorandum*.

4. We adjusted APEC's reported costs for an unreconciled difference between the total costs from the financial accounting system and the total costs from the cost of production (COP) and constructed value (CV) file. See Comment 14 of the *Decision Memorandum*.

5. We adjusted TPBI's reported costs for an unreconciled difference between the total costs from the financial accounting system and the total costs from the COP and CV file. See Comment 10 of the *Decision Memorandum*.

6. We adjusted TPBI's reported costs for a difference in the production quantities from the production system and those used to calculate the per-unit costs. See Comment 10 of the *Decision Memorandum*.

7. We adjusted TPBI's general and administrative (G&A) rate for a mathematical error. We also adjusted Winner's Pack's financial expense rate for a mathematical error. See Comment 14 of the *Decision Memorandum*.

8. We adjusted APEC's financial expense rate to disallow interest income offsets not related to short-term assets. See Comment 13 of the *Decision Memorandum*.

9. We made adjustments to U.S. price to account for two of the three types of duty drawback claims reported. See Comment 8 of the *Decision Memorandum*.

10. We revised the amount for indirect selling expenses (ISEs) incurred in Thailand as a result of verification. We also revised the home-market ISEs as a result of verification and calculation errors asserted by the petitioners. See Comment 15 of the *Decision Memorandum*.

See "Final Determination Analysis Memorandum for Thai Plastic Bags Group," memorandum to the file dated June 9, 2004, and "Constructed Value Calculation Adjustments for Thai Plastic Bags Group for the Final Determination," Memorandum to the File from the Office of Accounting, dated June 9, 2004, for more details concerning the above changes.

Universal

1. We imputed interest expense for a certain loan. For the final determination, we applied the interest rate in Thailand, as published by the International Monetary Fund, to the average daily loan balance of the loan, based on the actual number of days that

the principal amount of the loan was outstanding, to calculate the imputed interest expense. See Comment 7 of the *Decision Memorandum*.

2. We increased the total cost of manufacture to value affiliated-party inputs of masterbatch (color concentrate) at the higher of transfer price or market price. See Comment 5 of the *Decision Memorandum*.

3. We adjusted the reported costs to include unreconciled differences and other adjustments, found at verification, in the reconciliations of the financial statements to the financial accounting system and of the financial accounting system to the reported costs for the POI. See Memorandum from Nancy Decker through Theresa Caherty to Neal Halper, "Universal Polybag Co., Ltd. Constructed Value Calculation Adjustments for the Final Determination" dated June 9, 2004 (Universal Final Cost Memorandum).

4. We adjusted general and administrative (G&A) and financial expenses ratios to remove packing from the denominator of the calculation of these ratios. We then applied G&A and financial expenses to the total packing-exclusive cost of manufacturing.

5. We have recalculated the rates used for CV selling expenses and CV profit. See Comment 4 of the *Decision Memorandum*.

See the "Final Determination Analysis Memorandum for Universal Polybag," Memorandum to the File, dated June 9, 2004, and "Constructed Value Calculation Adjustments for Universal Polybag Co., Ltd. for the Final Determination," Memorandum to the File from the Office of Accounting dated June 9, 2004, for more details concerning the above changes.

Continuation of Suspension of Liquidation

Pursuant to 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of subject merchandise from Thailand, except for subject merchandise produced and exported by TPBG (which has a *de minimis* weighted-average margin) entered, or withdrawn from warehouse, for consumption on or after January 26, 2004, the date of the publication of our preliminary determination. CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown below. These instructions suspending liquidation will remain in effect until further notice.

Final Determination Margins

The weighted-average dumping margins are as follows:

Exporter/manufacturer	Weighted-average percentage *margin*
TPBG	0.62
Universal	5.66
Champion Paper Polybags Ltd	122.88
TRC Polypack	122.88
Zip-Pac Co., Ltd	122.88
All Others	5.66

Pursuant to section 735(c)(5)(A) of the Act, we have excluded from the calculation of the all-others rate margins which are zero or *de mimimis* or determined entirely on facts available. See "Antidumping Duty Investigation on Polyethylene Retail Carrier Bags from Thailand—Analysis Memo for All-Others Rate," dated June 9, 2004. The Department will disclose calculations performed within five days of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination of sales at LTFV. As our final determination is affirmative and in accordance with section 735(b) of the Act the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports, or sales (or the likelihood of sales) for importation, of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: June 9, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

Issues Appendix

1. Foreign and Domestic Production
2. Allocation of Indirect Selling Expenses
3. Date of Sale
4. Surrogate-Value Information
5. Affiliated-Party Inputs
6. Inputed Interest on Long-Term Loans
7. Duty Drawback
8. Affiliations
9. Miscellaneous Cost Issues
10. Pre-Verification and Verification Corrections

[FR Doc. 04–13814 Filed 6–17–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–886]

Notice of Final Determination of Sales at Less Than Fair Value: Polyethylene Retail Carrier Bags From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On January 26, 2004, the Department of Commerce published its preliminary determination of sales at less than fair value in the investigation on polyethylene retail carrier bags from the People's Republic of China. On February 20, 2004, the Department of Commerce published its amended preliminary determination of sales at less than fair value. The period of investigation is October 1, 2002, through March 31, 2003. The investigation covers nine manufacturers/exporters which are mandatory respondents and nineteen section A respondents.

We invited interested parties to comment on our preliminary determination of sales at less than fair value. Based on our analysis of the comments received, we have made changes to our calculations for all parties. The final dumping margins for this investigation are listed in the "Final Determination Margins" section below.

EFFECTIVE DATE: June 18, 2004.

FOR FURTHER INFORMATION CONTACT: Hermes Pinilla (Nantong), Edythe Artman (Senetex), Kristin Case (United

Wah), Jeffrey Frank (Ming Pak), Janis Kalnins (Zhongshan), Jennifer Moats (Hang Lung), Thomas Schauer (Rally Plastics), or Dmitry Vladimirov (Glopack), Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4733.

Final Determination

We determine that polyethylene retail carrier bags (PRCBs) from the People's Republic of China (PRC) are being, or are likely to be, sold in the United States at less than fair value (LTFV) as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at LTFV are shown in the "Final Determination Margins" section of this notice.

Case History

The Department of Commerce (the Department) published its preliminary determination of sales at LTFV on January 26, 2004. See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Polyethylene Retail Carrier Bags from the People's Republic of China*, 69 FR 3544 (*Preliminary Determination*). On February 20, 2004, the Department published an amended preliminary determination. See *Notice of Amended Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Polyethylene Retail Carrier Bags from the People's Republic of China*, 69 FR 7908 (*Amended Preliminary Determination*). We invited parties to comment on the *Preliminary Determination*. We received comments from the Polyethylene Retail Carrier Bag Committee and its individual members (collectively, petitioners) and from the following respondents: Hang Lung Plastic Manufactory Limited (Hang Lung), Dongguan Huang Jiang United Wah Plastic Bag Factory (United Wah), Nantong Huasheng Plastic Products Company, Limited (Nantong), Rally Plastics Company, Limited (Rally Plastics), Shanghai Glopack Packing Company Limited and Sea Lake Polyethylene Enterprise Limited (collectively, Glopack), Xiamen Ming Pak Plastics Company, Limited (Ming Pak), Nan Sing Plastics, Limited (Nan Sing), Dongguan Zhongqiao Combine Plastic Bag Factory (Dongguan Zhongqiao), Zhongshan Dongfeng Hung Wai Plastic Bag Manufactory (Zhongshan), Guangdong Esquel Packaging Company, Limited (Guangdong Esquel), and Duralok, Inc. (Duralok). On March 22, 2004, parties submitted surrogate-value information. On April 27, 2004, parties submitted case briefs. On May 3, 2004, parties submitted rebuttal briefs.

Scope of Investigation

The merchandise subject to this investigation is PRCBs which may be referred to as t-shirt sacks, merchandise bags, grocery bags, or checkout bags. The subject merchandise is defined as non-sealable sacks and bags with handles (including drawstrings), without zippers or integral extruded closures, with or without gussets, with or without printing, of polyethylene film having a thickness no greater than .035 inch (0.889 mm) and no less than .00035 inch (0.00889 mm), and with no length or width shorter than 6 inches (15.24 cm) or longer than 40 inches (101.6 cm). The depth of the bag may be shorter than 6 inches but not longer than 40 inches (101.6 cm).

PRCBs are typically provided without any consumer packaging and free of charge by retail establishments (*e.g.*, grocery, drug, convenience, department, specialty retail, discount stores, and restaurants) to their customers to package and carry their purchased products. The scope of the investigation excludes (1) polyethylene bags that are not printed with logos or store names and that are closeable with drawstrings made of polyethylene film and (2) polyethylene bags that are packed in consumer packaging with printing that refers to specific end-uses other than packaging and carrying merchandise from retail establishments (*e.g.*, garbage bags, lawn bags, trash-can liners).

