

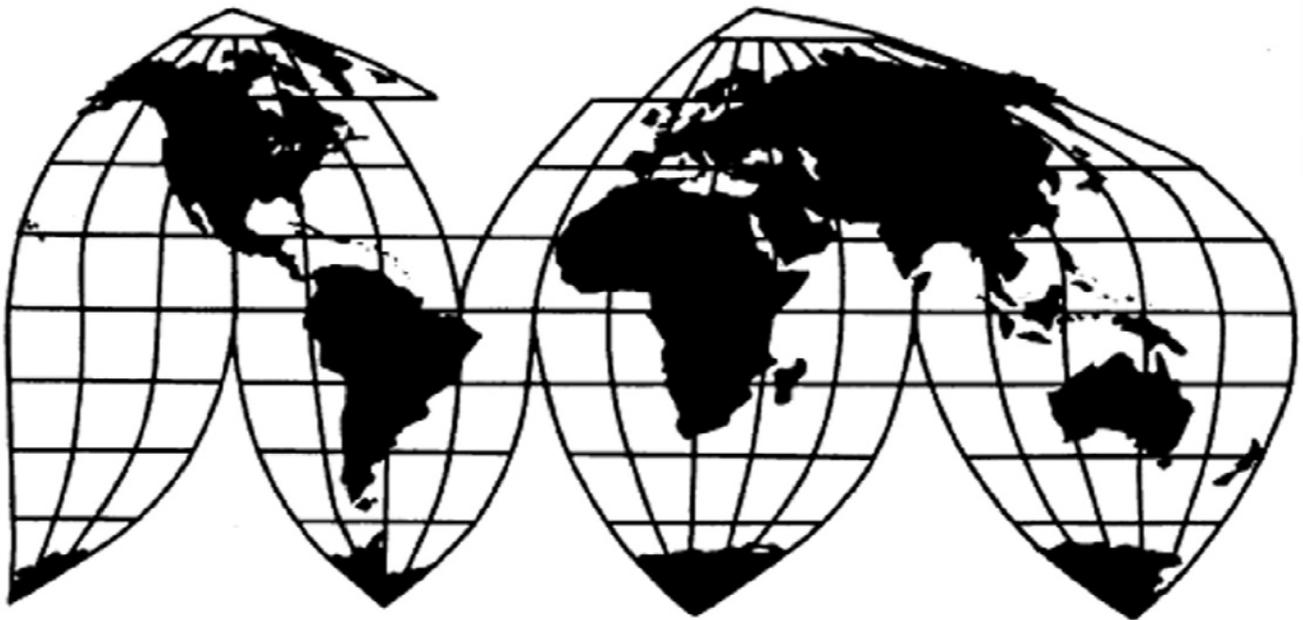
Narrow Woven Ribbons with Woven Selvedge from China and Taiwan

Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final)

Publication 4180

August 2010

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Charlotte R. Lane

Daniel R. Pearson

Shara L. Aranoff

Irving A. Williamson

Dean A. Pinkert

Robert B. Koopman
Acting Director of Operations

Staff assigned

Russell Duncan, *Investigator*
Shannon Gaffney, *Industry Analyst*
Nancy Bryan, *Economist*
Mary Klir, *Accountant*
Elizabeth Duall, *Attorney*

George Deyman, *Supervisory Investigator*

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

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final)

NARROW WOVEN RIBBONS WITH WOVEN SELVEDGE FROM CHINA AND TAIWAN

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines,² pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) and (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is threatened with material injury by reason of imports of narrow woven ribbons with woven selvedge from China, primarily provided for in subheading 5806.32 of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce (“Commerce”) has determined are subsidized and sold in the United States at less than fair value (“LTFV”). The Commission further determines,² pursuant to section 735(B) of the Act (19 U.S.C. § 1673d(b)), that an industry in the United States is threatened with material injury by reason of imports of narrow woven ribbons with woven selvedge from Taiwan, primarily provided for in subheading 5806.32 of the Harmonized Tariff Schedule of the United States, that Commerce has determined are sold in the United States at LTFV. In addition, the Commission determines that it would not have found material injury but for the suspension of liquidation.

BACKGROUND

The Commission instituted these investigations effective July 9, 2009, following receipt of a petition filed with the Commission and Commerce by Berwick Offray LLC and its wholly-owned subsidiary Lion Ribbon Company, Inc., Berwick, PA. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of narrow woven ribbons with woven selvedge from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and that imports of narrow woven ribbons with woven selvedge from China and Taiwan were dumped within the meaning of 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission’s investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on March 12, 2010 (75 FR 11908). The hearing was held in Washington, DC, on July 15, 2010, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Commissioners Charlotte R. Lane, Shara L. Aranoff, and Irving A. Williamson made affirmative determinations. Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson made negative determinations. Commissioner Dean A. Pinkert made an affirmative determination with respect to China and a negative determination with respect to Taiwan.

VIEWS OF THE COMMISSION

Based on the record in the final phase of these investigations, we find that an industry in the United States is threatened with material injury by reason of imports of certain narrow woven ribbons with woven selvedge (“narrow woven ribbons”) from China and Taiwan that are sold in the United States at less than fair value and imports of narrow woven ribbons from China that are subsidized by the Government of China.¹

I. BACKGROUND

The petitions in these investigations were filed on July 9, 2009, by domestic producer Berwick Offray LLC and its wholly owned subsidiary Lion Ribbon Company, Inc. (“petitioner” or “Berwick Offray”). Petitioner appeared at the hearing and filed prehearing and posthearing briefs and final comments.² Useable data on U.S. production operations in response to the Commission’s questionnaires were provided by four U.S. producers, Berwick Offray, Lawrence Schiff Silk Mills, Inc. (“Lawrence Schiff”), L.A. Najarian, Inc. (“L.A. Najarian”), and Trimtex Co., Inc. (“Trimtex”).³ Berwick Offray was the largest U.S. producer of narrow woven ribbons over the period examined, accounting for *** of U.S. production. Lawrence Schiff was the second-largest U.S. producer, accounting for a little under *** of U.S. production.⁴ L.A. Najarian and Trimtex had *** production of narrow woven ribbons over the period examined, and ***.⁵

In addition to petitioner, several respondents appeared at the hearing and submitted prehearing and posthearing briefs and final comments. A group of importers/retailers of subject merchandise, Costco Wholesale Corporation (“Costco”), Hobby Lobby Stores, Inc. (“Hobby Lobby”), Jo-Ann Stores, Inc. (“Jo-Ann’s”), Michael’s Stores, Inc. (“Michael’s”), and Target Corporation (“Target”) (collectively, the “Ribbon Retailers”) participated in the hearing through company officials and/or counsel and submitted prehearing and posthearing briefs and final comments. Representatives from importers Papillon Ribbons & Bow, Inc. (“Papillon”), MNC Stribbons, Inc. (“MNC Stribbons”), Liberty Ribbon and Packaging, LLC (“Liberty Ribbon”), May Arts, and Essential Ribbons, Inc. (“Essential Ribbons”) (collectively, the “Ribbon Importers”) also participated in the hearing through company officials and/or counsel and submitted prehearing and posthearing briefs and final comments. In addition, the Taiwan Silk & Filament Weaving Industrial Association and its individual members King Young Enterprise Co.,

¹ Chairman Okun and Commissioner Pearson find that an industry in the United States is neither materially injured nor threatened with material injury by reason of subject imports from China and Taiwan. Except as otherwise noted, they join the discussion and analysis in sections I to V and VI.A and VI.B and provide the remainder of their analysis in dissenting views. See Dissenting Views of Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson. Commissioner Pinkert finds that a domestic industry is threatened with material injury by reason of subject imports from China and is not materially injured or threatened with material injury by reason of subject imports from Taiwan. Except as otherwise noted, Commissioner Pinkert joins the discussion and analysis in sections I to V and provides the remainder of his analysis in separate and dissenting views. See Separate and Dissenting Views of Commissioner Dean A. Pinkert. Commissioner Pinkert also joins the majority’s finding in section VI.E that the domestic industry is vulnerable for purposes of its threat analysis.

² The statute and regulations provide that final party comments “containing new factual information shall be disregarded.” See 19 U.S.C. §1677m(g); 19 C.F.R. § 207.30(b). New factual information is contained in footnote 6 of page 9 of Berwick Offray’s final comments and in exhibit 1 (in its entirety) of the Ribbon Retailers’ final comments. We disregard this new factual information in making our final determination in these investigations.

³ CR at I-3; CR/PR at Table III-1. ***. CR/PR at Table III-1.

⁴ CR at III-1; CR/PR at Table III-1.

⁵ CR at III-1 to III-2.

Ltd. (“King Young”), Rong Shu Industry Corporation (“Rong Shu”), and Shienq Huong Enterprise Co., Ltd. (“Shienq Huong”) (collectively, the “Taiwan Respondents”) participated in the hearing and filed prehearing and posthearing briefs and final comments.

Data on the domestic industry are based on questionnaire responses of four domestic producers that accounted for all known U.S. production during the period examined.⁶ U.S. imports are based on responses to the Commission’s U.S. importer questionnaires by 52 U.S. importers, believed to account for the vast majority of imports of narrow woven ribbons from subject sources.⁷ Information on the industries in China and Taiwan is based on questionnaire responses from 11 foreign producers and exporters.⁸

II. DOMESTIC LIKE PRODUCT

A. In General

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

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.¹² No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹³ The

⁶ CR at I-3; PR at I-3; CR/PR at Table III-1.

⁷ CR at I-3 and IV-1; PR at I-3 and IV-1.

⁸ CR at I-3; PR at I-3. Data from responding producers in China appear to account for between *** percent of U.S. importers’ U.S. imports from China. CR at VII-4, n.11; PR at VII-3, n.11. Data from responding producers in Taiwan appear to account for between 47 and 55 percent of U.S. importers’ subject U.S. imports from Taiwan. CR at VII-5, n.18; PR at VII-4, n.18.

⁹ 19 U.S.C. § 1677(4)(A).

¹⁰ 19 U.S.C. § 1677(4)(A).

¹¹ 19 U.S.C. § 1677(10).

¹² See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

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

Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁴ Although the Commission must accept the determination of the U.S. Department of Commerce (“Commerce”) as to the scope of the imported merchandise subsidized or sold at LTFV,¹⁵ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁶

B. Product Description

In its final determinations, the U.S. Department of Commerce (“Commerce’s”) defined the imported merchandise within the scope of these investigations as follows:

narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof.¹⁷ Narrow woven ribbons subject to {these investigations}

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

¹⁵ See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

¹⁶ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 (“Commerce’s {scope} finding does not control the Commission’s {like product} determination.”); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

¹⁷ Narrow woven ribbons subject to these investigations may:

- * also include natural or other non-man-made fibers;
- * be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns and/or weave constructions;
- * have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating and/or sizing;
- * have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;
- * have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;
- * have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;
- * have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;
- * consist of such ribbons adhered to the like ribbon and/or cut-edge woven ribbon, a configuration also known as an “ornamental trimming;”
- * be wound on spools; attached to a card; hanked (i.e., coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or
- * be included within a kit or set such as when packaged with other products, including but not

(continued...)

include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of these investigations.¹⁸

Narrow woven ribbons are fabrics with widths equal to or less than 12 centimeters that typically are used to adorn or embellish apparel, footwear, home furnishings, crafts, or floral arrangements. They may also be used for functional reasons such as to create hair bows and sashes and to wrap packages.¹⁹ Because they are constructed with a durable woven selvedge (or longitudinal edge) and are colorfast by nature of their fiber content and dyeing process, narrow woven ribbons do not fray easily and are washable. Consequently, they are often used in apparel and keepsake items such as scrapbooks.²⁰ They are available in a variety of designs, widths, colors, and patterns.²¹

¹⁷ (...continued)

limited to gift bags, gift boxes and/or other types of ribbon.

CR at I-6 to I-7; 75 Fed. Reg. 41808 (July 19, 2010) (China antidumping investigation); 75 Fed. Reg. 41801 (July 19, 2010) (China countervailing duty investigation); and 75 Fed. Reg. 41804 (July 19, 2010) (Taiwan antidumping investigation).

¹⁸ Excluded from the scope of this investigation are the following: (1) formed bows composed of narrow woven ribbons with woven selvedge; (2) “pull bows” (i.e., an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of woven ribbons; (3) narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (i.e., filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the HTSUS, Section XI, Note 13) or rubber thread; (4) narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons; (5) narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding 8 centimeters; (6) narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag; (7) cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sono-bonding, fusing, gumming, or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon; (8) narrow woven ribbons comprised of at least 85 percent by weight of threads having a denier of 225 or higher; (9) narrow woven ribbons constructed from pile fabrics (i.e., fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric); (10) narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise; (11) narrow woven ribbon affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming book marker, bag cinch, or part of an identity card holder; and (12) narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel; (13) narrow woven ribbon(s) included with non-subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches, none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit. CR at I-7 to I-8; 75 Fed. Reg. 41808 (July 19, 2010) (China antidumping investigation); 75 Fed. Reg. 41801 (July 19, 2010) (China countervailing duty investigation); and 75 Fed. Reg. 41804 (July 19, 2010) (Taiwan antidumping investigation).

¹⁹ See, e.g., CR at I-8; PR at I-7.

²⁰ See, e.g., CR at I-8; PR at I-7.

²¹ See, e.g., CR at I-8; PR at I-7.

C. Domestic Like Product

In the preliminary phase of these investigations, the Commission considered expanding the domestic like product to include cut-edge ribbons. The Commission found, however, that narrow woven ribbon and cut-edge ribbon have different physical characteristics resulting from distinct manufacturing processes for each product, limited interchangeability, general differences in channels of distribution, lack of fungibility in production facilities and employees used in production, and differences in price.²² Accordingly, in the preliminary phase of these investigations, the Commission defined a single domestic like product coextensive with the scope consisting of narrow woven ribbons other than cut-edge ribbons.²³

The record concerning criteria that the Commission examines in defining the domestic like product has not changed materially since the preliminary determinations.²⁴ Accordingly, based on the facts on the record in the final phase of these investigations, in the absence of contrary arguments, and for the same reasons as in the preliminary determinations, we find a single domestic like product, coextensive with Commerce's scope.

III. DOMESTIC INDUSTRY

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."²⁵ In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Based on our definition of the domestic like product, we define a single domestic industry consisting of all domestic producers of narrow woven ribbons.²⁶

²² See Narrow Woven Ribbons With Woven Selvedge from China and Taiwan, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Prelim.), USITC Pub. 4099, at 10 (August 2009) ("USITC Pub. 4099").

²³ USITC Pub. 4099 at 10.

²⁴ See generally CR at I-17; PR at I-12.

²⁵ 19 U.S.C. § 1677(4)(A).

²⁶ In the preliminary phase of these investigations, the Commission considered whether Berwick Offray engaged in sufficient production-related activities to qualify as a domestic producer with respect to narrow woven ribbons that it weaves and dyes in the United States, but transfer prints and/or spools in its facility in Mexico. The Commission concluded that Berwick Offray's finishing operations in Mexico are relatively limited, involving mostly just packaging and, in limited circumstances, transfer printing the narrow woven ribbons, and treated such narrow woven ribbons that Berwick Offray sells in the U.S. market as U.S. shipments of the domestic like product. In the final phase of these investigations, no new evidence has come to light and no party disagreed with the determination in the preliminary phase on this issue. Therefore, based on the record in the final phase of these investigations, we treat U.S. shipments of narrow woven ribbon that Berwick Offray spools and/or transfer prints in Mexico as U.S. shipments of the domestic like product.

A. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.²⁷ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.²⁸

In the preliminary phase of these investigations, we found that two domestic producers, Berwick Offray and Lawrence Schiff, qualified as related parties, but concluded that appropriate circumstances did not exist to exclude any related party from the domestic industry.²⁹ In the final phase of these investigations, we again determine that appropriate circumstances do not exist to exclude any related party from the domestic industry.

Berwick Offray qualifies as a related party because it was an importer of subject merchandise from ***.³⁰ The company is the sole petitioner. Berwick Offray is the largest known producer of narrow woven ribbons in the United States, accounting for *** percent of reported U.S. production in the period examined.³¹ Its imports of the subject merchandise from China were equivalent to *** percent of its domestic production in 2007, *** percent in 2008, and *** percent in 2009.³² Its imports of the subject merchandise from Taiwan were equivalent to *** percent of its domestic production in 2007, *** percent in 2008, and *** percent in 2009.³³ According to testimony at the hearing, the bulk of Berwick Offray's

²⁷ 19 U.S.C. § 1677(4)(B).

²⁸ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party are as follows: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and (3) the position of the related producer vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), aff'd mem., 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. These latter two considerations were cited as appropriate factors in Allied Mineral Products, Inc. v. United States, 28 CIT 1861, 1864 (2004) ("The most significant factor considered by the Commission in making the 'appropriate circumstances' determination is whether the domestic producer accrued a substantial benefit from its importation of the subject merchandise."); USEC, Inc. v. United States, 132 F. Supp. 2d 1, 12 (Ct. Int'l Trade 2001) ("the provision's purpose is to exclude from the industry headcount domestic producers substantially benefitting from their relationships with foreign exporters."), aff'd, 34 Fed. Appx. 725 (Fed. Cir. April 22, 2002); S. