

United States International Trade Commission

**Advice Concerning  
Possible  
Modifications to the  
U.S. Generalized  
System of  
Preferences, 2010  
Review of Removals**

Investigation No. 332-521  
USITC Publication 4215 (amended)  
February 2011



# U.S. International Trade Commission

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**Address all communications to**  
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**United States International Trade Commission**  
**Washington, DC 20436**

# U.S. International Trade Commission

Washington, DC 20436  
*www.usitc.gov*

## Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2010 Review of Removals

Investigation No. 332-521

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*This report was prepared principally by the Office of Industries*

***Project Leader***

Vincent Honnold

[vincent.honnold@usitc.gov](mailto:vincent.honnold@usitc.gov)

***Deputy Project Leader***

Shannon Gaffney

[shannon.gaffney@usitc.gov](mailto:shannon.gaffney@usitc.gov)

***Principal Authors***

Raymond Cantrell and Kimberlie Freund

***Special Assistance***

Cynthia B. Foreso, Office of Industries

Walker Pollard, Office of Economics

Brenda Carroll and Sharon Greenfield, Office of Industries

***Under the direction of***

Robert Carr, Chief

Natural Resources and Metals Division

*NOTICE*

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# ABSTRACT

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This report contains the advice of the U.S. International Trade Commission (Commission) to the President regarding the probable economic effect of certain proposed removals from the list of articles eligible for duty-free treatment under the provisions of the Generalized System of Preferences (GSP) on the U.S. industries producing like or directly competitive articles, and on U.S. imports and consumers. The articles and Harmonized Tariff Schedule (HTS) subheadings for the proposed removals are (1) certain sleeping bags (9404.30.80) from all GSP-beneficiary countries and (2) certain types of self-adhesive plastic tapes in rolls not exceeding 20 centimeters in width (3919.10.20) and certain types of self-adhesive plastic tapes, whether or not in rolls (3919.90.50), from Indonesia.

Editor's note: Information received after initial publication has resulted in a change to page 2-1 of the report.



# CHAPTER 1

## Introduction and Summary of Findings

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### Introduction<sup>1</sup>

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This report provides advice concerning the probable economic effect (PE) of certain proposed removals from the list of articles eligible for duty-free treatment under the provisions of the U.S. Generalized System of Preferences (GSP), as requested by the United States Trade Representative (USTR).<sup>2</sup> Specifically, the report provides advice as to the PE on U.S. industries producing like or directly competitive articles, on U.S. imports, and on consumers, of the proposed modifications to the list of eligible articles.

#### *Product and Country Coverage*

As requested by the USTR, PE advice is provided on the removal of GSP eligibility for (1) HTS subheading 9404.30.80 (certain sleeping bags) from all GSP-beneficiary countries and (2) HTS subheading 3919.10.20 (certain types of self-adhesive plastic tapes in rolls not exceeding 20 centimeters in width) and HTS subheading 3919.90.50 (certain types of self-adhesive plastic tapes, whether or not in rolls) from Indonesia.

#### *Analytical Approach*

\* \* \* \* \*

### Summary of Advice

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\* \* \* \* \*

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<sup>1</sup> The information in these chapters is for the purpose of this report only. Nothing in this report should be construed to indicate how the Commission would find in an investigation conducted under any other statutory authority.

<sup>2</sup> See app. A for the USTR request letter. See app. B for the Commission's Federal Register notice instituting the investigation. The Commission held a public hearing on this matter on December 1, 2010, in Washington, DC; see app. C for the calendar of witnesses for the public hearing.



# CHAPTER 2

## Certain Sleeping Bags

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### Removal<sup>1</sup>

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HTS subheading	Short description	Col. 1 rate of duty as of 1/1/10 (percent ad valorem equivalent)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
9404.30.80 <sup>a</sup>	Sleeping bags, other than those with 20 percent or more of feathers and/or down	9.0	Yes

<sup>a</sup> HTS subheading 9404.30.80 was added to the GSP program on July 1, 1992, in response to a request from the Government of Czechoslovakia, as part of a special GSP review of products requested by producers in Central and Eastern Europe.

This is the second petition submitted by Exxel for the removal of sleeping bags under HTS subheading 9404.30.80. The first petition was filed on January 15, 2010, and was considered under expedited review. However, this HTS subheading was not removed from the list of articles eligible for duty-free treatment under the provisions of the GSP as a result of that review. USTR, *Results of the 2009 GSP Annual Review*, 24, [http://www.ustr.gov/webfm\\_send/2016](http://www.ustr.gov/webfm_send/2016).

The subject sleeping bags are bedding articles used for indoor and outdoor recreational purposes, such as camping and children’s sleepovers. Such sleeping bags are made from an outer textile shell, insulating fill, liner, and usually some type of closure, such as a zipper. Sleeping bags generally use man-made fiber fabrics for the shell and the lining. Sleeping bags may vary greatly with respect to shape, size, weight, and type of shell, liner, or filling used, depending on the intended use. The subject sleeping bags range in functionality and price from basic, inexpensive children’s bags intended for indoor use, to high-tech, high-cost sleeping bags intended for camping in subzero temperatures. The subject sleeping bags contain less than 20 percent by weight of down and/or feathers (and are hereafter referred to as “non-down sleeping bags”). Sleeping bags containing 20 percent or more by weight of feathers and/or down are not covered by the petition and are not addressed in this report.

### Probable Economic Effect Advice

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\* \* \* \* \*

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<sup>1</sup> The petitioner is Exxel Outdoors, Inc., of Haleyville, AL.

## Profile of U.S. Industry and Market, 2005–09

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The U.S. non-down sleeping bag industry consists of the petitioner, Exxel Outdoors, Inc. (“Exxel”), and Wiggy’s, Inc.<sup>2</sup> The petitioner indicated that it produces rectangular bags intended for outdoor and indoor recreational purposes.<sup>3</sup> Exxel stated that it is the only domestic producer of sleeping bags manufactured “primarily for private label brands for mass market retailers,”<sup>4</sup> \*\*\*.<sup>5</sup> Exxel indicated it also imports sleeping bags from China, but that it has been shifting its production of sleeping bags from China to the United States.<sup>6</sup> Exxel also stated it produces sleeping bags for Disney under a nonexclusive license.<sup>7</sup> \*\*\*.<sup>8</sup>

\*\*\*.<sup>9</sup> Exxel purchases its sleeping bag fill and thread from domestic firms, as well as the cartons for packaging.<sup>10</sup> \*\*\*.<sup>11</sup> Since purchasing the Haleyville, Alabama, factory in 2000, Exxel indicated it has invested millions of dollars in equipment.<sup>12</sup>

Exxel stated that it started to shift production from China to the United States for financial reasons; through its production improvements, it was able to produce the sleeping bags in the United States at a lower cost (2–3 percent) than in China.<sup>13</sup> Exxel

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<sup>2</sup> In addition, there are an estimated five U.S. producers of down sleeping bags, and one U.S. producer of “sleeping bags” that do not contain insulation. The Commission did not receive any written submissions from producers of these products. These other sleeping bags, if imported, fall within different descriptions for customs purposes than the sleeping bags covered by the petition and would enter under different HTS subheadings—down sleeping bags would enter under HTS subheading 9404.30.40, and the non-insulated sleeping bags would enter under HTS chapter 63. These other domestically produced sleeping bags do not appear to be like or directly competitive with the imported sleeping bags covered by the petition and this investigation. These other sleeping bag products are made by different firms (firms other than the petitioner), are made from different materials, have different characteristics and uses, and are marketed differently. The non-down bags that are subject to this petition are filled with a man-made fiber fill for insulation, and are quilted to hold the filling in place. Most of the subject non-down bags are sold through mass market retailers. By comparison, the domestically produced down sleeping bags are down-filled and are highly specialized products that are often custom-made for each customer; they sell at much higher price points than imported non-down sleeping bags, and serve a different market niche. The non-insulated sleeping bags are made of knit fleece fabric and are not insulated or quilted like traditional sleeping bags. They are made either as sleeping bags to be used primarily indoors or as liners for use inside traditional sleeping bags, and they are sold primarily online through the domestic producer’s Web site or through small specialty retailers. Information on the sale of non-insulated sleeping bags of knit fleece fabric is based on the Equinox Ltd. Web site at <http://www.equinoxltd.com/the-gear/sleeping-bags-and-liners/> (accessed January 21, 2011).

<sup>3</sup> Sorini, Samet and Associates, on behalf of Exxel, written submission to the USITC, November 17, 2010, 1.

<sup>4</sup> Sorini, Samet and Associates, on behalf of Exxel, petition submitted to USTR, August 2, 2010, attachment, 3.

<sup>5</sup> Exxel, written submission to the USITC, December 8, 2010, 4.

<sup>6</sup> USITC, hearing transcript, December 1, 2010, 13 (testimony of Harry Kazazian, CEO, Exxel); Sorini, Samet and Associates, on behalf of Exxel, written submission to the USITC, November 17, 2010, 1.

<sup>7</sup> USITC, hearing transcript, December 1, 2010, 63 (testimony of Harry Kazazian, CEO, Exxel).

<sup>8</sup> Exxel, written submission to the USITC, December 8, 2010, 3.

<sup>9</sup> \*\*\*.

<sup>10</sup> Sorini, Samet and Associates, on behalf of Exxel, petition submitted to USTR, August 2, 2010, attachment, 21; Consolidated Fibers, Martex Fiber Southern Corporation, Stein Fibers, Ltd., Rusken Packaging, Inc., and Smurfit-Stone Container Corporation, written submissions to the USITC, November 17, 2010.

<sup>11</sup> \*\*\*.

<sup>12</sup> USITC, hearing transcript, December 1, 2010, 13 (testimony of Harry Kazazian, CEO, Exxel).

<sup>13</sup> USITC, hearing transcript, December 1, 2010, 13 and 53 (testimony of Harry Kazazian, Exxel).

also noted that one of the advantages of producing in the United States is a quick turnaround time.<sup>14</sup> Exxel indicated it still makes rectangular sleeping bags in China during times of the year when there is peak demand, as well as all of its mummy-shaped sleeping bags, which are labor-intensive to produce.<sup>15</sup> Currently, Exxel indicated it produces 80 percent of its bags in the United States and 20 percent in China.<sup>16</sup> \*\*\*.<sup>17</sup> \*\*\*.<sup>18</sup>

Since the legislation authorizing the GSP program expired on January 1, 2011, Exxel announced that it is expanding its U.S. plant by opening a fourth production line and hiring an additional 20 workers.<sup>19</sup> \*\*\*.<sup>20</sup> Previously, at the Commission hearing, Exxel had stated that if GSP eligibility were removed for the subject sleeping bags, it would resume its prior plans to expand production in its domestic factory by investing \$0.5 million to \$1.0 million in new equipment, adding a shift, and hiring 50–75 additional domestic production line workers.<sup>21</sup> Exxel explained that it had halted its previous expansion plans because of the uncertainty created by duty-free imports of sleeping bags from Bangladesh under the GSP program.<sup>22</sup>

The other domestic producer, Wiggy’s, Inc., produces non-down sleeping bags \*\*\*.<sup>23</sup> Wiggy’s Inc. sells its sleeping bags directly to consumers on its own Web site, \*\*\*.

Domestic producers supplied an estimated \*\*\* percent of the U.S. market for non-down sleeping bags in 2009, (table 2.1) \*\*\*. \*\*\*.<sup>24</sup> \*\*\*.<sup>25</sup> \*\*\*.<sup>26</sup>

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<sup>14</sup> USITC, hearing transcript, December 1, 2010, 55 (testimony of Harry Kazazian, Exxel).

<sup>15</sup> USITC, hearing transcript, December 1, 2010, 53, 55 (testimony of Harry Kazazian, Exxel).