Imports of the subject merchandise are classified under statistical category 3923.21.0090 of the *Harmonized Tariff Schedule of the United States* (HTSUS). This subheading also covers products that are outside the scope of this investigation. Furthermore, although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Scope Comments

The Department received scope comments and addressed them in the "Issues and Decision Memorandum for the Investigation of Polyethylene Retail Carrier Bags from the People's Republic of China" from Jeff May to James J. Jochum (June 9, 2004) (Decision Memo).

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum, dated June 9, 2004, which is hereby adopted by this notice (the Decision Memorandum). A list of the issues which parties raised and to which we respond in the Decision Memorandum is attached to this notice as an Appendix. The Decision Memorandum is a public document and is on file in the Central Records Unit (CRU), Main Commerce Building, Room B–099, and is accessible on the Web at www.ia.ita.doc.gov. The paper copy and electronic version of the memorandum are identical in content.

Separate Rates

In the *Preliminary Determination*, the Department found that several companies which provided responses to section A of the antidumping questionnaire were eligible for a rate separate from the PRC-wide rate. These companies are as follows: Beijing Lianbin Plastics and Printing Company Limited (Beijing Lianbin), Dongguan Zhongqiao, Good-in Holdings Limited (Good-in Holdings), Guangdong Esquel, Nan Sing, Ningbo Fanrong Plastics Products Company Limited (Ningbo Fanrong), Ningbo Huansen Plasthetics Company, Limited (Ningbo Huansen), Rain Continent Shanghai Company Limited (Rain Continent), Shanghai Dazhi Enterprise Development Company, Limited (Shanghai Dazhi), Shanghai Fangsheng Coloured Packaging Company Limited (Shanghai Fangsheng), Shanghai Jingtai Packaging Material Company, Limited (Shanghai Jingtai), Shanghai Light Industrial Products Import and Export Corporation (Shanghai Light Industrial), Shanghai Minmetals Development Limited (Shanghai Minmetals), Shanghai New Ai Lian Import and Export Company Limited (Shanghai New Ai Lian), Shanghai Overseas International Trading Company, Limited (Shanghai Overseas), Shanghai Yafu Plastics Industries Company Limited (Shanghai Yafu), Weihai Weiquan Plastic and Rubber Products Company, Limited (Weihai Weiquan), Xiamen Xingyatai Industry Company, Limited (Xiamen Xingyatai), and Xinhui Henglong. Consequently, we calculated a weighted-average margin for these companies based on the rates we calculated for the selected respondents (see Memorandum from Thomas Schauer to the File regarding calculation of the adverse-facts-available and non-adverse-facts-available margins dated January 16, 2004). The margin we calculated in the *Preliminary Determination* for these companies was 12.71 percent was amended in the *Amended Preliminary Determination* to 18.43 percent. Because the rates of the selected mandatory respondents have

changed since the *Preliminary Determination* and the *Amended Preliminary Determination*, we have recalculated the rate for section A respondents to be 23.06 percent. For a more detailed discussion of the section A rate, *see* Memorandum to the File entitled "Analysis for the Final Determination of Polyethylene Retail Carrier Bags from the People's Republic of China (PRC): Calculation of PRC-Wide Rate Based on Adverse Facts Available and the Non-Adverse Margin for Respondents Not Selected for Analysis," dated June 9, 2004 (PRC-Wide Rate Memo).

With the exception of Nantong, the companies receiving this "section A" rate remain the same as those listed in the *Preliminary Determination* and are identified by name in the "Final Determination Margins" section of this notice. Nantong was given the "section A" rate as facts otherwise available for the *Preliminary Determination*. Because we are now using the data that Nantong reported, we are no longer using the "section A" rate for Nantong. For a more detailed discussion of this matter, *see* Comment 13.B of Issues and Decision Memorandum, dated June 9, 2004.

The PRC-Wide Rate

Because the Department begins with the presumption that all companies within a non-market-economy country are subject to government control and because only the companies listed in the "Final Determination Margins" section below have overcome that presumption, we are applying a single antidumping rate—the PRC-wide rate—to all other exporters in the PRC. The PRC-wide rate we calculated in the *Preliminary Determination* was 80.52 percent. Because of certain changes to surrogate values, we have recalculated the PRC-wide rate to be 77.33 percent. For a more detailed discussion of these changes and the PRC-wide rate calculations, see the PRC-Wide Rate Memo.

Tai Chiuan failed to respond at all to the antidumping questionnaire. Senetex responded to the initial antidumping questionnaire but failed to respond to the supplemental questionnaire and submitted a letter stating that it no longer wished to participate in the investigation. By not responding fully to the questionnaire, two mandatory respondents, Senetex and Tai Chiuan, failed to demonstrate entitlement to a separate rate and, therefore, we preliminarily determined that the PRC-wide rate should apply to them. We have not received any information since the issuance of the *Preliminary Determination* that provides a basis for reconsideration of these determinations. Therefore, for the final determination we have not established a rate separate from the PRC-wide rate for these companies.

Final Determination Margins

We determine that the following percentage weighted-average margins exist:

Exporter and Producer	Margin (percent)
Hang Lung	0.20
United Wah	23.19
Nantong	2.29
Rally Plastics	23.81
Glopack	19.73
Ming Pak	35.23
Zhongshan	41.21
Beijing Lianbin	23.06
Dongguan Zhongqiao	23.06
Good-in Holdings	23.06
Guangdong Esquel	23.06
Nan Sing	23.06
Ningbo Fanrong	23.06
Ningbo Huansen	23.06
Rain Continent	23.06
Shanghai Dazhi	23.06
Shanghai Fangsheng	23.06
Shanghai Jingtai	23.06
Shanghai Light Industrial	23.06
Shanghai Minmetals	23.06
Shanghai New Ai Lian	23.06
Shanghai Overseas	23.06
Shanghai Yafu	23.06
Weihai Weiquan	23.06
Xiamen Xingyatai	23.06
Xinhui Henglong	23.06
PRC-wide Rate	77.33

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondents for use in our final determination. We used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by respondents.

Continuation of Suspension of Liquidation

Pursuant to 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of subject merchandise from the PRC (except for entries of Hang Lung because this company has a *de minimis* margin) entered, or withdrawn from warehouse, for consumption on or after January 26, 2004, the date of publication of the *Preliminary Determination*. In accordance with section 351.204(e)(3) of our regulations, this exclusion only applies to merchandise produced and exported by Hang Lung. CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown above. These instructions suspending liquidation will remain in effect until further notice.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will, within 45 days, determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports, or sales (or the likelihood of sales) for importation, of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing the CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn form warehouse, for consumption on or after the effective date of the suspension of liquidation (*i.e.*, January 26, 2004).

Notification Regarding APO

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: June 9, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

Appendix

Issues in the Decision Memorandum

1. Scope Comments

2. Surrogate Financial Ratios
3. Market-Economy Inputs
4. Adjusting Indian Import Statistics
   A. Excluding Countries That Receive Export Subsidies
   B. Excluding Aberrational Data When Using the Indian Import Statistics
   C. Excluding U.S. Data from Indian Import Statistics
5. Surrogate Value for Ink
6. Surrogate Value for Varnish
7. Surrogate Value for Other Materials
8. Surrogate Value for Labor
9. Surrogate Value for Electricity
10. Change in Name of Section A Respondent
11. Hang Lung Issues
   A. Affiliated U.S. Customer
   B. Adverse Facts Available for Electricity
   C. Adjustment of Market-Economy Purchases to Account for Unpaid Foreign Customs Duties
   D. Currency Conversion of U.S. Sales in Hong Kong Dollars
   E. Currency Conversion of Domestic Inland Freight
12. United Wah Issues
   A. Certain "Market-Economy" Purchases by United Wah
   B. Ministerial-Error Allegation
13. Nantong Issues
   A. Market-Economy Purchases of Raw Materials from Purchaser of PRCBs
   B. Use of Adverse Facts Available for Inadequate Reporting of FOP Information
14. Rally Plastics Issues
   A. Use of Facts Available for Direct Labor, Indirect Labor, and Electricity
   B. Use of Facts Available for Marine Insurance
   C. Use of Facts Available for International Freight
15. Glopack Issue
   Classification of Sales as EP or CEP
16. Zhongshan Issues
   A. Use of Adverse Facts Available for Sales Through Reliable Plastic Bags Manufacturing Ltd.
   B. Ministerial-Error Allegations
   C. Use of HTS Subheading 5607.90.02 to Value Cotton Rope/String
   D. Valuing Cardboard Inserts Using HTS Subheadings
   E. Surrogate Value for Rubber Rope
   F. Surrogate Value for Clip (Loop) Handles
   G. Whether the Department Should Adjust for Bank Fees

[FR Doc. 04–13815 Filed 6–17–04; 8:45 am]
BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–557–813]

Notice of Final Determination of Sales at Less Than Fair Value: Polyethylene Retail Carrier Bags From Malaysia

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: June 18, 2004.

