

## **FOR IMMEDIATE RELEASE:**

### **Commerce Department Finds That Chinese Producers Are Dumping Laminated Woven Sacks Into The U.S. Market**

**Washington, DC (Jan. 25)** – The U.S. Department of Commerce announced its preliminary ruling today that Chinese producers and exporters are dumping laminated woven sacks into the U.S. market. These products are typically used to package pet foods, bird seeds, and similar products sold at retail.

As a result of today's ruling, U.S. Customs and Border Protection will impose preliminary antidumping duties on all imports of laminated woven sacks from China to offset the dumped pricing. Dumping occurs when products are sold in the U.S. at prices that are below fair value in the producer's home market. The preliminary duties range from 63.89 percent to 108.09 percent of the customs value of the imports, depending on the identity of the Chinese producer. The Commerce Department also found that critical circumstances exist because of surging imports. Thus, the duty of 108.09 percent may be imposed retroactively by 90 days on imports from one of the largest Chinese producers, and a duty of 87.60 percent may be imposed retroactively on imports from twelve additional producers.

Isaac Bazbaz, President of Polytex Fibers, located in Houston, TX, said of today's ruling: "Polytex and its employees are gratified that the U.S. government has taken this action against unfairly priced imports."

Mike Nowak, President of Coating Excellence, located in Wrightstown, WI, stated, "Today's ruling vindicates our strongly held belief that the cheap prices from China have been the result of unfair trade practices, not lawful competition. We look forward to competing on a level playing field."

#### **Background**

On June 28, 2007, the Laminated Woven Sacks Committee filed antidumping and countervailing duty petitions with the U.S. International Trade Commission ("ITC") and the Commerce Department. The members of the Committee are Bancroft Bag, Inc.; Coating Excellence International, LLC; Hood Packaging Corporation; Mid-America Packaging, LLC; and Polytex Fibers Corporation.

On August 13, 2007, the ITC made a preliminary determination that imports of laminated woven sacks from China are materially retarding the establishment of an industry in the United States. The ITC found that imports of laminated woven sacks from China doubled from 2004 to 2006, increasing from 78 million bags in 2004 to 153 million bags in 2006. In 2006, unfairly priced imports from China held 80 percent of the U.S. market.

#### **Preliminary Countervailing Duties Are Expected To Increase**

On November 27, 2007, the Commerce Department made an affirmative preliminary determination in the companion countervailing duty investigation. That determination imposed preliminary countervailing duties on imports of laminated woven sacks from China to offset the

unfair advantage of government subsidies. The preliminary duties range from 2.57 percent to 57.14 percent of the customs value of the imports, depending on the identity of the Chinese producer.

According to Joe Dorn, a partner at King & Spalding, the law firm representing the petitioners, “the preliminary countervailing duties that were announced in November 2007 should increase considerably in the upcoming final countervailing duty determination, because one of the companies under investigation has refused to provide information requested by the Commerce Department. Given the refusal of this company to cooperate, the final countervailing duty is likely to be based on ‘adverse facts available,’ which would result in a substantial increase the preliminary duty of 2.57 percent that was assigned to most Chinese producers.”

Dorn also stated: “These antidumping duties will be imposed on top of the countervailing duties announced in November. The combined final duties -- antidumping + countervailing -- should be very high.”

After the Department of Commerce makes final determinations in both the antidumping and countervailing duty investigations in June 2008, the ITC is scheduled to complete its final investigation in the summer of 2008.

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