<sup>16</sup> Sorini, Samet and Associates, on behalf of Exxel, written submission to the USITC, November 17, 2010, 1.

<sup>17</sup> \*\*\*.

<sup>18</sup> \*\*\*.

<sup>19</sup> *Inside U.S. Trade*, “Sleeping Bag Manufacturer Expands Factory To Dissuade Hill on GSP,” January 7, 2011; \*\*\*.

<sup>20</sup> \*\*\*.

<sup>21</sup> USITC, hearing transcript, December 1, 2010, 14, 58–59 (testimony of Harry Kazazian, Exxel). In the public hearing before the GSP subcommittee, Exxel stated it would add 25 to 50 additional jobs if sleeping bags were removed from GSP eligibility. GSP subcommittee hearing transcript, 33, (testimony of Harry Kazazian, Exxel).

<sup>22</sup> USITC, hearing transcript, December 1, 2010, 14, 58–59 (testimony of Harry Kazazian, Exxel).

<sup>23</sup> Information in this paragraph is based on the following sources: \*\*\*; Wiggy’s Inc. Web site. <http://wiggys.com/category.cfm?category=6> (accessed December 8, 2010). \*\*\*.

<sup>24</sup> \*\*\*.

<sup>25</sup> \*\*\*.

<sup>26</sup> \*\*\*.

**TABLE 2.1** Certain sleeping bags (HTS subheading 9404.30.80): U.S. producers, employment, shipments, exports, imports, consumption, import-to-consumption ratio, and capacity utilization, 2005–09

Item	2005	2006	2007	2008	2009
Producers (number)	2	2	2	2	2
Employment (production workers)	***	***	***	***	***
Shipments (thousand \$)	***	***	***	***	***
Exports (thousand \$)	1,442	1,738	2,779	3,042	4,322
Imports (thousand \$)	101,850	101,502	95,820	83,673	65,711
Consumption (thousand \$)	***	***	***	***	***
Import-to-consumption ratio (%)	***	***	***	***	***
Capacity utilization (%)	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )

Source: U.S. producers, employment, and shipments estimated by Commission staff based on industry information; exports and imports compiled from official statistics of the U.S. Department of Commerce.

<sup>a</sup> Not available.

The value of U.S. imports of sleeping bags under HTS subheading 9404.30.80 declined by 35 percent during 2005–09. \*\*\*.<sup>27</sup> \*\*\*.<sup>28</sup>

The domestic market for sleeping bags is segmented into different categories and price points. Exxel describes a four-tier market:

- opening retail price point (\$9.99 to \$29.99);
- an incremental step up from the opening price point (\$29.99 to \$49.99);
- middle–upper end (\$29.99 to \$99.99), which overlaps the incremental tier; and
- high-end performance (\$100 and up).<sup>29</sup>

Exxel indicated that the lowest tier is characterized by a rectangular sleeping bag, most often produced as a private-label brand for a retailer and targeted for family camping and recreational use. \*\*\*.<sup>30</sup> \*\*\*.<sup>31</sup> The second tier consists of bags that are either rectangular or shaped<sup>32</sup> and may incorporate better fabrics than bags sold at the lowest price points. \*\*\*. According to Exxel, the third tier, the middle–upper end bags, are built for a specific purpose (such as cold- weather camping, hunting, or hiking), but price is still an important factor. \*\*\*. Exxel describes high-end performance products as those intended for camping or outdoor enthusiasts who require cutting-edge quality. \*\*\*.

The other domestic producer of non-down sleeping bags, Wiggy’s, lists retail prices for its non-down sleeping bags ranging from \$45 to \$420, with most bags selling in excess of \$200.<sup>33</sup> Based on this information, it appears that most of its commercial sleeping bag production is geared towards the highest tier of the market.

<sup>27</sup> \*\*\*.

<sup>28</sup> \*\*\*.

<sup>29</sup> Unless otherwise noted, the remainder of this paragraph is based on Exxel, written submission to the USITC, December 8, 2010, 1–2.

<sup>30</sup> \*\*\*.

<sup>31</sup> Sorini, Samet and Associates, on behalf of Exxel, petition submitted to USTR, August 2, 2010, attachment, appendix F.

<sup>32</sup> “Shaped” refers to bags that are not rectangular in shape, such as a mummy bag.

<sup>33</sup> Wiggy’s Inc. Web site, <http://wiggys.com/category.cfm?category=6> (accessed November 5, 2010).



CellCorp Global Limited (“CellCorp”), a camping goods designer, marketer, and importer of the subject sleeping bags, divides the domestic retail sleeping bag market into three categories: bags intended for children’s play for indoor use (and often included as part of a set); children’s bags suitable for indoor or outdoor use; and adult sleeping bags.<sup>34</sup> CellCorp further divides the children’s and adult sleeping bag market into three primary segments: recreation (accounting for 50 percent of the market), moderate (40 percent), and extreme (10 percent).<sup>35</sup>

CellCorp stated that it produces both adult and children’s-sized sleeping bags in rectangular, hybrid oval, and mummy shapes in Bangladesh and China.<sup>36</sup> It stated that over 90 percent of its 2009 shipments from Bangladesh were sleeping bags for children’s play sets.<sup>37</sup> According to CellCorp, the sleeping bags it manufactures in its factory in Bangladesh for the U.S. market are different from those produced by Exxel in the United States in that they have different features and price points and serve different market segments.<sup>38</sup> For example, CellCorp’s bags incorporate patented features, such as air pillow pockets, and cool vents to allow air to flow through the bag in warmer weather conditions.<sup>39</sup> \*\*\*.<sup>40</sup> CellCorp also indicated that its opening retail price point for its rectangular 3-pound adult sleeping bag is about \$15.<sup>41</sup>

CellCorp indicated that there were several reasons it started producing in Bangladesh, including eligibility for duty-free treatment under the GSP program; the availability of skilled, reliable workers; and because its customers requested they move there.<sup>42</sup> \*\*\*.<sup>43</sup> \*\*\*.<sup>44</sup> It stated that \*\*\* of its production in Bangladesh is exported to the United States.<sup>45</sup>

The NorthPole Group of Companies (NorthPole Ltd.) indicated it manufactures and exports non-down sleeping bags from Bangladesh.<sup>46</sup> NorthPole Ltd. is a global producer of outdoor recreational items, particularly tents, shelters, camping furniture, and “camping combos,” which include sleeping bags.<sup>47</sup> According to NorthPole Ltd., it has a manufacturing facility in Bangladesh, \*\*\* and it just finished construction of a second facility \*\*\*.<sup>48</sup> NorthPole Ltd. stated that it has 2,000 employees in its existing factory

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<sup>34</sup> Unless otherwise noted, the information on market segmentation in this paragraph is based on CellCorp, written submission to the USITC, November 17, 2010, attachment, 13–15, exhibit 3.

<sup>35</sup> These segments are based on the seasons in which the bags can be used: recreational (summer); moderate (spring, summer, and autumn); and extreme (winter).

<sup>36</sup> CellCorp, written submission to the USITC, November 17, 2010, attachment, 17.

<sup>37</sup> CellCorp, written submission to the USITC, November 17, 2010, attachment, 17.

<sup>38</sup> USITC, hearing transcript, December 1, 2010, 19–22, 115–117 (testimony of Mark R. Harris, CellCorp); CellCorp, written submission to the USITC, November 17, 2010, attachment, 3.

<sup>39</sup> USITC, hearing transcript, December 1, 2010, 80–81 (testimony of Mark R. Harris, CellCorp).

<sup>40</sup> CellCorp, written submission to the USITC, November 17, 2010, 3.

<sup>41</sup> USITC, hearing transcript, December 1, 2010, 19–22, 105 (testimony of Mark R. Harris, CellCorp).

<sup>42</sup> USITC, hearing transcript, December 1, 2010, 119–120 (testimony of Mark R. Harris, CellCorp).

<sup>43</sup> CellCorp, written submission to the USITC, December 7, 2010, 8.

<sup>44</sup> CellCorp, written submission to the USITC, December 7, 2010, 7.

<sup>45</sup> CellCorp, written submission to the USITC, December 7, 2010, 7.

<sup>46</sup> NorthPole Ltd., written submission to the USITC, December 7, 2010, 1.

<sup>47</sup> NorthPole Ltd., written submission to the USITC, December 7, 2010, 1.

<sup>48</sup> NorthPole Ltd., written submission to USITC, December 7, 2010; NorthPole Ltd., written submission to USTR, February 8, 2010; \*\*\*.

and that it expects to hire an additional 2,000 workers for its new facility.<sup>49</sup> NorthPole indicated it also produces camping products in China.<sup>50</sup> \*\*\*.<sup>51</sup>

NorthPole Ltd. stated that it produces individual sleeping bags in Bangladesh for export, as well as sleeping bags \*\*\*.<sup>52</sup> \*\*\*.<sup>53</sup> \*\*\*.<sup>54</sup> \*\*\*.<sup>55</sup>

## **GSP Import Situation, 2009 and 2010**

Bangladesh is the primary GSP supplier of non-down sleeping bags to the United States, accounting for 97 percent of the value of U.S. imports of non-down sleeping bags from GSP countries in 2009 and 99 percent in January–September 2010 (tables 2.2 and 2.3). U.S. imports of the subject sleeping bags from Bangladesh increased rapidly in value from \$17,287 in 2008 to \$611,927 in 2009, and to \$3,626,563 in January–September 2010. \*\*\*. The increase in imports from Bangladesh contributed to the growth of Bangladesh’s share of the total value of U.S. imports of non-down sleeping bags, which rose from 1 percent in 2009 to nearly 6 percent in January–September 2010. Nevertheless, such imports still fall well below the GSP’s competitive need limits of a 50 percent share of U.S. imports of the subject product or imports exceeding \$140 million in 2009.

**TABLE 2.2** Certain sleeping bags (HTS subheading 9404.30.80): U.S. imports and share of U.S. consumption, 2009

Item	Imports \$	% of total imports	% of imports from GSP-eligible countries	% of U.S. consumption
Grand total	65,711,118	100	( <sup>a</sup> )	***
Imports from GSP-eligible countries:				
Total	630,787	1.0	100	***
Bangladesh	611,927	0.9	97.0	***
India	16,800	( <sup>b</sup> )	2.7	***
Pakistan	2,060	( <sup>b</sup> )	0.3	***

Note: Figures may not add to totals because of rounding.

<sup>a</sup> Not applicable.

<sup>b</sup> Less than 0.5 percent.

<sup>49</sup> NorthPole Ltd., written submission to the USITC, December 7, 2010, 2.

<sup>50</sup> NorthPole Ltd., written submission to the USITC, December 7, 2010, 2.

<sup>51</sup> \*\*\*.

<sup>52</sup> NorthPole Ltd., written submission to the USITC, December 7, 2010, 1–2.

<sup>53</sup> \*\*\*.

<sup>54</sup> NorthPole Ltd., written submission to the USITC, December 7, 2010, 1–2.

<sup>55</sup> \*\*\*.

**TABLE 2.3** Certain sleeping bags (HTS subheading 9404.30.80): U.S. imports and share of U.S. consumption, January–September 2010

Item	Imports \$	% of total imports	% of imports from GSP-eligible countries	% of U.S. consumption
Grand total	63,803,894	100	( <sup>a</sup> )	( <sup>b</sup> )
Imports from GSP-eligible countries:				
Total	3,651,556	5.7	100	( <sup>b</sup> )
Bangladesh	3,626,563	5.7	99.3	( <sup>b</sup> )
India	261	( <sup>c</sup> )	( <sup>c</sup> )	( <sup>b</sup> )
Pakistan	2,523	( <sup>c</sup> )	( <sup>c</sup> )	( <sup>b</sup> )

Note: Figures may not add to totals because of rounding.

<sup>a</sup> Not applicable.

<sup>b</sup> Not available.

<sup>c</sup> Less than 0.5 percent.

In 2009, 27 percent of imports of non-down sleeping bags from Bangladesh (\$162,817) entered duty free under the GSP program, compared to January–September 2010, when 62 percent (\$2,247,312) entered duty free under GSP. The remainder was dutiable at 9 percent ad valorem. \*\*\*.<sup>56</sup> \*\*\*. CellCorp stated that its sleeping bags made in Bangladesh in 2010 do qualify for duty-free treatment under the provisions of the GSP because they are a product of Bangladesh, having been substantially transformed into a new and different product in that country. Also, CellCorp noted that the cost or value of the material produced in Bangladesh, plus the direct costs associated with the processing operations in that country, are at least 35 percent of the value of the sleeping bags upon entry into the United States.<sup>57</sup> In 2010, CellCorp stated that through an administrative error one of its customers did not claim duty-free treatment under the GSP, but CellCorp will submit the paperwork to claim it retroactively.<sup>58</sup>

There are three sleeping bag factories in Bangladesh.<sup>59</sup> In addition to the factories that produce sleeping bags for CellCorp and NorthPole, there is a third company, Eusibio, which reportedly makes sleeping bags intended for the upper end of the market.<sup>60</sup> According to Exxel, two additional manufacturers of tents and other articles in Bangladesh (HKD and Campex) are also in the process of establishing sleeping bag production there.<sup>61</sup>

CellCorp indicated that it accounts for the largest share of U.S. imports of non-down sleeping bags from Bangladesh.<sup>62</sup> \*\*\*.<sup>63</sup>

The value of U.S. imports of the subject sleeping bags from Bangladesh fluctuated during 2005–08, primarily reflecting differences in the unit values of imports, while imports by quantity held steady at about 2,000 units annually. According to industry sources, until

<sup>56</sup> \*\*\*.

<sup>57</sup> CellCorp., written submission to the USITC, November 17, 2010, attachment, 23, 28.

<sup>58</sup> USITC, hearing transcript, December 1, 2010, 130 (testimony of Mark R. Harris, CellCorp).

<sup>59</sup> M. Shafiqul Islam, Embassy of Bangladesh, written submission to the USITC, December 8, 2010.

<sup>60</sup> USITC, hearing transcript, December 1, 2010, 116 (testimony of Mark R. Harris, CellCorp).

<sup>61</sup> Exxel, written submission to the USITC, December 8, 2010, 4.

<sup>62</sup> USITC, hearing transcript, December 1, 2010, 129–130 (testimony of Mark R. Harris, CellCorp).

<sup>63</sup> CellCorp, written submission to the USITC, December 7, 2010, 8.

2008, Bangladesh made sleeping bags that sold at higher price points, which was reflected in the unit value import data. The unit value of U.S. imports of sleeping bags from Bangladesh averaged \$29.25 per bag in 2005 and \$43.00 per bag in 2007, but only \$7.35 per bag in 2008. In 2009, U.S. imports of the subject sleeping bags from Bangladesh increased in terms of both quantity and total value, while the average unit value declined further to \$5.14. However, the average unit value rebounded slightly to \$8.39 in the first nine months of 2010. According to industry sources, the value of the bags fluctuates throughout the year, depending on whether the shipments are composed of mostly children's bags or adult bags.<sup>64</sup>

## **U.S. Imports and Exports**

China, a non-GSP supplier, was the major source of U.S. imports of non-down sleeping bags in 2009, accounting for 98 percent of the value and quantity of such imports (tables 2.4 and 2.5). Nonetheless, U.S. imports of these products from China declined steadily during 2005–09, reportedly, in part, because of the state of the U.S. economy and shrinking demand for sleeping bags.<sup>65</sup> \*\*\*.<sup>66</sup> In the first nine months of 2010, U.S. imports of sleeping bags from China increased by 21 percent compared with the same period in 2009. However, China's share of the U.S. import market declined to 94 percent in value and 93 percent in quantity for the first nine months of 2010. \*\*\*.

Data for total U.S. exports of sleeping bags reflect exports of non-down sleeping bags, as well as sleeping bags made with down or feathers (table 2.6). Afghanistan was the largest U.S. export market in 2009 and 2010, and likely reflects exports for the U.S. military.

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<sup>64</sup> USITC, hearing transcript, December 1, 2010, 100–101 (testimony of Mark R. Harris, CellCorp).

<sup>65</sup> \*\*\*.

<sup>66</sup> \*\*\*.

**TABLE 2.4** Certain sleeping bags (HTS subheading 9404.30.80): U.S. imports (customs value) for consumption by principal sources, 2005–09, January–September 2009, and January–September 2010, in dollars

Country	2005	2006	2007	2008	2009	January–September	
						2009	2010
Imports from all sources:							
China	100,462,210	99,836,462	93,968,357	82,913,212	64,425,954	49,603,367	59,778,133
Bangladesh	5,850	49,427	70,563	17,287	611,927	210,273	3,626,563
United Kingdom	121,594	329,915	396,792	369,282	451,270	387,473	165,086
Taiwan	39,246	44,776	0	52,088	94,098	86,136	11,137
Mexico	11,891	79,499	98,497	57,870	36,774	24,855	0
Hong Kong	413,091	350,553	517,053	20,963	26,278	0	99,985
India	171,025	97,370	226,525	84,998	16,800	7,014	261
Canada	143,214	56,951	27,741	55,757	13,132	7,808	25,414
Germany	41,679	31,179	52,322	13,206	10,575	10,575	3,321
Vietnam	0	80,255	4,813	0	6,848	6,848	4,123
All other	440,277	545,303	457,488	88,678	17,462	10,508	89,871
Total	101,850,077	101,501,690	95,820,151	83,673,341	65,711,118	50,354,857	63,803,894
Imports from GSP-eligible countries:							
Bangladesh	5,850	49,427	70,563	17,287	611,927	210,273	3,626,563
India	171,025	97,370	226,525	84,998	16,800	7,014	261
Pakistan	3,978	0	0	0	2,060	2,060	2,523
British Virgin Islands	0	0	92,986	0	0	0	0
South Africa	2,875	2,964	0	0	0	0	0
Turkey	0	7,170	0	0	0	0	266
Thailand	46,962	0	0	0	0	0	0
Philippines	0	53,581	0	0	0	0	0
Indonesia	0	10,700	0	0	0	0	21,943
Total	230,690	221,212	390,074	102,285	630,787	219,347	3,651,556
Imports from GSP-eligible countries where GSP provisions were claimed:							
Bangladesh	0	49,427	0	0	162,817	162,817	2,247,312
India	171,025	97,370	224,405	84,998	16,800	7,014	0
Pakistan	3,978	0	0	0	2,060	2,060	2,523
British Virgin Islands	0	0	0	0	0	0	0
South Africa	2,875	2,964	0	0	0	0	0
Turkey	0	7,170	0	0	0	0	0
Thailand	46,962	0	0	0	0	0	0
Philippines	0	53,581	0	0	0	0	0
Indonesia	0	10,700	0	0	0	0	21,943
Total	224,840	221,212	224,405	84,998	181,677	171,891	2,271,778

Source: Official statistics of the U.S. Department of Commerce.

**TABLE 2.5** Certain sleeping bags (HTS subheading 9404.30.80): U.S. imports for consumption by principal sources, 2005–09, January–September 2009, and January–September 2010, in units of 1,000

Country	2005	2006	2007	2008	2009	January–September	
						2009	2010
China	11,217	11,836	11,308	9,779	6,772	5,025	5,889
Bangladesh	( <sup>a</sup> )	2	2	2	119	14	432
United Kingdom	4	5	6	5	7	6	7
Taiwan	3	2	0	2	5	3	( <sup>a</sup> )
Mexico	3	20	25	8	10	6	0
Hong Kong	29	8	57	3	1	0	3
India	11	7	16	6	1	1	( <sup>a</sup> )
Canada	3	2	1	3	1	( <sup>a</sup> )	( <sup>a</sup> )
Germany	1	1	3	1	6	6	( <sup>a</sup> )
Vietnam	0	8	0	0	0	0	0
All other	26	30	53	7	2	0	2
<b>Total</b>	<b>11,297</b>	<b>11,921</b>	<b>11,471</b>	<b>9,816</b>	<b>6,924</b>	<b>5,061</b>	<b>6,333</b>
Imports from GSP-eligible countries:							
Bangladesh	( <sup>a</sup> )	2	2	2	119	14	432
India	11	7	16	6	1	1	( <sup>a</sup> )
British Virgin Islands	0	0	11	0	0	0	0
Indonesia	0	1	0	0	0	0	( <sup>a</sup> )
Pakistan	( <sup>a</sup> )	0	0	0	( <sup>a</sup> )	( <sup>a</sup> )	( <sup>a</sup> )
Philippines	0	( <sup>a</sup> )	0	0	0	0	0
South Africa	( <sup>a</sup> )	( <sup>a</sup> )	0	0	0	0	0
Thailand	4	0	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>10</b>	<b>29</b>	<b>8</b>	<b>120</b>	<b>15</b>	<b>432</b>

Source: Official statistics of the U.S. Department of Commerce.

<sup>a</sup> Less than 500 units.

**TABLE 2.6** Sleeping bags: U.S. exports of domestic merchandise, by market, 2005–09, January–September 2009, and January–September 2010, in dollars

Country	January–September						
	2005	2006	2007	2008	2009	2009	2010
Afghanistan	0	2,700	4,400	21,584	1,107,709	209,213	881,285
Canada	361,053	509,867	428,688	482,215	575,571	418,598	637,803
Australia	106,073	32,067	124,700	118,362	376,188	350,295	32,567
Japan	170,507	151,317	298,336	73,145	365,211	187,830	84,814
Germany	124,349	178,834	222,885	338,660	246,779	201,783	383,594
Korea	38,034	29,960	28,288	47,794	182,899	73,291	219,961
China	17,410	21,371	84,927	294,340	173,042	0	0
United Kingdom	15,516	12,683	54,178	126,954	142,801	130,358	58,770
Switzerland	54,240	73,754	102,786	118,725	124,078	94,189	80,433
Netherlands	45,385	72,729	79,412	119,844	124,017	124,017	50,168
All other	509,066	653,142	1,350,621	1,300,705	903,733	788,747	1,098,181
Total	1,441,633	1,738,424	2,779,221	3,042,328	4,322,028	2,578,321	3,527,576

Source: Official statistics of the U.S. Department of Commerce.

## Positions of Interested Parties

**Petitioner:** Exxel Outdoors, Inc. requested that sleeping bags classified under HTS subheading 9404.30.80 be withdrawn from GSP eligibility from all GSP-beneficiary countries.<sup>67</sup> In its petition, Exxel explained that sleeping bags for family camping are its core product and are the subject of this petition. Exxel stated that it produces family-style sleeping bags largely for mass market retailers and that these products are price-sensitive. Exxel noted that since its first petition in January 2010, U.S. imports have continued to increase rapidly as a result of competitive advantages provided to foreign suppliers under the GSP program. Exxel stated that in its first petition, it showed that U.S. imports of the subject sleeping bags from Bangladesh accounted for 1 percent of the quantity of U.S. sleeping bag imports in 2009; it added that as of May 2010, Bangladesh’s share had grown to 7 percent. Exxel noted that U.S. imports of the subject bags from Bangladesh have grown at a rate of over 1,000 percent. Exxel stated that it has lost additional orders to Bangladesh manufacturers since the previous petition was filed. \*\*\*.

In testimony before the Commission, Exxel stated that its domestic production would close down if sleeping bags were not removed from GSP eligibility.<sup>68</sup> Exxel stated that Bangladesh would be “a likely candidate” if it were to move production out of the United States, but that it would not increase production in China.<sup>69</sup> Exxel explained that in order to maintain its share of the domestic market, Exxel has experienced significant erosions to its margins, sometimes selling products at cost or below cost. Exxel stated it could only maintain the lower margins for so long.<sup>70</sup>

<sup>67</sup> Sorini, Samet and Associates, on behalf of Exxel, petition submitted to USTR, August 2, 2010.

<sup>68</sup> USITC, hearing transcript, December 1, 2010, 59 (testimony of Harry Kazazian, Exxel Outdoors).

<sup>69</sup> USITC, hearing transcript, December 1, 2010, 60–61 (testimony of Harry Kazazian, Exxel Outdoors).

<sup>70</sup> USITC, hearing transcript, December 1, 2010, 15, 57 (testimony of Harry Kazazian, Exxel Outdoors).

Exxel noted that GSP rules require that the sum of the cost or value of the materials produced in a beneficiary country and the direct cost of processing must equal at least 35 percent of the appraised value of the article. However, Exxel asserted that the bulk of the cost of a sleeping bag is attributed to the inputs (including the fabric, fiber fill, and zippers), while labor would account for only about 5 percent of the cost of an average sleeping bag imported from Bangladesh in 2010. It stated that manufacturers in Bangladesh are able to meet the 35 percent value-added requirement by cutting the fabric in Bangladesh, through which the cost of the imported fabric used in the sleeping bags may be counted towards the 35 percent threshold.<sup>71</sup>

Exxel listed numerous cost advantages that Bangladesh has over China and the United States, including lower wage rates, duty-free treatment on inputs, and “less stringent worker and safety procedures.”<sup>72</sup> Exxel indicated that the GSP treatment further strengthens Bangladesh’s competitive advantage and “is allowing Bangladeshi manufacturers to rapidly access the U.S. market at the expense of U.S.-produced goods.”<sup>73</sup> Exxel noted that in addition to current sleeping bag production in Bangladesh, two manufacturers of tents are also establishing sleeping bag production in Bangladesh  
\*\*\*.<sup>74</sup>

**Support:** Congressman Robert B. Aderholt (Alabama) sent a letter to the Commission in support of the proposed petition to remove sleeping bags from GSP eligibility.<sup>75</sup> The letter stated that Exxel’s plant in Haleyville, AL, and Equinox’s plant<sup>76</sup> in Williamsport, PA, provide essential jobs to communities experiencing hard economic times. Congressman Aderholt indicated that the firms supplying inputs for sleeping bags provide economic support to communities in North Carolina, South Carolina, Tennessee, Mississippi, and New Jersey, where U.S.-produced sleeping bag inputs are made. The letter also stated that “there is little hope for U.S. production of non-down sleeping bags if GSP treatment is not removed.”

The Commission received letters in support of the petition from the following U.S. suppliers of sleeping bag inputs and packaging to Exxel: Consolidated Fibers of North Carolina (fiberfill); Martex Fiber Southern Corporation of South Carolina (fiberfill); Stein Fibers, Ltd., of North Carolina (fiberfill); Royal Slide Sales Co., Inc., of New Jersey (sleeping bag carrying cases); Rusken Packaging, Inc., of Alabama (shipping cartons); and Smurfit-Stone Container Corporation of Mississippi (shipping cartons).<sup>77</sup> Stein Fibers, Inc. and Smurfit-Stone indicated that if Exxel closes its domestic manufacturing plant, they would each lose about \$500,000 in business.

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<sup>71</sup> Exxel, written submission to the USITC, December 8, 2010, 6.

<sup>72</sup> Exxel, written submission to the USITC, December 8, 2010, 4.

<sup>73</sup> Exxel, written submission to the USITC, December 8, 2010, 4.

<sup>74</sup> Exxel, written submission to the USITC, December 8, 2010, 4.

<sup>75</sup> U.S. House of Representatives, Robert Aderholt, written submission to the USITC, November 17, 2010.

<sup>76</sup> The product produced by Equinox is a fleece bag that is made without insulation, and hence is not covered under HTS 9404.30.80. As noted in footnote 2 of this chapter, these fleece bags do not appear to be a like or directly competitive product with the sleeping bags covered by the petition or this investigation.

<sup>77</sup> Consolidated Fibers, Martex Fiber Southern Corporation, Stein Fibers, Ltd., Royal Slide Sales Co., Inc., Dunlap Industries, Inc., Rusken Packaging, Inc., and Smurfit-Stone Container Corporation, written submissions to the USITC, February 24, 2010.



The Haleyville Area Chamber of Commerce and the City of Haleyville also sent letters in support of the petition, indicating that Exxel has been an important contributor to the local economy in an area that has an unemployment level of about 18 percent.<sup>78</sup>

The American Manufacturing Trade Action Coalition (AMTAC), a trade association representing a significant segment of the textile industry, indicated in a written submission to the Commission that it supports the petition to remove non-down sleeping bags from duty-free treatment under GSP.<sup>79</sup> AMTAC noted that Exxel has made every effort to be competitive in order to maintain production in the United States, increasing productivity at its Haleyville plant by 20 percent over the last four years. It noted that Bangladesh is the second-largest supplier to the U.S. market behind China, and that its share of the U.S. sleeping bag market grew from 0.2 percent in 2008 to 6.8 percent in the first nine months of 2010. Further, AMTAC stated that Bangladesh is highly competitive in the U.S. market in many textile products that are subject to full duties and that Bangladesh will not be disadvantaged by the removal of GSP eligibility for sleeping bags.

**Opposition:** In written submissions to the Commission and in testimony before the Commission, CellCorp Global Limited (CellCorp), a U.S. designer, importer, and marketer of camping products, stated that the removal of sleeping bags from the GSP program would have a negative economic effect on CellCorp, OFMA Camp, the city of Bowling Green, Kentucky, and U.S. consumers.<sup>80</sup> CellCorp further stated that the removal of sleeping bags from the GSP program would not “assist U.S. production of sleeping bags because the U.S.-assembled sleeping bags are not like or directly competitive with the sleeping bags produced in Bangladesh.”<sup>81</sup> In its written submission to the Commission, CellCorp indicated that \*\*\*.<sup>82</sup> In addition, it stated that \*\*\*.<sup>83</sup>

CellCorp stated that products made in Bangladesh do not directly compete with Exxel’s domestically produced sleeping bags.<sup>84</sup> CellCorp indicated that it does not “compete on the opening price point business,” but that it continues to see Exxel’s share of that business grow.<sup>85</sup> Further, it stated that continued GSP benefits for the subject sleeping bags will bring new jobs to Bowling Green, without any harm to the operation and employment of Exxel in Haleyville, AL.

CellCorp stated that “signs point to Exxel using the GSP review process as a means to make Bangladesh-manufactured sleeping bags more expensive, through the imposition of

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<sup>78</sup> Haleyville Area Chamber of Commerce and City of Haleyville, written submission to the USITC, February 24, 2010.

<sup>79</sup> American Manufacturing Trade Action Coalition, written submission to the USITC, November 17, 2010.

<sup>80</sup> USITC, hearing transcript, December 1, 2010, 19 (testimony of Mark R. Harris, CellCorp Global Ltd.); CellCorp Global Ltd., written submissions to the USITC, November 17, 2010, and December 7, 2010.

<sup>81</sup> USITC, hearing transcript, December 1, 2010, 19 (testimony of Mark R. Harris, CellCorp Global Ltd.); CellCorp Global Ltd., written submission to the USITC, November 17, 2010, 1.

<sup>82</sup> CellCorp Global Ltd., written submissions to the USITC, November 17, 2010, 2, and December 7, 2010, 7.

<sup>83</sup> CellCorp Global Ltd., written submission to the USITC, November 17, 2010, 2.

<sup>84</sup> USITC, hearing transcript, December 1, 2010, 21 (testimony of Mark R. Harris, CellCorp Global Ltd.).

<sup>85</sup> USITC, hearing transcript, December 1, 2010, 21–22 (testimony of Mark R. Harris, CellCorp Global Ltd.).

the 9 percent duty, so that Exxel can more competitively rely upon China as its source for supplying the moderate feature-rich market in the United States.<sup>86</sup> \*\*\*<sup>87</sup> \*\*\*<sup>88</sup> \*\*\*<sup>89</sup>

\*\*\*<sup>90</sup>

NorthPole Ltd., a global producer of outdoor recreational items, expressed opposition to the removal of GSP for non-down sleeping bags.<sup>91</sup> NorthPole Ltd. explained that the types of sleeping bags that are the subject of the petition are an integral component of its business. NorthPole Ltd. indicated that \*\*\* sleeping bags are part of its staple offerings to its retail customers, who purchase based on a full program assortment. \*\*\*. NorthPole Ltd. claimed that the removal of GSP benefits would cause “significant harm” to the firm’s operations in both Bangladesh and in the United States.<sup>92</sup> It indicated it would “stand to lose several million dollars in investment” it has already made in Bangladesh, as well as close to 20 percent of its annual turnover. NorthPole Ltd. further indicated that U.S. consumers would suffer if GSP benefits are removed because retail prices would increase. It also stated that it would be forced to eliminate 1,000 positions in Bangladesh and that overall, GSP removal would result in the elimination of over 5,000 jobs in Bangladesh. NorthPole Ltd. further indicated that removing the GSP benefits would also have an indirect effect on material manufacturers in Bangladesh, including producers of zippers, hang tags, strings, threads, and corrugate.

The Embassy of the People’s Republic of Bangladesh stated that there is no justified reason for considering the withdrawal of sleeping bags from GSP treatment.<sup>93</sup> The Embassy claimed that sleeping bags are not an import-sensitive product in the context of GSP. Further, the Embassy noted that U.S. imports of sleeping bags from Bangladesh do not meet the competitive need limitation (CNL). The Embassy pointed out that U.S. imports from Bangladesh accounted for only 5 percent of U.S. imports of sleeping bags, or \$3.1 million in the first eight months of 2010, well below the 50 percent/\$140 million threshold for the CNL. It also stated that Exxel’s characterizations of the working conditions in Bangladesh are incorrect. The Embassy indicated that the export processing zones where sleeping bags are made are closely regulated under the supervision of the Bangladesh Export Processing Zones Authority.

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<sup>86</sup> Sidley Austin LLP, on behalf of CellCorp and OFMA Camp, written submission to the USITC, March 3, 2010, 27.

<sup>87</sup> CellCorp Global Ltd., written submissions to the USITC, November 17, 2010, 4, and December 7, 2010, 3.

<sup>88</sup> CellCorp Global Ltd., written submission to the USITC, December 7, 2010, 3.

<sup>89</sup> CellCorp Global Ltd., written submission to the USITC, December 7, 2010, 4.

<sup>90</sup> CellCorp Global Ltd., written submission to the USITC, December 7, 2010, 4.

<sup>91</sup> NorthPole Limited, written submission to the USITC, December 5, 2010.

<sup>92</sup> NorthPole Limited, written submission to the USITC, December 5, 2010, 2.

<sup>93</sup> USITC, hearing transcript, December 1, 2010, 25–31 (testimony of Muhammad Wahid Hossain and M. Shafiqul Islam, Embassy of the People’s Republic of Bangladesh); Embassy of the People’s Republic of Bangladesh, written submissions to the USITC, December 3, 2010, and December 8, 2010.

# CHAPTER 3

## Certain Plastic Tape

### Removal (Indonesia)<sup>1</sup>

HTS subheading	Short description	Col. 1 rate of duty as of 1/1/10 (percent ad valorem equivalent)	Like or directly competitive article produced in the United States on Jan. 1, 1995?
3919.10.20 <sup>a</sup>	Self-adhesive tapes and other flat plastic shapes in rolls not wider than 20 cm	5.8	Yes
3919.90.50 <sup>a</sup>	Self-adhesive tapes and other flat plastic shapes, whether or not in rolls, and wider than 20 cm	5.8	Yes

<sup>a</sup> HTS subheadings 3919.10.20 and 3919.90.50 have been eligible for duty-free treatment under the provisions of the GSP since 1989 and have not been the subject of any previous reviews.

The subject plastic tapes are generally defined as pressure-sensitive adhesive (PSA) tapes.<sup>2</sup> PSA tapes typically consist of rolls of continuous flexible plastic film backing of various widths, lengths, and thicknesses, whether clear, opaque, or of color, and coated on one or both sides with a permanently tacky adhesive that will adhere to a variety of surfaces with light pressure (finger pressure) at room temperature. These tapes are used in a large variety of consumer and industrial applications, including general-purpose home and office use, packaging, electrical and electronics, construction, automotive, and footwear.<sup>3</sup>

The predominant plastic film backing used is biaxially oriented polypropylene (BOPP) film, mainly because of its high strength-to-weight ratio, clarity, other desirable properties, and cost. Polyester, vinyl, polyurethane, and other plastic films are also used as PSA backing. The primary PSA tape adhesives in use in the United States, in order of importance, are “hot melt” styrene-isoprene thermoplastic block copolymer rubber elastomers and “acrylics” coated using an emulsion base. Hot melt adhesive tapes have superior bonding and high tensile (tear) strength, and are widely used by big-box stores and industrial concerns for securing boxes, principally of cardboard, for the shipment and storage of heavy or fragile merchandise. Acrylic PSAs, however, are growing in popularity owing to a myriad of end-use applications, lower price, and substitutability.

<sup>1</sup> The petitioners include both the Pressure Sensitive Tape Council (a group of U.S. companies) and also the companies listed as its members: 3M Company, Intertape Polymer Corp., Shurtape Technologies, Inc., and Sekisui TA Industries, Inc.

<sup>2</sup> HTS subheading 3919.90.50 was included in this petition, even though the majority of imports from Indonesia subject to this petition are entered under HTS subheading 3919.10.20 (exhibit 2, petition). The petitioner alleged that failure to revoke GSP treatment for both subheadings would cause Indonesian producers to shift their exports to HTS subheading 3919.90.50.

<sup>3</sup> Pressure Sensitive Tape Council, <http://www.pstc.org/i4a/pages/index.cfm?pageid=1>, retrieved November 7, 2010.

Solvent-based “natural rubber” PSA tapes are also produced and consumed in the United States.<sup>4</sup>

## Probable Economic Effect Advice

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## Profile of U.S. Industry and Market, 2005–09

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The subject U.S. PSA tape industry is reportedly dominated by four producers: 3M, Intertape, Shurtape, and Sekisui. These firms account for about 95 percent of total U.S. production and domestic shipments.<sup>5</sup> 3M Company, headquartered in St. Paul, MN, is the largest U.S. producer, with facilities in South Carolina, Kentucky, and Minnesota. The company has a U.S. market share of \*\*\*.<sup>6</sup> The Canadian-based Intertape has production facilities in Colorado, Kentucky, and Virginia. Shurtape (U.S. based) has operations in North Carolina and Ohio, while Japanese-based Sekisui operates in California and Tennessee. Another eight relatively minor producers were identified in the petition.<sup>7</sup>

Many U.S. producers also have foreign operations, which, in some cases, reportedly supplement their domestic production.<sup>8</sup> U.S.-based tape producers with \*\*\*, whereas U.S. tape firms with \*\*\*.<sup>9</sup> Several U.S. producers also have facilities in Europe and Asia. In 2009, Shurtape opened a plant in China.<sup>10</sup> 3M, \*\*\*<sup>11</sup> announced its intent to purchase Alpha Beta’s acrylic tape factory in Taiwan.<sup>12</sup>

As noted in table 3.1, the value of total U.S. shipments declined during 2005–08, then dropped further in 2009, mainly because of the downturn in the economy. Employment and capacity utilization also trended downward during the five-year period.<sup>13</sup> The import-to-consumption ratios, on the other hand, increased during this time period, peaking at 60 percent in 2007 and 2008 before declining to 57 percent in 2009.

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<sup>4</sup> USITC, *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA 1921-167 (Third Review)*, USITC Publication 4128, March 2010, parts i–v; Barnes, Richardson & Colburn, written submission to the USITC, November 17, 2010, 5.

<sup>5</sup> Barnes, Richardson & Colburn, written submission to the USTR, August 13, 2010, 2.

<sup>6</sup> Freedonia Group, “World Pressure Sensitive Tapes,” February 2009, 82.

<sup>7</sup> Barnes, Richardson & Colburn, written submission to the USTR, August 13, 2010, 3–4. The eight companies were Avery Dennison (CA); Berry Plastic Corp. (IN); Cantech Industries, Inc. (TN); Bemis (MA); TaraTape (PA); Covalence Adhesives (MA); Tesa Tape, Inc. (NC); and Nitto Denko (NJ).

<sup>8</sup> Barnes, Richardson & Colburn, written submission to the USITC, December 8, 2010, 22.

<sup>9</sup> Freedonia Group, “World Pressure Sensitive Tapes,” February 2009, 82–92.

<sup>10</sup> Barnes, Richardson & Colburn, written submission to the USITC, December 8, 2010, 22–23.

<sup>11</sup> Pitamas and Primetac Corporation, written submission to the USITC, November 17, 2010, 10.

<sup>12</sup> Barnes, Richardson & Colburn, written submission to the USITC, December 8, 2010, 22; 3M Company, “2010 Third Quarter Business Review,” October 28, 2010; *Modern Distribution Management*, “3M Agrees to Buy Tape Business from Alpha Beta,” October 18, 2010.

<sup>13</sup> During the same period, U.S. real GDP growth fell progressively, from +3.1 percent in 2005 to -2.6 percent in 2009. GDP growth averaged about +2.5 percent through the 3rd quarter of 2010; Bureau of Economic Analysis <http://www.bea.gov> (accessed November 18, 2010).

**TABLE 3.1** Certain plastic tape (HTS subheadings 3919.10.20 and 3919.90.50): U.S. producers, employment, shipments, trade, consumption, and capacity utilization, 2005–09

Item	2005	2006	2007	2008	2009
Producers (number)	12	12	12	12	12
Employment (production workers) <sup>a</sup>	**785	**770	758	718	683
Shipments (thousand \$) <sup>a b</sup>	**630,000	**585,000	555,469	546,123	486,562
Exports (thousand \$) <sup>a c</sup>	**60,000	**60,000	59,240	62,007	57,823
Imports (thousand \$)	674,573	717,766	740,818	734,275	577,535
Consumption (thousand \$) <sup>b</sup>	**1,244,573	**1,242,766	1,237,047	1,218,391	1,006,274
Import-to-consumption ratio (%)	**54	**58	60	60	57
Capacity utilization <sup>a</sup> (%)	**80	**75	71	71	61

Source: Import data compiled from official statistics of the U.S. Department of Commerce; data for number of producers, employment, shipments, exports, and capacity utilization provided by petitioners.

Note: \*\* refers to staff estimates based on limited information; data are adequate for estimation with a moderate degree of confidence.

<sup>a</sup> Employment, shipments, exports, and capacity utilization data for 2005 and 2006 were estimated by Commission staff. Data for 2007–09 were provided by petitioners. Petitioners claim to represent 95 percent of the total U.S. shipments of the plastic tape covered under the subject HTS subheadings.

<sup>b</sup> Shipment data were not separately reported for each subject HTS subheading. Therefore, shipment data presented are for total U.S. shipments of plastic tape under both HTS subheadings 3919.10.20 and 3919.90.50.

<sup>c</sup> There is a significant discrepancy between official U.S. Government data for exports and data provided by the petitioners. Because official data for U.S. exports may include non-subject products, Commission staff used petitioners' estimates of exports to calculate U.S. consumption.

U.S.-produced PSA tapes as well as imported PSA tapes comprise a wide range of hot melt and acrylic products, including container tapes such as carton sealing tape, polypropylene tapes, vinyl electrical tape, reinforced tape, and others. In the United States, PSA tapes are generally distributed either in plain unpackaged rolls, whether or not finished, or in finished packaged rolls that may also be housed in dispensers containing cutting devices. In comparison, imports from Indonesia are mainly unpackaged carton sealing tapes in rolls 2 inches in width.<sup>14</sup>

Although the more expensive hot melt tapes have dominated the U.S. market, acrylic tapes have been capturing market share for uses in which the consumer has been willing to sacrifice quality for lower prices, prompting many U.S. producers to expand their acrylic tape production capacity.<sup>15</sup> In the past three years, 3M has started two acrylic carton-sealing tape manufacturing operations to support consumer and industrial markets; the most recent operation started producing acrylic tapes in June 2010. Intertape stopped purchasing acrylic tape produced by Pitamas in \*\*\*.<sup>16</sup> Carton-sealing tape, the largest segment of the U.S. industry, is expected to experience \*\*\*.<sup>17</sup>

<sup>14</sup> Barnes, Richardson & Colburn, written submission to the USITC, November 17, 2010, 2; Pitamas and Primetac Corporation, written submission to the USITC, November 17, 2010, 5.

<sup>15</sup> Barnes, Richardson & Colburn, written submission to the USITC, November 17, 2010, 3.

<sup>16</sup> Barnes, Richardson & Colburn, written submission to the USITC, December 8, 2010, 14-15.

Petitioners claim that their cost of producing acrylic tapes is higher than that of the landed price of equivalent Pitamas product. Petitioners' posthearing brief, 11-12. Pitamas points out that landed prices do not equate to selling prices, which include inland freight and warehousing costs and other overhead costs, as well as end use applications. Pitamas and Primetac Corporation, written submission to the USITC, December 8, 2010, 6-7.

<sup>17</sup> "World Pressure Sensitive Tapes," Freedonia Group, 79-82, February 2009.

## GSP Import Situation, 2009

Total U.S. imports under the subject HTS subheadings accounted for about 57 percent of U.S. consumption in 2009 (table 3.2). Imports from GSP-eligible countries accounted for about 2 percent of U.S. consumption, with Indonesia accounting for about 1 percent in 2009. Most of the U.S. imports of certain plastic tape from Indonesia enter the U.S. market under HTS subheading 3919.10.20 and are classified under the “all other” 10-digit HTS statistical breakout 3919.10.20.55, which includes self-adhesive plates, sheets, film, foil, tape, strip, and other flat shapes of plastics in rolls of a width not exceeding 20 cm (7.9 inches).<sup>18</sup>

**TABLE 3.2** Certain plastic tape (HTS subheadings 3919.10.20 and 3919.90.50): U.S. imports and share of U.S. consumption, 2009

Item	Imports (thousand \$)	% of total imports	% of GSP imports	% of U.S. consumption
Grand total	577,535	100	( <sup>a</sup> )	57
Imports from GSP-eligible countries:				
Total	23,721	4	100	2
Indonesia	14,775	3	62	1

<sup>a</sup> Not applicable.

In 2009, U.S. GSP imports amounted to 7 percent of total U.S. imports by value under HTS subheading 3919.10.20 (table 3.3), with Indonesia accounting for the largest share of the GSP imports (6 percent of total U.S. imports). Imports from Indonesia accounted for 80 percent of total GSP imports in that subheading, followed by India (10 percent), Brazil (4 percent), Venezuela (3 percent), and all other GSP countries (3 percent). Canada, Taiwan, China, Mexico, and Indonesia were the leading sources of U.S. imports, with 79 percent of the total.

**TABLE 3.3** Certain plastic tape (HTS subheading 3919.10.20): U.S. imports and share of U.S. consumption, 2009

Item	Imports (thousand \$)	% of total imports	% of GSP imports	% of U.S. consumption
Grand total	257,978	100	( <sup>a</sup> )	( <sup>b</sup> )
Imports from GSP-eligible countries:				
Total	17,834	7	100	( <sup>b</sup> )
Indonesia	14,220	6	80	( <sup>b</sup> )

<sup>a</sup> Not applicable.

<sup>b</sup> Not available.

<sup>18</sup> Customs Rulings Online Search System (CROSS), U.S. Customs Ruling N014714, August 22, 2007, <http://rulings.cbp.gov/detail.asp?ru=n014714&ac=pr>, (accessed November 4, 2010).

GSP imports in HTS subheading 3919.90.50 accounted for only 2 percent of total U.S. imports in 2009 (table 3.4).<sup>19</sup> India was the leading GSP supplier, with 1 percent of total U.S. imports, and 66 percent of total GSP imports. The other principal GSP suppliers in 2009 were Brazil (10 percent), Thailand (10 percent), and Indonesia (9 percent). China, Canada, Japan, Germany, and Taiwan were the leading sources of U.S. imports under HTS subheading 3919.90.50, accounting for 74 percent of the total.

**TABLE 3.4** Certain plastic tape (HTS subheading 3919.90.50): U.S. imports and share of U.S. consumption, 2009

Item	Imports (thousand \$)	% of total imports	% of GSP imports	% of U.S. consumption
Grand total	319,558	100	( <sup>a</sup> )	( <sup>b</sup> )
Imports from GSP-eligible countries:				
Total	5,887	2	100	( <sup>b</sup> )
Indonesia	555	( <sup>c</sup> )	9	( <sup>b</sup> )

<sup>a</sup> Not applicable.

<sup>b</sup> Not available.

<sup>c</sup> Less than 0.5 percent.

PT. Pitamas Indonusa and PT. Nasional Sispoloy of Indonesia (collectively Pitamas) operate plants producing the subject plastic tape at Sidoarjo in East Java<sup>20</sup> with a production capacity of about 500 million square meters. About 50 percent of this capacity is used to produce product for the U.S. market; Pitamas also serves Southeast Asia, Japan, Hong Kong, and Australia. Pitamas stated that it only exports carton-sealing tape to the U.S. market (90 percent acrylic tape and 10 percent hot melt), along with a very small quantity of nonsubject masking tape.<sup>21</sup> Pitamas acrylic carton-sealing tape was described as a very thin cost-effective tape, 1.0 to 1.1 mils in thickness, compared to thicker 1.6-to 1.8-mil tapes.<sup>22</sup> When Pitamas produced tape for petitioners Shurtape and Intertape in 2007–08, it was operating at nearly 100 percent of capacity, but following the loss of this business, its capacity utilization rate was reported to have dropped nearly in half. According to Primetac, the U.S. distributor for Pitamas product, Primetac attempted to increase prices for carton-sealing commodity tape in September 2010 because of increases in the cost of raw materials, but petitioners did not follow suit.<sup>23</sup>

<sup>19</sup> This HTS category amounted to 55 percent of total aggregate U.S. imports under the two subject HTS subheadings (tables 3-5 and 3-7).

<sup>20</sup> USITC, hearing transcript, December 1, 2010, 7–8 (testimony of D. Iswara, Assistant to the Commercial Attache, Embassy of Indonesia).

<sup>21</sup> USITC, hearing transcript, December 1, 2010, 47 (testimony of A. Andrie Anggasaputra, Pitamas Indonusa, PT).

<sup>22</sup> Andrie Anggasaputra (President and Managing Director, Pitamas Indonusa, PT.), interview by USITC staff, December 1, 2010; USITC, hearing transcript, December 1, 2010, 39 (testimony of Shawn Nelson, Intertape).

<sup>23</sup> USITC, hearing transcript, December 1, 2010, 44–46 (testimony of Peter A. Feniello, Primetac Corp.).

## U.S. Imports and Exports

Tables 3.5 through 3.7 provide import data for the subject HTS subheadings. These HTS subheadings contain a variety of products, including the types of plastic tape petitioners produce. U.S. export data are not provided because the official data appear to be significantly overstated; petitioners believe that this export category includes many more types of PSA tape than does the import category.<sup>24</sup>

**TABLE 3.5** Certain plastic tape (HTS subheadings 3919.10.20 and 3919.90.50): U.S. imports for consumption by principal sources, 2005–09, January–September 2009, and January–September 2010, in dollars

Country	2005	2006	2007	2008	2009	January–September	
						2009	2010
Canada	175,364,421	174,583,966	160,609,861	151,846,107	130,158,072	94,952,333	123,983,932
China	69,559,913	105,878,998	124,958,923	129,383,021	116,632,393	82,088,371	108,930,245
Taiwan	83,397,251	84,863,334	86,886,344	101,685,985	79,309,873	55,480,062	76,065,871
Japan	73,973,534	73,837,878	68,703,257	69,630,035	53,421,613	35,885,743	58,235,734
Mexico	57,875,904	47,506,738	57,945,730	54,281,257	45,574,351	32,670,336	40,598,508
Germany	69,768,221	73,714,600	76,492,881	60,551,372	35,415,640	25,785,352	30,841,838
Belgium	24,317,794	24,283,556	34,202,423	24,089,574	16,978,095	11,376,094	16,726,668
Korea	14,839,461	18,376,794	15,432,269	16,292,332	16,344,237	11,964,948	15,564,930
United Kingdom	18,816,967	16,702,277	15,609,937	19,915,795	15,087,658	10,683,700	19,631,929
Indonesia	14,442,672	17,368,248	15,704,494	22,949,323	14,775,491	10,862,092	11,816,513
All other	72,216,571	80,649,210	84,271,509	83,649,921	53,838,067	36,805,666	51,861,780
<b>Total</b>	<b>674,572,709</b>	<b>717,765,599</b>	<b>740,817,628</b>	<b>734,274,722</b>	<b>577,535,490</b>	<b>408,554,697</b>	<b>554,257,948</b>
Imports from GSP-eligible countries:							
Indonesia	14,442,672	17,368,248	15,704,494	22,949,323	14,775,491	10,862,092	11,816,513
India	5,833,330	8,363,782	7,878,926	13,107,592	5,689,970	4,481,561	5,237,859
Brazil	7,845,558	6,384,102	6,790,825	4,676,728	1,331,319	1,121,858	811,333
Thailand	530,442	721,206	1,062,030	383,729	635,653	531,141	691,746
Venezuela	235,082	278,095	1,062,810	449,451	575,127	575,127	0
Argentina	2,249,534	978,956	965,068	739,002	196,997	100,662	116,840
Croatia	45,108	358,433	122,966	52,973	154,488	71,827	228,709
Philippines	1,961,363	2,765,886	4,854,870	614,106	138,586	122,045	51,985
Colombia	43,131	37,700	39,684	76,899	84,558	54,838	144,067
South Africa	8,301	36,676	36,294	155,487	72,861	52,863	3,074
All other	491,804	451,317	328,235	486,858	65,994	50,035	78,650
<b>Total</b>	<b>33,686,325</b>	<b>37,744,401</b>	<b>38,846,202</b>	<b>43,692,148</b>	<b>23,721,044</b>	<b>18,024,049</b>	<b>19,180,776</b>

Source: Official statistics of the U.S. Department of Commerce.

<sup>24</sup> USITC, hearing transcript, December 1, 2010, 135 (testimony of Jeffrey S. Neeley, Barnes, Richardson & Colburn).



**TABLE 3.6** Certain plastic tape (HTS subheading 3919.10.20): U.S. imports for consumption by principal sources, 2005–09, January–September 2009, and January–September 2010, in dollars

Country	2005	2006	2007	2008	2009	January–September	
						2009	2010
Canada	88,813,023	85,423,845	86,258,427	84,719,641	68,198,733	51,122,683	57,327,843
Taiwan	63,128,433	61,427,496	65,362,568	74,996,621	51,632,943	36,124,524	50,219,698
China	38,791,772	63,697,210	70,440,238	57,236,354	41,484,079	30,795,526	38,747,951
Mexico	15,886,487	18,325,859	28,819,766	32,783,119	28,942,279	21,017,333	26,948,586
Indonesia	13,538,097	16,342,677	14,727,971	21,495,998	14,220,232	10,399,064	11,421,660
Japan	14,482,699	16,907,795	14,132,606	14,517,555	11,800,488	7,729,572	9,867,289
Italy	10,973,977	8,693,719	11,681,879	11,658,587	6,928,570	4,334,999	5,024,028
Korea	2,955,554	4,079,102	5,619,938	5,123,066	4,943,456	3,828,710	4,581,592
France	2,594,616	2,363,408	3,597,170	6,131,692	4,868,205	3,290,437	1,112,831
Germany	10,969,944	11,743,395	13,504,822	7,762,734	4,834,831	3,133,111	5,261,406
All other	21,623,429	23,160,158	24,450,830	21,989,180	20,123,724	15,191,377	18,417,747
<b>Total</b>	<b>283,758,031</b>	<b>312,164,664</b>	<b>338,596,215</b>	<b>338,414,547</b>	<b>257,977,540</b>	<b>186,967,336</b>	<b>228,930,631</b>
Imports from GSP-eligible countries:							
Indonesia	13,538,097	16,342,677	14,727,971	21,495,998	14,220,232	10,399,064	11,421,660
India	273,706	279,339	325,080	1,110,483	1,807,368	1,256,840	2,288,044
Brazil	814,029	366,167	656,703	189,131	727,228	582,399	615,621
Venezuela	221,278	263,252	192,108	447,591	575,127	575,127	0
Croatia	0	314,895	122,966	52,973	154,488	71,827	228,709
Argentina	66,339	24,827	165,387	483,212	135,146	90,095	0
South Africa	4,257	1,954	25,745	85,241	62,833	48,023	0
Thailand	201,043	500,162	335,744	39,098	57,853	28,147	418,590
Philippines	1,778,989	1,971,310	3,949,424	247,386	50,838	48,149	11,298
Colombia	352	11,331	12,922	15,782	25,445	21,127	80,766
All other	127,073	88,508	26,617	48,922	17,099	16,694	40,029
<b>Total</b>	<b>17,025,163</b>	<b>20,164,422</b>	<b>20,540,667</b>	<b>24,215,817</b>	<b>17,833,657</b>	<b>13,137,492</b>	<b>15,104,717</b>

Source: Official statistics of the U.S. Department of Commerce.

**TABLE 3.7** Certain plastic tape (HTS subheading 3919.90.50): U.S. imports for consumption by principal sources, 2005–09, January–September 2009, and January–September 2010, in dollars

Country	2005	2006	2007	2008	2009	January–September	
						2009	2010
China	30,768,141	42,181,788	54,518,685	72,146,667	75,148,314	51,292,845	70,182,294
Canada	86,551,398	89,160,121	74,351,434	67,126,466	61,959,339	43,829,650	66,656,089
Japan	59,490,835	56,930,083	54,570,651	55,112,480	41,621,125	28,156,171	48,368,445
Germany	58,798,277	61,971,205	62,988,059	52,788,638	30,580,809	22,652,241	25,580,432
Taiwan	20,268,818	23,435,838	21,523,776	26,689,364	27,676,930	19,355,538	25,846,173
Mexico	41,989,417	29,180,879	29,125,964	21,498,138	16,632,072	11,653,003	13,649,922
Belgium	20,292,390	22,680,585	32,872,479	22,396,368	15,502,457	10,226,929	15,945,371
Korea	11,883,907	14,297,692	9,812,331	11,169,266	11,400,781	8,136,238	10,983,338
United Kingdom	15,497,077	13,118,209	11,832,027	15,281,226	11,072,683	7,570,433	15,399,474
France	4,734,476	9,432,876	2,756,445	6,690,848	6,798,554	3,239,541	11,065,023
All other	40,539,942	43,211,659	47,869,562	44,960,714	21,164,886	15,474,772	21,650,756
<b>Total</b>	<b>390,814,678</b>	<b>405,600,935</b>	<b>402,221,413</b>	<b>395,860,175</b>	<b>319,557,950</b>	<b>221,587,361</b>	<b>325,327,317</b>
Imports from GSP-eligible countries:							
India	5,559,624	8,084,443	7,553,846	11,997,109	3,882,602	3,224,721	2,949,815
Brazil	7,031,529	6,017,935	6,134,122	4,487,597	604,091	539,459	195,712
Thailand	329,399	221,044	726,286	344,631	577,800	502,994	273,156
Indonesia	904,575	1,025,571	976,523	1,453,325	555,259	463,028	394,853
Philippines	182,374	794,576	905,446	366,720	87,748	73,896	40,687
Argentina	2,183,195	954,129	799,681	255,790	61,851	10,567	116,840
Colombia	42,779	26,369	26,762	61,117	59,113	33,711	63,301
Turkey	38,360	53,596	188,988	398,719	26,497	26,497	4,319
Tunisia	3,232	39,932	28,695	5,849	17,090	3,346	3,438
South Africa	4,044	34,722	10,549	70,246	10,028	4,840	3,074
All other	382,051	327,662	954,637	35,228	5,308	3,498	30,864
<b>Total</b>	<b>16,661,162</b>	<b>17,579,979</b>	<b>18,305,535</b>	<b>19,476,331</b>	<b>5,887,387</b>	<b>4,886,557</b>	<b>4,076,059</b>

Source: Official statistics of the U.S. Department of Commerce.

## Positions of Interested Parties

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**Petitioner:** The Pressure Sensitive Tape Council (PSTC) of Naperville, IL, together with its member companies—3M Company of St. Paul, MN, Intertape Polymer Corp. of Bradenton, FL, Shurtape Technologies, Inc., of Hickory, NC, and Sekisui TA Industries, Inc., of Brea, CA—petitioned for the removal from GSP status of HTS subheadings 3919.10.20 and 3919.90.50 from Indonesia only. The PSTC stated that Indonesia maintains world-class production facilities producing plastic tape on highly automated lines with relatively few employees. The PSTC further stated in its petition that Pitamas no longer needs GSP duty-free treatment to be competitive with U.S. and other foreign producers in the U.S. market.<sup>25</sup>

PSTC stated that without the 5.8 percent duty, producers in Indonesia will be able to continue to undercut virtually all suppliers in the U.S. market, especially for highly price-sensitive acrylic carton-sealing adhesive tape product, further seize market share, and drive down prices. Petitioners further claimed that price undercutting and surging volumes of imports of the subject product from Indonesia are currently having, and will continue to have, a detrimental impact on the U.S. producers of like or competitive products. According to petitioners, the removal of GSP status from Indonesia for this particular product is not expected to have any meaningful impact on Indonesian economic growth.<sup>26</sup>

Petitioners claim that the 3M and Shurtape relationships with producers in Taiwan and China are not a threat to U.S. production, and the intent is to gain entry into the growing Asian market for plastic tape. Petitioners further claim that to the extent that U.S. producers may import plastic tape from their foreign subsidiaries, it is for the purpose of supplementing U.S. production where domestic capabilities are limited, and not to undermine their significant investments in U.S. production with their own imports.<sup>27</sup> For example, Shurtape does not produce acrylic tapes in the United States, but is a U.S. producer of hot melt tapes, which are reportedly being negatively affected by Pitamas' lower-priced acrylic tape. Shurtape has traditionally sourced its needs for acrylic tapes in Asia, and \*\*\*.<sup>28</sup>

**Opposition:** Pitamas, together with U.S. distributor, Primetac Corporation, opposed the petition to remove the subject HTS subheadings from Indonesia from the GSP. As stated by Pitamas and Primetac, U.S. imports from Indonesia of certain tapes included in HTS 3919.10.20 and HTS 3919.90.50 are reported to represent a very small share of total U.S. imports of these products, accounting for roughly 2 percent of the total value of U.S. imports of the products since 2005.<sup>29</sup> According to Pitamas, U.S. producers account for a large share of the U.S. market and are themselves invested in foreign production of competitive products destined for export to the U.S. market. Pitamas and Primetac stated that removing these HTS subheadings from GSP eligibility for Indonesia would result in a decrease in U.S. imports from Indonesia, which would be offset by increased imports from Taiwan and China, where the petitioners own manufacturing facilities. Pitamas and

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<sup>25</sup> Barnes, Richardson & Colburn, written submission to the USITC, August 13, 2010, 2.

<sup>26</sup> *Ibid.*, 2–3.

<sup>27</sup> Barnes, Richardson & Colburn, written submission to the USITC, December 8, 2010, 22.

<sup>28</sup> *Ibid.*, 22–23.

<sup>29</sup> Pitamas and Primetac Corporation, written submission to the USITC, November 17, 2010, 2, 6.

Primetac further stated that U.S. production and employment would not rise as a result of this action.<sup>30</sup>

Pitamas stated that its manufacturing technology is not “state of the art” as petitioners allege, as Pitamas produces the subject tape products on equipment that is slower, less advanced, and incapable of producing any significant amounts of the wider tape widths compared to that which the petitioners produce in their U.S. and overseas facilities. According to Pitamas, the tape that it produces is limited principally to narrower commodity acrylic and some hot melt adhesive carton-sealing tape on a roll without dispenser or individual packaging, while product produced in the United States and imported from Taiwan, China, Canada, and Mexico includes a large range of tape types, which may be sold at the retail level in dispensers or otherwise packaged.<sup>31</sup>

Mr. Dandy Iswara, Assistant Commercial Counselor at the Embassy of the Republic of Indonesia, testified at the Commission hearing that Pitamas suffered the market constraints of expensive and relatively infrequent shipping service from Indonesia to the United States, limited physical infrastructure, and other difficulties. Pitamas, according to the Embassy, provides employment for hundreds of workers both directly and indirectly, creating jobs for the people of Sidoarjo in East Java, who have been severely impacted economically by mud slides caused by a large active volcano in the immediate vicinity. The Embassy further stated that the removal of GSP benefits for Indonesia will negatively impact the Indonesian economy.<sup>32</sup>

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<sup>30</sup> Ibid., 3–4.

<sup>31</sup> Ibid., 3, 5.

<sup>32</sup> USITC, hearing transcript, December 1, 2010, 6–9 (testimony of D. Iswara, Assistant to the Commercial Attache, Embassy of Indonesia).

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\_\_\_\_\_, on behalf of Exxel Outdoors. Written submission to the U.S. International Trade Commission in connection with inv. no. 332-521, *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences: 2010 Review of Removals*, December 8, 2010.

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**APPENDIX A**  
**USTR Request Letter**

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EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

DOCKET NUMBER
2767
Office of the Secretary Int'l Trade Commission

OCT 20 2010

The Honorable Deanna Tanner Okun  
Chairman  
United States International Trade Commission  
500 E Street, S.W.  
Washington, D.C. 20436

Dear Chairman Okun:

The GSP Subcommittee of the Trade Policy Staff Committee (TPSC) has announced in the *Federal Register* its decision to accept certain product petitions for the 2010 Annual Review for modification of the Generalized System of Preferences (GSP). Assuming that Congress extends the GSP program, modifications to the GSP program that may result from this review are expected to be announced on or before June 30, 2011, and become effective as of the date of announcement. In this connection, I am making the request set out below.

I hereby notify the Commission that the articles listed in the enclosed annex are being considered for removal from eligibility for duty-free treatment under the GSP program from all beneficiary countries or from the specified country. Under authority delegated by the President, pursuant to section 332(g) of the Tariff Act of 1930, with respect to articles listed in the enclosed annex, I request that the Commission provide its advice as to the probable economic effect of the removal from eligibility for duty-free treatment under the GSP program for such articles from all beneficiary countries or from the specified country on U.S. industries producing like or directly competitive articles, on U.S. imports, and on U.S. consumers.

To the extent possible, I would appreciate it if the probable economic effect advice and statistics (profile of the U.S. industry and market and U.S. import and export data) and any other relevant information or advice was provided separately and individually for each U.S. Harmonized Tariff Schedule subheading for all the cases in these requests

In accordance with USTR policy on implementing Executive Order 13526, as amended, entitled "Classified National Security Information" and published January 5, 2010, I direct you to mark or identify as "confidential," for a period of ten years, such portions of the Commission's report and its working papers which relate to the advice and assessment of probable economic effects. Consistent with the Executive Order, this information is being classified on the basis that it concerns economic matters relating to the national security. USTR also considers the Commission's report to be an inter-agency memorandum that will contain pre-decisional advice and be subject to the deliberative process privilege. I also request that you submit an outline of this report as soon as possible to enable USTR officials to provide you with further guidance on its classification, including the extent to which portions of the report will require classification and for how long. Based on this outline, an appropriate USTR official with original classification authority will provide you with written instructions. All confidential business information contained in the report should be clearly identified.

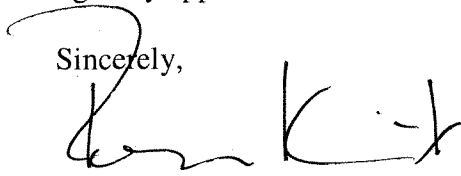
The Honorable Deanna Tanner Okun

Page 2

I would greatly appreciate if the requested advice, including those portions indicated as "Confidential" be provided to my Office by no later than 110 days from receipt of this letter. Once the Commission's confidential report is provided to my Office, and we review and approve the classification marking, the Commission should issue, as soon as possible thereafter, a public version of the report containing only the unclassified information, with any confidential business information deleted.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Kirk". The signature is written in a cursive style with a large initial "R" and a distinct "K".

Ambassador Ronald Kirk

## Annex

The Harmonized Tariff Schedule of the United States (HTS) subheadings listed below have been accepted as product petitions for the 2010 Generalized System of Preferences (GSP) Annual Review for modification of the GSP. The tariff nomenclature in the HTS for the subheadings listed below are definitive; the product descriptions in this list are *for informational purposes only* (except in those cases where only part of a subheading is the subject of a petition). The descriptions below are not intended to delimit in any way the scope of the subheading. The HTS may be viewed on <http://www.usitc.gov/tata/index.htm>.

Petitions to remove duty-free status from all beneficiary countries or from the specified country for a product on the list of eligible articles for the Generalized System of Preferences

<u>Accepted Case No.</u>	<u>HTS Subheading</u>	<u>Brief Description</u>	<u>Petitioner</u>
2010-01	9404.30.80	Sleeping bags, not containing 20% or more by weight of feathers and/or down	Exxel Outdoors, Inc., Haleyville, Alabama.
2010-02	3919.10.20 (from Indonesia only)	Certain types of self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, in rolls not exceeding 20 cm wide, not having a light-reflecting glass grain surface	Pressure Sensitive Tape Council; 3M Company of St. Paul, Minnesota; Intertape Polymer Corp. of Bradenton, Florida; Shurtape Technologies, Inc. of Hickory, North Carolina; and Sekisui TA Industries, Inc. of Brea, California
2010-03	3919.90.50 (from Indonesia only)	Certain types of self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls, not having a light-reflecting surface produced by glass grains	Pressure Sensitive Tape Council; 3M Company of St. Paul, Minnesota; Intertape Polymer Corp. of Bradenton, Florida; Shurtape Technologies, Inc. of Hickory, North Carolina; and Sekisui TA Industries, Inc. of Brea, California



## **APPENDIX B**

# **Commission's *Federal Register* Notice of Institution**

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Before including your address, phone number, e-mail address, or other personal identifying information in your comment, be advised that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold from public review your personal identifying information, we cannot guarantee that we will be able to do so.

**Karla Norris,**

*Assistant Deputy State Director for Natural Resources.*

**Authority:** 43 CFR 2711.1–2(a) and (c).

[FR Doc. 2010–27675 Filed 11–1–10; 8:45 am]

**BILLING CODE 4310–40–P**

## INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–249 and 731–TA–262, 263, and 265 (Third Review)]

### Iron Construction Castings From Brazil, Canada, and China; Determinations

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act), that revocation of the countervailing duty order on heavy iron construction castings from Brazil, the antidumping duty order on heavy iron construction castings from Canada, and the antidumping duty orders on iron construction castings (both heavy and light) from Brazil and China would be likely to lead to continuation or recurrence of material injury to industries in the United States within a reasonably foreseeable time.

#### Background

The Commission instituted these reviews on May 3, 2010 (75 FR 23295) and determined on August 6, 2010 to conduct expedited reviews of the countervailing duty and antidumping duty orders (75 FR 49945).

The Commission transmitted its determinations in these reviews to the Secretary of Commerce on October 27, 2010. The views of the Commission are contained in USITC Publication 4191 (October 2010), entitled *Iron Construction Castings from Brazil, Canada, and China: Investigation Nos.*

*701–TA–249 and 731–TA–262, 263, and 265 (Third Review).*

Issued: October 27, 2010.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 2010–27612 Filed 11–1–10; 8:45 am]

**BILLING CODE 7020–02–P**

## INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–521]

### Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences: 2010 Review of Removals

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of investigation and scheduling of hearing.

**SUMMARY:** Following receipt of a request on October 21, 2010, from the United States Trade Representative (USTR), the U.S. International Trade Commission (Commission) instituted investigation No. 332–521, *Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences: 2010 Review of Removals*, for the purpose of providing advice as to the probable economic effect of the removal of certain products from one or more countries from the list of products eligible for duty-free treatment under the U.S. GSP program.

#### DATES:

November 15, 2010: Deadline for filing a request to appear at the public hearing.

November 17, 2010: Deadline for filing pre-hearing briefs and statements.

December 1, 2010: Public hearing.

December 8, 2010: Deadline for filing post-hearing briefs and statements.

December 8, 2010: Deadline for filing all other written submissions.

February 7, 2011: Transmittal of Commission report to the United States Trade Representative.

**ADDRESSES:** All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street, SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://www.usitc.gov/secretary/edis.htm>.

#### FOR FURTHER INFORMATION CONTACT:

Information specific to this investigation may be obtained from Vincent Honnold, Project Leader, Office of Industries (202–205–3314 or [vincent.honnold@usitc.gov](mailto:vincent.honnold@usitc.gov)) or Shannon Gaffney, Deputy Project Leader, Office of Industries (202–205–3316 or [shannon.gaffney@usitc.gov](mailto:shannon.gaffney@usitc.gov)). For information on the legal aspects of these investigations, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or [william.gearhart@usitc.gov](mailto:william.gearhart@usitc.gov)). The media should contact Margaret O'Laughlin, Office of External Relations (202–205–1819 or [margaret.olaughlin@usitc.gov](mailto:margaret.olaughlin@usitc.gov)). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). 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.

#### Background

The USTR requested the advice under authority delegated by the President pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). As requested, the Commission will provide advice as to the probable economic effect on U.S. industries producing like or directly competitive articles, on U.S. imports, and on U.S. consumers of the removal from eligibility for duty-free treatment under the Generalized System of Preferences (GSP) program of the following products/HTS subheadings: (1) HTS subheading 9404.30.80 (sleeping bags, not containing 20 percent or more by weight of feathers and/or down) with respect to all beneficiary countries; and (2) HTS subheadings 3919.10.20 and 3919.90.50 (certain types of self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics) from Indonesia. As requested, the Commission will provide its advice by February 7, 2011. The USTR indicated that those sections of the Commission's report and related working papers that contain the Commission's advice will be classified as "confidential" and as "privileged."

#### Public Hearing

A public hearing in connection with this investigation will be held at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC, beginning at 9:30 a.m. on December 1, 2010. Requests to appear at the public hearing should be

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

filed with the Secretary, no later than 5:15 p.m., November 15, 2010, in accordance with the requirements in the "Submissions" section below. All pre-hearing briefs and statements should be filed not later than 5:15 p.m., November 17, 2010; and all post-hearing briefs and statements should be filed not later than 5:15 p.m., December 8, 2010. In the event that, as of the close of business on November 15, 2010, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant may call the Secretary to the Commission (202-205-2000) after November 15, 2010, for information concerning whether the hearing will be held.

#### Written Submissions

In lieu of or in addition to participating in the hearing, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., December 8, 2010. 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). Section 201.8 requires that a signed original (or a copy so designated) and fourteen (14) copies of each document be filed. In the event that confidential treatment of a document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (*see* the following paragraph for further information regarding confidential business information). The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (*see Handbook for Electronic Filing Procedures, [http://www.usitc.gov/secretary/fed\\_reg\\_notices/rules/documents/handbook\\_on\\_electronic\\_filing.pdf](http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf)*). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

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). 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 "non-confidential" 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 for inspection by interested parties.

The Commission may include in the report it sends to the President and the USTR some or all of the confidential business information it receives in this investigation. The USTR has asked that the Commission make available a public version of its report shortly after it sends its report to the President and the USTR, with any classified or privileged information deleted. Any confidential business information received in this investigation and used in the preparation of the report will not be published in the public version of the report in such manner as would reveal the operations of the firm supplying the information.

By order of the Commission.

Issued: October 27, 2010.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 2010-27617 Filed 11-1-10; 8:45 am]

**BILLING CODE 7020-02-P**

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## DEPARTMENT OF JUSTICE

### Parole Commission

#### Meetings; Sunshine Act; Public Announcement Pursuant to the Government in the Sunshine Act (Pub. L. 94-409) [5 U.S.C. 552b]

**AGENCY HOLDING MEETING:** Department of Justice, United States Parole Commission.

**DATE AND TIME:** 10:30 a.m., Tuesday, November 9, 2010.

**PLACE:** U.S. Parole Commission, 5550 Friendship Boulevard, 4th Floor, Chevy Chase, Maryland 20815.

**STATUS:** Closed.

**MATTERS CONSIDERED:** The following matter will be considered during the closed meeting: Consideration of ten original jurisdiction cases pursuant to 28 CFR 2.27.

**AGENCY CONTACT:** Patricia W. Moore, Staff Assistant to the Chairman, United States Parole Commission, (301) 492-5933.

Dated: October 26, 2010.

**Rockne Chickinell,**

*General Counsel, U.S. Parole Commission.*

[FR Doc. 2010-27491 Filed 11-1-10; 8:45 am]

**BILLING CODE 4410-31-M**

## LEGAL SERVICES CORPORATION

### Sunshine Act Meeting Notice

**DATE AND TIME:** The Legal Services Corporation Board of Directors will meet telephonically on November 5, 2010 at 2 p.m., Eastern Time.

**LOCATION:** The Legal Services Corporation, 3rd Floor Conference Center, 3333 K Street, NW., Washington, DC 20007.

**STATUS OF MEETING:** Closed.—The meeting of the Board of Directors will be closed to the public pursuant to a vote of the Board of Directors to consider and perhaps act on a Management recommendation related to an employee benefits matter, as well as a proposal regarding a research project. The Board will also receive briefings on an internal employment matter, Management's plans to address reported problems at an LSC grantee, and the status of Management's response to the LSC Inspector General's audit report on the Technology Initiatives Grants ("TIG") program.<sup>1</sup>

A *verbatim* written transcript will be made of the closed session of the Board meeting. However, the transcript of any portions of the closed session falling within the relevant provisions of the Government in the Sunshine Act, 5 U.S.C. 552b(c)(2),<sup>2</sup>(4),<sup>3</sup> (6),<sup>4</sup> (7)<sup>5</sup> and (9)(B),<sup>6</sup> and the corresponding provisions of the Legal Services Corporation's implementing regulation, 45 CFR 1622.5(a),(c), (e), (f) and (g), will not be available for public inspection. A copy of the General Counsel's Certification that in his opinion the closing is authorized by law will be available upon request.

#### MATTERS TO BE CONSIDERED:

<sup>1</sup> Any portion of the closed session consisting solely of staff briefings does not fall within the Sunshine Act's definition of the term "meeting" and, therefore, the requirements of the Sunshine Act do not apply to such portion of the closed session. 5 U.S.C. 552b(a)(2) and (b). *See also* 45 CFR 1622.2 & 1622.3.

<sup>2</sup> 45 CFR 1622.5(a) protects from disclosure information that relates solely to the internal personnel rules and practices of the agency.

<sup>3</sup> 45 CFR 1622.5(c) protects trade secrets and proprietary information from disclosure.

<sup>4</sup> 45 CFR 1622.5(e) protects information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

<sup>5</sup> 45 CFR 1622.5(f) protects from disclosure investigatory records that might interfere with enforcement proceedings, deprive a person of due process, disclose a confidential source, disclose investigative procedures, or endanger the life and safety of law enforcement personnel.

<sup>6</sup> 45 CFR 1622.5(g) protects information the premature disclosure of which would in the case of any agency, be likely to significantly frustrate implementation of a proposed agency action.

**APPENDIX C**  
**Calendar of Witnesses for the**  
**December 1, 2010 Hearing**

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Sorini, Samet & Associates, LLC  
Washington, D.C.  
on behalf of

Petitioners, in favor of the removal of *Certain Sleeping Bags*

Exxel Outdoors

**Harry Kazazian**, CEO, Exxel Outdoors

**Ron Sorini** ) – OF COUNSEL

CellCorp Global LTD  
Bowling Green, KY

Opposed to the removal of *Certain Sleeping Bags*

**Mark R. Harris**, President

Barnes, Richardson & Colburn  
Washington, D.C.  
on behalf of

Petitioners, in favor of the removal of  
*Certain Plastic Tape* from Indonesia only

The Pressure Sensitive Tape Council (“PSTC”)  
3M Company (“3M”)  
Intertape Polymer Corp. (“Intertape”)  
Shurtape Technologies, Inc. (“Shurtape”)  
Sekisui TA Industries, Inc. (“Sekisui”)

**Rick Anderson**, Global Business Manager,  
Packaging, 3M

**Wayne Helton**, Vice President, Manufacturing,  
Shurtape

**Greg Yull**, Chief Executive Officer, Intertape

**Craig Martin**, Senior Vice President, Marketing,  
Intertape

**Shawn Nelson**, Senior Vice President, Industrial  
Business Unit, Intertape

**Glen Anderson**, Executive Vice President, PSTC

**ORGANIZATION AND WITNESS:**

**Jerry Serra, PhD**, Technical Advisor, PSTC

**Jeffrey S. Neeley**            )  
  ) – OF COUNSEL  
**Stephen W. Brophy**         )

The Trade Partnership  
Washington, D.C.  
on behalf of

Opposed to the removal of *Certain Plastic Tape* from Indonesia only

Pitamas Indonusa, pt.  
Primetac Corporation

**A. Andrie Anggasaputra**, President Director,  
Pitamas Indonusa, pt.

**Peter A. Feniello**, President, Primetac Corporation

**Peter J. Feniello**, Vice President and Managing  
Partner, Primetac Corporation

**Marideth J. Sandler**, Vice President, The Trade  
Partnership

**-END-**





## **APPENDIX D**

# **Model for Evaluating the Probable Economic Effects of Changes in GSP Status**

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**MODEL FOR EVALUATING THE  
PROBABLE ECONOMIC EFFECT OF CHANGES IN GSP STATUS**

\* \* \* \* \*