SUMMARY: On January 26, 2003, the Department of Commerce published its preliminary determination of sales at less than fair value of the investigation on polyethylene retail carrier bags from Malaysia. The period of investigation is April 1, 2002, through March 31, 2003. The investigation covers six manufacturers/exporters.

We invited interested partes to comment on our preliminary determination of sales at less than fair value. Based on our analysis of the comments received, we have made changes to our calculations. The final dumping margins for this investigation are listed in the "Final Determination Margins" section below.

FOR FURTHER INFORMATION CONTACT: David Dirstine (Bee Lian Plastic Industries Sdn. Bhd.) or Catherine Cartsos (Teong Chuan Plastic and Timber Sdn. Bhd.), Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4033 or (202) 482–1757, respectively.

Final Determination

We determine that polyethylene retail carrier bags (PRCBs) from Malaysia are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at less than fair value (LTFV) are shown in the AFinal Determination Margins' section of this notice.

Case History

The preliminary determination of sales at LTFV in this investigation was issued on January 21, 2004. See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Polyethylene Retail Carrier Bags from Malaysia*, 69 FR 35557 (January 26, 2004) (*Preliminary Determination*).

Since the *Preliminary Determination* the following events have occurred. Pursuant to section 782(i) of the Act, we conducted verification of the questionnaire responses of the sole responsive exporter in this case, Bee Lian Plastic Industries Sdn. Bhd. (Bee Lian), in March 2004. We gave interested parties an opportunity to comment on the *Preliminary Determination*. In April 2004, we received case and rebuttal briefs from the Polyethylene Retail Carrier Bag Committee and its individual members, PCL Packaging, Inc., Hilex Poly Co. LLC, Superbag Corp., Vanguard Plastics, Inc., and Interplast Group, Ltd. (the petitioners), and Bee Lian. We also received a case brief from the Malaysian Plastic Manufacturers Association. The Department held a public hearing on April 23, 2004, at the request of the petitioners.

Period of Investigation

The period of investigation (POI) is April 1, 2002, through March 31, 2003, which corresponds to the four most recent fiscal quarters prior to the June 20, 2003, filing of the petition.

Scope of Investigation

The merchandise subject to this investigation is polyethylene retail carrier bags, which may be referred to as t-shirt sacks, merchandise bags, grocery bags, or checkout bags. The subject merchandise is defined as non-sealable sacks and bags with handles (including drawstrings), without zippers or integral extruded closures, with or without gussets, with or without printing, of polyethylene film having a thickness no greater than .035 inch (0.889 mm) and no less than .00035 inch (0.00889 mm), and with no length or width shorter than 6 inches (15.24 cm) or longer than 40 inches (101.6 cm). The depth of the bag may be shorter than 6 inches but not longer than 40 inches (101.6 cm).

PRCBs are typically provided without any consumer packaging and free of charge by retail establishments (e.g., grocery, drug, convenience, department, specialty retail, discount stores, and restaurants) to their customers to package and carry their purchased products. The scope of the investigation excludes (1) polyethylene bags that are not printed with logos or store names and that are closeable with drawstrings made of polyethylene film and (2) polyethylene bags that are packed in consumer packaging with printing that refers to specific end-uses other than packaging and carrying merchandise from retail establishments (e.g., garbage bags, lawn bags, trash-can liners).

Imports of the subject merchandise are classified under statistical category 3923.21.0090 of the *Harmonized Tariff Schedule of the United States* (HTSUS). This subheading also covers products that are outside the scope of this investigation. Furthermore, although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this antidumping investigation are addressed in the "Issues and Decision Memorandum" (*Decision*

Memorandum) from Jeffrey May, Deputy Assistant Secretary, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated June 9, 2004, which is hereby adopted by this notice. A list of the issues which parties have raised and to which we have responded, all of which are in the *Decision Memorandum*, is attached to this notice as an appendix. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room B–099 of the main Department of Commerce building. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the Web at *http://ia.ita.doc.gov/*. The paper copy and electronic version of the *Decision Memorandum* are identical in content.

Use of Facts Otherwise Available

As explained in the *Preliminary Determination*, because some companies failed to respond, wholly or in part, to our request for information, we have found that they failed to cooperate to the best of their ability. Therefore, pursuant to section 776(b) of the Act, we have used an adverse inference in selecting from the facts available for the margins for these companies. See Memorandum from Laurie Parkhill to Jeffrey May, dated January 16, 2004, "Determination to Apply Adverse Facts Available and the Calculation of the Adverse Facts-Available Rate" (*AFA Memo*).

As adverse facts available, we have examined the margins that the petitioners alleged in their June 30, 2003, response to our June 25, 2003, letter requesting supplemental information with respect to the petition and selected the higher of the two margins; that rate is 101.74 percent.

Section 776(c) of the Act provides that the Department shall, to the extent practicable, corroborate secondary information used for facts available by reviewing independent sources reasonably at its disposal. Information from the petitioners constitutes secondary information. The Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103–316, Vol. 1, at 870 (1994) (SAA), provides that the word "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value.

As discussed in the *AFA Memo*, we found that the export-price and normal-value information in the supplemental petition was reasonable and, therefore, we preliminarily determined that the information had probative value. Accordingly, we find that the highest margin based on that information, 101.74 percent, is corroborated within the meaning of section 776(c) of the Act.

Furthermore, there is no information on the record that demonstrates that the rate we have selected is an inappropriate total adverse facts—available rate for the companies in question. Therefore, we consider the selected rate to have probative value with respect to the firms in question and to reflect the appropriate adverse inference.

Accordingly, we have applied a margin of 101.74 percent to Branpak Industries Sdn. Bhd., Gants Pac Industries, Sido Bangun, Zhin Hin/Chin Hin, and Teong Chuan.

Currency Conversion

We made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondent for use in our final determination. We used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by the respondent.

Changes Since the Preliminary Determination

Based on our analysis of comments received, we have made certain changes to the margin calculations. For a discussion of these changes, see Memorandum to the File from David Dirstine, dated June 9, 2004, Final Determination Analysis Memorandum for Bee Lian Plastic Industries Sdn. Bhd. (Bee Lian)—Polyethylene Retail Carrier Bags from Malaysia.

Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we will instruct Customs and Border Protection (CBP) to continue to suspend liquidation of all imports of subject merchandise from Malaysia (except for entries of Bee Lian because this company has a *de minimis* margin) entered, or withdrawn from warehouse, for consumption on or after January 26, 2004, the date of the publication of our preliminary determination. The CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown below. These instructions suspending liquidation will remain in effect until further notice.

Final Determination Margin

The weighted-average dumping margins are as follows:

Exporter or producer	Weighted-average percent margin
Bee Lian Plastic Industries Sdn. Bhd	00.91
Teong Chuan Plastic and Timber Sdn. Bhd	101.74
Brandpak Industries Sdn. Bhd	101.74
Gants Pac Industries	101.74
Sido Bangun Sdn. Bhd	101.74
Zhin Hin/Chin Hin Plastic Manufacturer Sdn. Bhd	101.74
All Others	84.94

All Others

All companies that we examined have either a *de minimis* margin or rates based on total adverse facts available. Therefore, for purposes of determining the all-others rate and pursuant to section 735(c)(5)(B) of the Act, we have calculated a simple average of the six margin rates we have determined in the investigation. See All-Others Rate Calculation Memorandum from Laurie Parkhill to Jeffrey May, dated January 16, 2004.

The Department will disclose calculations performed within five days of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our final determination of sales at LTFV. As our final determination is affirmative and in accordance with section 735(b)(2) of the Act the ITC will, within 45 days, determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports, or sales (or the likelihood of sales) for importation, of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing the CBP to assess antidumping duties on all imports of the subject merchandise

entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation (*i.e.*, January 26, 2004).

Notification Regarding APO

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: June 9, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

Appendix—Issues in the Decision Memorandum

1. All-Others Rate
2. Rejection of Bee Lian's Response and Application of Total Adverse Facts Available
3. Determination of Production and Sales Quantities
4. Offset to Cost of Manufacturing (COM) for the Sale of Recycled Resin Produced from Scrap and Misprinted Bags
5. Value of Recycled Resin Used in Production
6. Average Resin Cost by Type
7. Application of Auditors Year-End Adjustments
8. General, Administrative and Financial Expenses of Affiliated Companies
9. Treatment of Glue Spots as Cost of Materials Instead of Packing Cost
10. Billing Adjustments
11. Affiliation of Bee Lian and Certain U.S. Customers

[FR Doc. 04–13816 Filed 6–17–04; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–887]

Final Determination of Sales at Less Than Fair Value: Tetrahydrofurfuryl Alcohol From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of final determination of sales at less than fair value.

EFFECTIVE DATE: June 18, 2004.

FOR FURTHER INFORMATION CONTACT: Catherine Bertrand or Peter Mueller, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–3207 and (202) 482–5811, respectively.

Final Determination

We determine that tetrahydrofurfuryl alcohol from the People's Republic of China ("PRC") is being, or is likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 735 of the Tariff Act of 1930, as amended ("the Act"). The estimated margin of dumping is shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

We published in the **Federal Register** the preliminary determination in this investigation on January 27, 2004. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Tetrahydrofurfuryl Alcohol from the People's Republic of China*, 69 FR 3887 (January 27, 2004) ("*Preliminary Determination*"). Since the publication of the *Preliminary Determination*, the following events have occurred.

On February 4, 2004, the respondent, Qingdao (F.T.Z.) Wenkem Trading Company, Ltd. ("QWTC"), submitted its Section D supplemental questionnaire response. Also on February 4, 2004, the Department received pre-verification comments from the petitioner.

From February 9 through 12, 2004, the Department conducted a factors of production verification at Zhucheng Huaxiang Chemical Co., Ltd. ("ZHC"). On February 13, 2004, the Department conducted a sales verification at QWTC.

On February 24, 2004, the petitioner submitted a request for a public hearing in accordance with 19 CFR 351.310(c). On April 28, 2004, the petitioner withdrew its request for a hearing. Because the petitioner was the only party to request a hearing, and because it was withdrawn in a timely manner, the Department did not conduct a hearing.

On February 27, 2004, the Department received a request from QWTC for a postponement of the final determination. On March 15, 2004, the Department postponed the final determination, in accordance with section 735(a)(2) of the Act by no later than 135 days after the publication of preliminary determination in the **Federal Register**. Therefore, the final determination was postponed until June 10, 2004. *See Notice of Postponement of Final Determination of Antidumping Duty Investigation: Tetrahydrofurfuryl Alcohol from the People's Republic of China*, 69 FR 12127 (March 15, 2004).

In the *Preliminary Determination*, we stated that if we made a change in our normal calculation methodology previous to the final determination, we would release to interested parties for comment a preliminary calculation sheet and analysis memorandum using that methodology. On March 9, 2004, the Department released to the interested parties its post-preliminary calculation, which included a factor value memorandum, an analysis memorandum with an attachment, and a print-out of the log for the margin calculation. *See* post-preliminary calculation.

On March 10, 2004, the Department released its factors of production and sales verification report to interested parties. *See Verification of Factors of Production for Zhucheng Huaxiang Chemical Co., Ltd. ("ZHC") and for the Sales of Qingdao Wenkem (F.T.Z.) Trading Co., Ltd. ("QWTC") in the Antidumping Duty Investigation of Tetrahydrofurfuryl Alcohol from the People's Republic of China ("PRC")* ("*Verification Report*").

On March 15, 2004, the petitioner requested an extension for the time limit for submitting the case briefs and rebuttal briefs. On March 16, 2004, the Department granted interested parties a sixteen-day extension for submission of the case briefs and explained that the rebuttal briefs would be due five days thereafter.

On March 19, 2004, QWTC submitted comments to the Department's post-preliminary calculation.

On March 23, 2004, the petitioner placed on the record public information for the purpose of providing the Department with additional information to be used in valuing the factors of production.

On April 5, 2004, the petitioner submitted its case brief with respect to the sales and factors of production verification and the Department's *Preliminary Determination*. On April 5, 2004, QWTC submitted its "Comments on the Calculation of Normal Value" with respect to the sales and factors of production verification and the Department's preliminary determination. On April 7, 2004, the Department placed a memorandum in the file explaining that the respondent's document titled, "Comments on the Calculation of Normal Value," was in fact the respondent's case brief. On April 7, 2004, the Department rejected both the petitioner's case brief and the respondent's case brief, concluding that the each contained new information that

Initiation of Antidumping and Countervailing Duty Administrative Reviews, 68 FR 74550 (December 24, 2003). Pursuant to the time limits for administrative reviews set forth in section 751(a)(3)(A) of the Tariff Act of 1930, as amended (the Tariff Act), the current deadlines are August 1, 2004 for the preliminary results and November 29, 2004 for the final results. The Department, however, may extend the deadline for completion of the preliminary results of a review if it determines it is not practicable to complete the preliminary results within the statutory time limit. See 751(a)(3)(A) of the Tariff Act and section 351.213(h)(2) of the Department's regulations. In this case the Department has determined it is not practicable to complete this review within the statutory time limit because of significant issues which require additional time to evaluate. These include the examination of sales by respondent Corus Staal, BV's many affiliated parties in the U.S. market and in the home market and further examination of the cost of production response.

Therefore, the Department is extending the time limit for completion of the preliminary results until November 29, 2004 in accordance with section 751(a)(3)(A) of the Tariff Act. The deadline for the final results of this review will continue to be 120 days after publication of the preliminary results.

Dated: July 8, 2004.

Jeffrey May,

Deputy Assistant Secretary for Import Administration, Group I.

[FR Doc. 04–15984 Filed 7–14–04; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–549–821]

Notice of Amended Final Determination of Sales at Less Than Fair Value: Polyethylene Retail Carrier Bags From Thailand

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: July 15, 2004.

FOR FURTHER INFORMATION CONTACT: Lyn Johnson or Fred Aziz, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4733.

Amendment to Final Determination

In accordance with sections 735(d) and 777(i)(1) of the Tariff Act of 1930, as amended, (the Act), on June 18, 2004, the Department of Commerce published its notice of final determination of sales at less than fair value (LTFV) in the investigation of polyethylene retail carrier bags (PRCBs) from Thailand. See *Notice of Final Determination of Sales at Less Than Fair Value: Polyethylene Retail Carrier Bags from Thailand*, 69 FR 34122 (June 18, 2004) (*Final Determination*) and corresponding "Issues and Decision Memorandum" dated June 9, 2004. On June 17, 2004, Advance Polybag Inc., Alpine Plastics Inc., API Enterprises Inc., and Universal Polybag Co., Ltd. (collectively, Universal,) filed a timely allegation stating that the Department made a ministerial error in its final determination. On June 21, 2004, the Polyethylene Retail Carrier Bag Committee and its individual members, PCL Packing, Inc., Hilex Poly Co., LLC, Superbag Corp., Vanguard Plastics Inc., and Inteplast Group, Ltd. (collectively, the petitioners), filed submissions with respect to TPBG and Universal, alleging that the Department had made ministerial errors in the *Final Determination*. On June 25, 2004, Thai Plastic Bags Industries Co., Ltd. (TPBI), Winner's Pack Co., Ltd., and APEC Film Ltd (APEC) (collectively, the Thai Plastic Bags Industries Group (TPBG)), filed comments rebutting the petitioners' ministerial-error allegations. On June 28, 2004, Universal filed comments rebutting the petitioners' ministerial-error allegations.

After analyzing Universal's, TPBG's, and the petitioners' submissions, we have determined, in accordance with 19 CFR 351.224(e), that we made the following ministerial errors in our calculations performed for the final determination:

(1) We used the incorrect figure for Universal's CEP-profit ratio. We should have changed the CEP-profit ratio figure to reflect our decision to use TPBG's profit data for Universal in the *Final Determination*.

(2) We incorrectly applied the duty drawback amounts for TPBG.

(3) We did not revise the brokerage and handling amounts for TPBG correctly.

(4) We did not update the variable cost of manufacturing (COM) and total COM as a result of the changes identified in the June 9, 2004, memorandum from the Office of Accounting.

For a detailed discussion of the ministerial errors listed above, as well as the Department's analysis, see the July 8, 2004, amended final analysis memoranda for TPBG and Universal and the memorandum entitled "Antidumping Duty Investigation on Polyethylene Retail Carrier Bags from Thailand—Amended Final Analysis Memo for All-Others Rate," dated July 8, 2004.

Therefore in accordance with 19 CFR 351.224(e), we are amending the final determination of sales at LTFV in the antidumping duty investigation of PRCBs from Thailand. The revised dumping margins are as follows:

Exporter/ manufacturer	Original final margin (percent)	Amended final margin (percent)
TPBG	0.62	2.26
Universal	5.66	5.35
All others	5.66	2.80

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of subject merchandise from Thailand (including entries of subject merchandise produced and exported by TPBG because the weighted-average margin is no longer *de minimis*). We will also instruct CBP to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as indicated in the chart above. These instructions suspending liquidation will remain in effect until further notice.

This determination is issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: July 7, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 04–15980 Filed 7–14–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

(A–570–886)

Notice of Amended Final Determination of Sales at Less Than Fair Value: Polyethylene Retail Carrier Bags From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: July 15, 2004.

FOR FURTHER INFORMATION CONTACT: Janis Kalnins or Thomas Schauer, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–1392 and (202) 482–0410, respectively.

SUPPLEMENTARY INFORMATION:

Amendment to the Final Determination

In accordance with sections 735(a) and 777(i)(1) of the Tariff Act of 1930, as amended, (the Act), on June 18, 2004, the Department published its notice of final determination of sales at less than fair value (LTFV) in the investigation of polyethylene retail carrier bags (PRCBs) from the People's Republic of China (PRC). See *Notice of Final Determination of Sales at Less Than Fair Value: Polyethylene Retail Carrier Bags from the People's Republic of China*, 69 FR 34125 (June 18, 2004) (*Final Determination*). We received timely ministerial–error allegations from the Polyethylene Retail Carrier Bag Committee and its individual members (collectively, the petitioners) and from Nantong Huasheng Plastic Products Co., Ltd. (Nantong). On June 28, 2004, we received rebuttal comments concerning the petitioners ministerial–error allegations from Zhongshan Dongfeng Hung Wai Plastic Bag Manufactory (Zhongshan). No other party alleged ministerial errors or submitted comments.

After analyzing the submissions, we have determined, in accordance with 19 CFR 351.224(e), that we made the following ministerial errors in our calculations performed for the final determination:

We inadvertently included imports from the Ukraine in our calculation of the surrogate value for low–linear-density resin and included imports from the PRC in our calculation of the surrogate values for black and colored ink.

When we made an adjustment to exclude the aberrational import quantities of several countries (*i.e.*, South Africa, Israel, Switzerland, Italy, and Belgium) from our calculation of the surrogate value for black ink we used the wrong amounts.

We erroneously multiplied Hang Lung Plastic Manufactory, Limited's (Hang Lung's) reported international–freight expense, which was reported in U.S. dollars, by the Hong Kong dollar exchange rate.

We inadvertently did not convert Hang Lung's domestic inland freight from a per–kilogram basis to a per–thousand-bag basis.

We did not include the unit weight (weight per 1,000 bags) in our calculation of Xiamen Ming Pak Plastics Company, Limited's (Ming Pak's) domestic inland freight and brokerage and handling expenses.

We erroneously converted Nantong's reported U.S. prices and international–freight expense from a per–carton basis to a per–thousand-bag basis.

We did not convert the labor consumption that Nantong reported from a per–kilogram basis to a per–carton basis.

We made a typographical error in assigning Nantong's domestic–brokerage and marine–insurance expenses to U.S. sales such that we inadvertently assigned the expenses to all U.S. sales rather than just to those U.S. sales for which Nantong actually incurred such expenses.

Correcting these errors resulted in revised margins for all mandatory respondents, separate rate respondents, and parties subject to the PRC–wide rate. For a detailed discussion of the ministerial errors listed above, as well as the Department's analysis, see the July 6, 2004, Memorandum from Janis Kalnins to Mark Ross entitled "Ministerial Error Allegations in the Final Determination of Sales at Less Than Fair Value; Polyethylene Retail Carrier Bags from the People's Republic of China."

Therefore, in accordance with 19 CFR 351.224(e), we are amending the final determination of sales at LTFV in the investigation of PRCBs from the PRC. The revised dumping margins are as follows:

Producer & Exporter	Original final margin (percent)	Amended final margin (percent)
Hang Lung Plastic Manufactory, Limited	0.20	0.24
Dongguan Huang Jiang United Wah Plastic Bag Factory	23.19	23.22
Nantong Huasheng Plastic Products Co., Ltd.	2.29	0.01
Rally Plastics Company, Limited	23.81	23.85
Shanghai Glopack Packing Company, Limited and Sea Lake Polyethylene Enterprise, Limited	19.73	19.79
Xiamen Ming Pak Plastics Company, Limited	35.23	35.58
Zhongshan Dongfeng Hung Wai Plastic Bag Manufactory	41.21	41.28
Beijing Lianbin Plastics and Printing Company, Limited	23.06	25.69
Dongguan Zhongqiao	23.06	25.69
Good–in Holdings, Limited	23.06	25.69
Guangdong Esquel	23.06	25.69
Nan Sing	23.06	25.69
Ningbo Fanrong Plastics Products Company, Limited	23.06	25.69
Ningbo Huansen Plasthetics Company, Limited	23.06	25.69
Rain Continent Shanghai Company, Limited	23.06	25.69
Shanghai Dazhi Enterprise Development Company, Limited	23.06	25.69
Shanghai Fangsheng Coloured Packaging Company, Limited	23.06	25.69
Shanghai Jingtai Packaging Material Company, Limited	23.06	25.69
Shanghai Light Industrial Products Import and Export Corporation	23.06	25.69
Shanghai Minmetals Development, Limited	23.06	25.69
Shanghai New Ai Lian Import and Export Company, Limited	23.06	25.69
Shanghai Overseas International Trading Company, Limited	23.06	25.69
Shanghai Yafu Plastics Industries Company, Limited	23.06	25.69
Weihai Weiquan Plastic and Rubber Products Company, Limited	23.06	25.69
Xiamen Xingyatai Industry Company, Limited	23.06	25.69
Xinhui Henglong	23.06	25.69
PRC–wide Rate	77.33	77.57

Separate Rates

In the *Final Determination*, the Department calculated a weighted-average margin separate from the PRC-wide rate for those companies which provided responses to section A of the antidumping questionnaire. These companies are as follows: Beijing Lianbin Plastics and Printing Company, Limited, Dongguan Zhongqiao, Good-in Holdings, Limited, Guangdong Esquel, Nan Sing, Ningbo Fanrong Plastics Products Company, Limited, Ningbo Huansen Plasthetics Company, Limited, Rain Continent Shanghai Company, Limited, Shanghai Dazhi Enterprise Development Company, Limited, Shanghai Fangsheng Coloured Packaging Company, Limited, Shanghai Jingtai Packaging Material Company, Limited, Shanghai Light Industrial Products Import and Export Corporation, Shanghai Minmetals Development, Limited, Shanghai New Ai Lian Import and Export Company, Limited, Shanghai Overseas International Trading Company, Limited, Shanghai Yafu Plastics Industries Company, Limited, Weihai Weiquan Plastic and Rubber Products Company, Limited, Xiamen Xingyatai Industry Company, Limited, and Xinhui Henglong. We calculated the weighted-average margin for these companies based on the rates we calculated for the selected mandatory respondents. Because the rates of the selected mandatory respondents have changed as a result of correcting the ministerial errors listed above, we have recalculated the rate for the section A respondents to be 25.69 percent. For a more detailed discussion of the section A rate, see Memorandum to the File entitled "Analysis for the Amended Final Determination of Polyethylene Retail Carrier Bags from the People's Republic of China (PRC): Calculation of the PRC-Wide Rate Based on Adverse Facts Available and the Non-Adverse Margin for Section A Respondents Not Selected for Investigation," dated July 8, 2004, PRC-Wide Rate Memorandum.

The PRC-Wide Rate

The PRC-wide rate we calculated in the *Final Determination* was 77.33 percent. As a result of correcting the ministerial errors discussed above, we have recalculated the PRC-wide rate to be 77.57 percent. For a more detailed discussion of the PRC-wide rate calculations, see the PRC-Wide Rate Memorandum.

Suspension of Liquidation

In accordance with section 735(c)(1)(b) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of PRCBs from the PRC (except for entries of Hang Lung and Nantong because these companies have de minimis margins). In accordance with section 351.204(e)(3) of our regulations, these exclusions only apply to merchandise produced and exported by Hang Lung and Nantong. For the other companies, we will instruct CBP to continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown above. These instructions will remain in effect until further notice.

This determination is issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: July 7, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 04-15981 Filed 7-14-04; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

[A-533-808]

Stainless Steel Wire Rod From India: Extension of Time Limit for the Preliminary Results of the Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce is extending the time limit for the preliminary results of the administrative review of the antidumping duty order on stainless steel wire rod from India until December 10, 2004. This extension applies to the administrative review of three producers, Chandan Steel, Ltd., Isibars Steel, Ltd., and The Viraj Group. The period of review is December 1, 2002, through November 30, 2003.

EFFECTIVE DATE: July 15, 2004.

FOR FURTHER INFORMATION CONTACT: Kristin Case or Minoo Hatten, AD/CVD Enforcement 5, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-3174 and (202) 482-1690, respectively.

Background

On January 22, 2004, the Department of Commerce (the Department) published a notice of initiation of the antidumping duty administrative review covering two companies, Isibars Steel Ltd. and The Varij Group. See *Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 69 FR 3117. On February 24, 2004, the Department published a notice of initiation of the antidumping duty administrative review covering another company, Chandan Steel Ltd. (Chandan). See *Notice of Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 69 FR 8379.[1]

Extension of Time Limit for Preliminary Results

The Tariff Act of 1930, as amended (the Act), at section 751(a)(3)(A), provides that the Department will issue the preliminary results of an administrative review of an antidumping duty order within 245 days after the last day of the anniversary month of the date of publication of the order. The Act provides further that if the Department determines that it is not practicable to complete the review within this time period, the Department may extend the 245-day period to 365 days.

The Department has determined that it is not practicable to complete the preliminary results by the current deadline of September 1, 2004. There are a number of complex factual questions pertaining to the sales practices and manufacturing costs which impact the calculation of the antidumping margins in the administrative review. We require additional time to analyze the questionnaire responses, issue supplemental questionnaires, and conduct verifications. Therefore, in accordance with section 751(a)(3)(A) of the Act, and 19 CFR 351.213(h)(2), the Department is extending the time limit for the preliminary results by 100 days to December 10, 2004.

We are issuing this notice in accordance with section 751(a)(3)(A) of the Act.

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[1] The Department did not include Chandan in the initiation notice for December cases because the company requested evaluation as a new shipper. The Department denied this request after publication of the January 22, 2004, initiation notice for December cases. Because Chandan also made a timely request for an administrative review, the Department included Chandan in the 2002 - 2003 administrative review. Accordingly, all deadlines applicable to the companies included in the December intiation notice are applicable to Chandan.

APPENDIX B

A LIST OF WITNESSES
AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Polyethylene Retail Carrier Bags from China, Malaysia, and Thailand
Invs. Nos.:	731-TA-1043-1045 (Final)
Date and Time:	June 10, 2004 - 9:30 a.m.

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

OPENING REMARKS:

Petitioner (**Joseph W. Dorn**, King & Spalding LLP)
Respondents (**Donald E. deKieffer**, deKieffer & Horgan,
and **William E. Perry**, Garvey Schubert Barer)

In Support of the Imposition of Antidumping Duties:

King & Spalding LLP
Washington, DC
on behalf of

Polyethylene Retail Carrier Bag Committee and its
individual members
Hilex Poly Co., LLC
Inteplast Group, Ltd.
PCL Packaging, Inc.
Superbag Corp.
Vanguard Plastics, Inc.

Rex E. Varn, President and Chief Operating Officer, Hilex Poly Co., LLC
William C. Seanor, Managing Partner, Vanguard Plastics, Inc.
Isaac Bazbaz, Director, Superbag Corp.
John Baumann, President and CEO, Ampac Packaging, LLC
Thomas Everett, Vice President and General Manager, Genpak LLC
Bruce Malashevich, President, Economic Consulting Services, Inc.

Joseph W. Dorn--OF COUNSEL
Stephen J. Narkin

In Opposition to the Imposition of Antidumping Duties:

Garvey Schubert Barer
Washington, DC
on behalf of

Chinese respondents

Steve Gitlin, Director, Sales, Glopack, Inc.
Carol Keen, Director, Sales, CPI Packaging
Harriet Kessler, President and CEO, Plastique Inc.
Frank Cannon, Jr., President, PDI Saneck
Louis Chertkow, President and CEO, Elkay Plastics Plastic Co., Inc.
Rob Guido, President, Packaging Containers, Inc.
Ricky Wong, Director, U.S. Sales, Universal Plastics & Metal Mfg. Co., Ltd.
Y.K. Yung, Managing Director, Chun Yip Industrial (Holding) Ltd.
Andrew Sundjaja, Director, U.S. Sales, Memo Time Polybags & Paper Bags Section Ltd.
Richard D. Boltuck, Vice President, Charles River Associates

William E. Perry–OF COUNSEL
Ronald M. Wisla

White & Case LLP
Washington, DC
on behalf of

Malaysian Plastic Manufacturers Association and its individual members

Kelly A. Slater--OF COUNSEL

deKieffer & Horgan
Washington, DC
on behalf of

API Enterprises Inc.
Alpine Plastics, Inc.
Universal Polybags Co., Ltd.

Victor A. Platta, Vice President, Sales and Marketing, Advance Polybag, Inc.
Patrick Sanders, General Counsel, Advance Polybag, Inc.

Donald E. deKieffer--OF COUNSEL
J. Kevin Horgan

In Opposition to the Imposition of Antidumping Duties:--*Continued*

Cameron & Hornbostel LLP
Washington, DC
on behalf of

Thai Plastic Bag Industries Co., Ltd.
C.P. Packaging Industry Co., Ltd.
Thai Griptech Co., Ltd.
K. International Packaging Co., Ltd.
All members of the industry in Thailand

Thomas E. Skilton--OF COUNSEL

REBUTTAL/CLOSING REMARKS

Petitioners (**Joseph W. Dorn**, King & Spalding LLP)
Respondents (**Donald E. deKieffer**, deKieffer & Horgan
and **Richard D. Boltuck**, Charles River Associates)

APPENDIX C

SUMMARY DATA

Table C-1
All PRCBs: Summary data concerning the U.S. market, 2001-03

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

	Reported data			Period changes		
Item	2001	2002	2003	2001-03	2001-02	2002-03
U.S. consumption quantity:						
Amount	77,055,893	82,020,663	87,506,101	13.6	6.4	6.7
Producers' share (1)	88.0	84.0	77.0	-11.0	-4.1	-6.9
Subject importers' share (1):						
China	***	***	***	***	***	***
Malaysia	***	***	***	***	***	***
Thailand	***	***	***	***	***	***
Subtotal, subject	10.5	13.5	18.6	8.1	3.0	5.1
Nonsubject importers' share (1):						
China	***	***	***	***	***	***
Malaysia	***	***	***	***	***	***
Thailand	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Subtotal, nonsubject	1.5	2.5	4.4	2.9	1.0	1.9
Total imports	12.0	16.0	23.0	11.0	4.1	6.9
U.S. consumption value:						
Amount	971,140	935,596	995,491	2.5	-3.7	6.4
Producers' share (1)	87.7	83.1	77.6	-10.1	-4.6	-5.5
Subject importers' share (1):						
China	***	***	***	***	***	***
Malaysia	***	***	***	***	***	***
Thailand	***	***	***	***	***	***
Subtotal, subject	11.0	14.6	18.9	7.9	3.7	4.2
Nonsubject importers' share (1):						
China	***	***	***	***	***	***
Malaysia	***	***	***	***	***	***
Thailand	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Subtotal, nonsubject	1.3	2.2	3.6	2.2	0.9	1.3
Total imports	12.3	16.9	22.4	10.1	4.6	5.5
U.S. shipments of imports from:						
China (subject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Malaysia (subject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Thailand (subject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subtotal (subject):						
Quantity	8,067,760	11,073,090	16,234,869	101.2	37.3	46.6
Value	106,508	137,008	187,718	76.2	28.6	37.0
Unit value	$13.20	$12.37	$11.56	-12.4	-6.3	-6.5
Ending inventory quantity	1,456,608	1,934,949	2,356,441	61.8	32.8	21.8

Table continued on next page.

Table C-1--Continued
All PRCBs: Summary data concerning the U.S. market, 2001-03

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

	Reported data			Period changes		
Item	2001	2002	2003	2001-03	2001-02	2002-03
U.S. shipments of imports from:						
China (nonsubject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Malaysia (nonsubject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Thailand (nonsubject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subtotal (nonsubject):						
Quantity	1,145,531	2,073,817	3,850,971	236.2	81.0	85.7
Value	12,909	20,870	35,479	174.8	61.7	70.0
Unit value	$11.27	$10.06	$9.21	-18.2	-10.7	-8.5
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	9,213,290	13,146,907	20,085,840	118.0	42.7	52.8
Value	119,417	157,878	223,197	86.9	32.2	41.4
Unit value	$12.96	$12.01	$11.11	-14.3	-7.3	-7.5
Ending inventory quantity	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
All PRCBs: Summary data concerning the U.S. market, 2001-03

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

	Reported data			Period changes		
Item	2001	2002	2003	2001-03	2001-02	2002-03
U.S. producers':						
Average capacity quantity	84,307,568	87,194,502	88,108,015	4.5	3.4	1.0
Production quantity	68,918,284	69,275,404	67,260,527	-2.4	0.5	-2.9
Capacity utilization (1)	81.7	79.4	76.3	-5.4	-2.3	-3.1
U.S. shipments:						
Quantity	67,842,603	68,873,756	67,420,261	-0.6	1.5	-2.1
Value	851,723	777,718	772,295	-9.3	-8.7	-0.7
Unit value	$12.55	$11.29	$11.45	-8.8	-10.1	1.4
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	4,667,815	4,005,465	2,888,366	-38.1	-14.2	-27.9
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	4,578	4,271	3,904	-14.7	-6.7	-8.6
Hours worked (1,000s)	9,447	9,004	8,327	-11.9	-4.7	-7.5
Wages paid ($1,000s)	125,385	123,524	114,814	-8.4	-1.5	-7.1
Hourly wages	$13.27	$13.72	$13.79	3.9	3.4	0.5
Productivity (units/hour)	7,295.5	7,693.6	8,077.8	10.7	5.5	5.0
Unit labor costs	$1.82	$1.78	$1.71	-6.2	-2.0	-4.3
Net sales:						
Quantity	68,567,027	69,448,037	68,451,856	-0.2	1.3	-1.4
Value	862,624	784,727	785,636	-8.9	-9.0	0.1
Unit value	$12.58	$11.30	$11.48	-8.8	-10.2	1.6
Cost of goods sold (COGS)	724,372	669,068	702,598	-3.0	-7.6	5.0
Gross profit or (loss)	138,252	115,659	83,038	-39.9	-16.3	-28.2
SG&A expenses	84,112	82,922	76,908	-8.6	-1.4	-7.3
Operating income or (loss)	54,140	32,737	6,130	-88.7	-39.5	-81.3
Capital expenditures	31,044	33,171	17,734	-42.9	6.9	-46.5
Unit COGS	$10.56	$9.63	$10.26	-2.8	-8.8	6.5
Unit SG&A expenses	$1.23	$1.19	$1.12	-8.4	-2.7	-5.9
Unit operating income or (loss)	$0.79	$0.47	$0.09	-88.7	-40.3	-81.0
COGS/sales (1)	84.0	85.3	89.4	5.5	1.3	4.2
Operating income or (loss)/ sales (1)	6.3	4.2	0.8	-5.5	-2.1	-3.4

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

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.

Table C-2
All PRCBs: Summary data concerning the U.S. market, excluding API from the producers' data, 2001-03

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Table C-3
High-end PRCBs: Summary data concerning the U.S. market, 2001-03

* * * * * * *

Table C-4
All PRCBs, excluding high-end: Summary data concerning the U.S. market, 2001-03

* * * * * * *

Table C-5
All PRCBs, excluding high-end: Summary data concerning the U.S. market, excluding API from the U.S. producers' data, 2001-03

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Table C-6
High-end PRCBs: Data (in 1,000 bags) for producers in China, 2001-03, and projected 2004-05

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Table C-7
High-end PRCBs: Data (in 1,000 pounds) for producers in China, 2001-03, and projected 2004-05

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Table C-8
High-end PRCBs: Data (in 1,000 bags) for producers in Thailand, 2001-03, and projected 2004-05

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Table C-9
High-end PRCBs: Data (in 1,000 pounds) for producers in Thailand, 2001-03, and projected 2004-05

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APPENDIX D

OFFICIAL STATISTICS OF THE DEPARTMENT OF COMMERCE, AS ADJUSTED BY THE PETITIONERS, AND INCLUDING A CALCULATION OF POUNDS BASED ON AVERAGE CONVERSION FACTORS OF POUNDS PER 1,000 BAGS IN IMPORTERS' QUESTIONNAIRE RESPONSES

Table D-1
PRCBs: Estimated U.S. imports, based on petitioners' methodology, 2001-03

Source	CIF Value ($1,000)	Quantity (million bags)	CIF value (per 1,000 bags)	Estimated PRCB share (1)	Estimated PRCB imports: CIF Value ($1,000)	Estimated PRCB imports: Quantity (million bags)	Share of total (percent)	Ratio of lbs to bags from Qs (2)	Quantity converted to million lbs
				Calendar year 2001					
China	146,814	23,468	$6.26	75	110,111	17,601	53.3	0.018	310.2
Canada	246,217	10,799	$22.80	10	24,622	1,080	11.9	0.013	13.7
Thailand	19,349	3,750	$5.16	90	17,414	3,375	8.4	0.014	46.3
Mexico	28,122	8,752	$3.21	15	4,218	1,313	2.0	0.013	16.6
Israel	5,744	1,929	$2.98	10	574	193	0.3	0.013	2.4
Taiwan	17,548	2,757	$6.36	75	13,161	2,068	6.4	0.013	26.2
Hong Kong	4,463	579	$7.70	75	3,347	434	1.6	0.013	5.5
Sri Lanka	8,070	1,428	$5.65	75	6,053	1,071	2.9	0.013	13.6
Korea	10,375	1,404	$7.39	10	1,038	140	0.5	0.013	1.8
Malaysia	10,216	1,781	$5.74	95	9,705	1,692	4.7	0.014	23.2
Indonesia	6,109	1,142	$5.35	75	4,582	857	2.2	0.013	10.8
Chile	1,784	136	$13.15	75	1,338	102	0.6	0.013	1.3
Germany	5,234	300	$17.45	10	523	30	0.3	0.013	0.4
Dominican Rep	26	3	$8.26	75	20	2	0.0	0.013	0.0
Turkey	906	194	$4.67	75	680	146	0.3	0.013	1.8
Costa Rica	1,900	370	$5.14	75	1,425	278	0.7	0.013	3.5
Honduras	4,103	675	$6.08	75	3,077	506	1.5	0.013	6.4
India	1,329	153	$8.66	75	997	115	0.5	0.013	1.5
Vietnam	4	0	$15.26	75	3	0	0.0	0.013	0.0
Italy	609	38	$16.03	10	61	4	0.0	0.013	0.0
Brazil	1,605	183	$8.79	10	161	18	0.1	0.013	0.2
Denmark	514	14	$37.97	10	51	1	0.0	0.013	0.0
Colombia	1,033	109	$9.48	75	775	82	0.4	0.013	1.0
Australia	1,106	19	$57.49	10	111	2	0.1	0.013	0.0
United Kingdom	2,276	165	$13.83	10	228	17	0.1	0.013	0.2
Philippines	1,344	222	$6.06	10	134	22	0.1	0.013	0.3
Spain	2,343	231	$10.13	10	234	23	0.1	0.013	0.3
Belgium	450	40	$11.37	75	338	30	0.2	0.013	0.4
Netherlands	414	91	$4.57	75	311	68	0.2	0.013	0.9
Hungary	349	30	$11.59	10	35	3	0.0	0.013	0.0
Subtotal	**530,356**	**60,762**	**8.73**	(3)	**205,324**	**31,272**	**99.5**	(3)	**488.8**
All Other	11,266	1,838	6.13	10	1,127	184	0.5	0.013	2.3
Total	**541,622**	**62,600**	**8.65**	(3)	**206,451**	**31,456**	**100.0**	(3)	**491.1**

Table continued on next page.

Table D-1--Continued
PRCBs: Estimated U.S. imports, based on petitioners' methodology, 2001-03

Source	CIF Value ($1,000)	Quantity (million bags)	CIF value (per 1,000 bags)	Estimated PRCB share (1)	Estimated PRCB imports: CIF Value ($1,000)	Estimated PRCB imports: Quantity (million bags)	Share of total (percent)	Ratio of lbs to bags from Qs (2)	Quantity converted to million lbs
				Calendar year 2002					
China	163,216	29,155	$5.60	75	122,412	21,866	52.4	0.019	409.7
Canada	257,746	13,492	$19.10	10	25,775	1,349	11.0	0.012	16.7
Thailand	31,853	5,186	$6.14	90	28,668	4,667	12.3	0.016	76.9
Mexico	21,579	7,036	$3.07	15	3,237	1,055	1.4	0.012	13.0
Israel	5,955	2,119	$2.81	10	596	212	0.3	0.012	2.6
Taiwan	19,567	3,317	$5.90	75	14,675	2,488	6.3	0.012	30.7
Hong Kong	7,686	1,361	$5.65	75	5,765	1,021	2.5	0.012	12.6
Sri Lanka	7,930	1,504	$5.27	75	5,948	1,128	2.5	0.012	13.9
Korea	11,469	1,268	$9.04	10	1,147	127	0.5	0.012	1.6
Malaysia	9,182	2,190	$4.19	95	8,723	2,081	3.7	0.013	26.8
Indonesia	4,482	570	$7.86	75	3,362	428	1.4	0.012	5.3
Chile	2,107	184	$11.44	75	1,580	138	0.7	0.012	1.7
Germany	4,503	334	$13.50	10	450	33	0.2	0.012	0.4
Dominican Rep	123	28	$4.34	75	92	21	0.0	0.012	0.3
Turkey	919	267	$3.45	75	689	200	0.3	0.012	2.5
Costa Rica	2,360	606	$3.89	75	1,770	455	0.8	0.012	5.6
Honduras	2,969	422	$7.04	75	2,227	317	1.0	0.012	3.9
India	2,793	444	$6.29	75	2,095	333	0.9	0.012	4.1
Vietnam	1,271	331	$3.84	75	953	248	0.4	0.012	3.1
Italy	1,142	262	$4.36	10	114	26	0.0	0.012	0.3
Brazil	1,609	274	$5.87	10	161	27	0.1	0.012	0.3
Denmark	679	96	$7.07	10	68	10	0.0	0.012	0.1
Colombia	691	79	$8.70	75	518	59	0.2	0.012	0.7
Australia	887	67	$13.31	10	89	7	0.0	0.012	0.1
United Kingdom	787	50	$15.81	10	79	5	0.0	0.012	0.1
Philippines	1,441	114	$12.59	10	144	11	0.1	0.012	0.1
Spain	2,249	110	$20.43	10	225	11	0.1	0.012	0.1
Belgium	363	9	$40.09	75	272	7	0.1	0.012	0.1
Netherlands	469	68	$6.87	75	352	51	0.2	0.012	0.6
Hungary	381	18	$21.63	10	38	2	0.0	0.012	0.0
Subtotal	**568,408**	**70,961**	**8.01**	(3)	**232,222**	**38,382**	**99.4**	(3)	**634.1**
All Other	13,469	1,172	12.51	10	1,347	117	0.6	0.012	1.4
Total	**581,877**	**72,133**	**8.07**	(3)	**233,569**	**38,500**	**100.0**	(3)	**635.5**

Table continued on next page.

Table D-1--Continued
PRCBs: Estimated U.S. imports, based on petitioners' methodology, 2001-03

Source	CIF Value ($1,000)	Quantity (million bags)	CIF value (per 1,000 bags)	Estimated PRCB share (1)	Estimated PRCB imports: CIF Value ($1,000)	Estimated PRCB imports: Quantity (million bags)	Share of total (percent)	Ratio of lbs to bags from Qs (2)	Quantity converted to million lbs
				Calendar year 2003					
China	207,421	39,264	$5.28	75	155,566	29,448	52.5	0.020	602.6
Canada	300,463	18,885	$15.91	10	30,046	1,889	10.1	0.014	26.0
Thailand	49,715	6,925	$7.18	90	44,744	6,233	15.1	0.016	102.1
Mexico	20,231	6,156	$3.29	15	3,035	923	1.0	0.014	12.7
Israel	9,107	3,113	$2.93	10	911	311	0.3	0.014	4.3
Taiwan	22,533	2,798	$8.05	75	16,900	2,099	5.7	0.014	28.9
Hong Kong	10,215	2,334	$4.38	75	7,661	1,751	2.6	0.014	24.1
Sri Lanka	10,522	1,717	$6.13	75	7,892	1,288	2.7	0.014	17.7
Korea	11,799	1,304	$9.05	10	1,180	130	0.4	0.014	1.8
Malaysia	7,906	1,151	$6.87	95	7,511	1,093	2.5	0.012	13.4
Indonesia	4,367	910	$4.80	75	3,275	683	1.1	0.014	9.4
Chile	5,371	886	$6.06	75	4,028	665	1.4	0.014	9.1
Germany	5,155	394	$13.07	10	516	39	0.2	0.014	0.5
Dominican Rep	1,527	376	$4.06	75	1,145	282	0.4	0.014	3.9
Turkey	1,988	339	$5.87	75	1,491	254	0.5	0.014	3.5
Costa Rica	2,264	326	$6.95	75	1,698	245	0.6	0.014	3.4
Honduras	2,400	324	$7.41	75	1,800	243	0.6	0.014	3.3
India	2,041	320	$6.37	75	1,531	240	0.5	0.014	3.3
Vietnam	1,091	232	$4.71	75	818	174	0.3	0.014	2.4
Italy	1,820	195	$9.31	10	182	20	0.1	0.014	0.3
Brazil	1,611	174	$9.24	10	161	17	0.1	0.014	0.2
Denmark	5,088	173	$29.33	10	509	17	0.2	0.014	0.2
Colombia	779	171	$4.56	75	584	128	0.2	0.014	1.8
Australia	1,684	144	$11.73	10	168	14	0.1	0.014	0.2
United Kingdom	1,432	138	$10.39	10	143	14	0.0	0.014	0.2
Philippines	1,392	132	$10.51	10	139	13	0.0	0.014	0.2
Spain	2,971	128	$23.24	10	297	13	0.1	0.014	0.2
Belgium	796	123	$6.49	75	597	92	0.2	0.014	1.3
Netherlands	676	114	$5.91	75	507	86	0.2	0.014	1.2
Hungary	239	103	$2.32	10	24	10	0.0	0.014	0.1
Subtotal	**694,604**	**89,349**	**$7.77**	(3)	**295,058**	**48,413**	**99.6**	(3)	**878.3**
All Other	10,697	855	12.51	10	1,070	86	0.4	0.014	1.2
Total	**705,301**	**90,204**	**7.82**	(3)	**296,128**	**48,499**	**100**	(3)	**879**

(1) The estimated shares for China, Canada, Mexico, Thailand, and Malaysia are based on petitioners' knowledge of bag manufacturing in those countries and the types of bags being entered into the U.S. from those countries. For the remaining countries, petitioners have estimated a 75-percent share where the C.I.F. value per thousand bags reported in 2003 is similar to that for PRCBs ($4-$9) and a 10-percent share where the C.I.F. value per thousand bags reported in 2003 is under $4 or over $9. Countries importing less than 100,000 bags into the United States in 2003 have been placed in an "all others" category and assigned a 10-percent share. Based on petitioners' March 17, 2004, submission on the calculation of subject and nonsubject imports.

(2) The conversion factor for converting bags to pounds is based on the ratio of imports in bags to imports in pounds reported for each country in response to the Commission's questionnaires.

(3) Undefined.

Source: Petitioners' submission of March 17, 2004, tab. 2, and data submitted in response to Commission questionnaires.

APPENDIX E

ADDITIONAL PRICE INFORMATION

Table E-1
PRCBs: Weighted-average landed, duty-paid prices and quantities (in 1,000 bags) of imported product 1, reported by retailers, by quarters, January 2001-December 2003

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Table E-2
PRCBs: Weighted-average landed, duty-paid prices and quantities (in 1,000 bags) of imported product 2, reported by retailers, by quarters, January 2001-December 2003

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Table E-3
PRCBs: Weighted-average landed, duty-paid prices and quantities (in 1,000 bags) of imported product 3, reported by retailers, by quarters, January 2001-December 2003

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Table E-4
PRCBs: Weighted-average landed, duty-paid prices and quantities (in 1,000 bags) of imported Chinese products 4, 5, 7, 8, and 9, reported by retailers, by quarters, January 2001-December 2003

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Table E-5
PRCBs: Weighted-average f.o.b. prices and quantities (in 1,000 bags) of imported Chinese products 8 and 9, by quarters, January 2001-December 2003

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Table E-6
PRCBs: Weighted-average f.o.b. prices and quantities (in 1,000 bags) of domestic and imported product 2, as reported by API and affiliated companies, by quarters, January 2001-December 2003

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APPENDIX F

FINANCIAL RESULTS OF OPERATIONS ON PRCBS, BY INDUSTRY GROUP AND BY FIRM, FISCAL YEARS 2001-03

Table F-1
PRCBs: Results of operations of U.S. producers, by industry group, by firms, fiscal years 2001-03

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APPENDIX G

ALLEGED EFFECTS OF SUBJECT IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

Presented below are the responses of U.S. producers to the following question: Since January 1, 2001, has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of PRCBs from China, Malaysia, or Thailand?

Ampac Packaging

***

API Enterprises/Advance Polybag

***

Bemis

***

Command Packaging

***

Continental PolyBags

***

Durabag

***

Europackaging

***

Genpak–Continental Superbag (Genpak NJ)

***

Genpak–Strout Plastics (Genpak MN)

***

Hilex

***

Inteplast Group

***

PCL Packaging

***

Roplast Industries

***

Superbag

***

Trinity Packaging

***

Unistar Plastics

***

Vanguard Plastics

***.[1]

***

V.S. Plastics[2]

***

Presented below are the responses of U.S. producers to the following question: Does your firm anticipate any negative impact of imports of PRCBs from China, Malaysia, or Thailand?

Ampac Packaging

***

API Enterprises/Advance Polybag

***

Bemis

***

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[1] ***.

[2] ***.

Command Packaging

***

Continental PolyBags

***

Durabag

***

Europackaging

***

Genpak–Continental Superbag (Genpak NJ)

***

Genpak–Strout Plastics (Genpak MN)

***

Hilex

***

Inteplast Group

***

PCL Packaging

***

Roplast Industries

***

Superbag

***

Trinity Packaging

***

Unistar Plastics

***

Vanguard Plastics

***

V.S. Plastics[3]

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[3] ***.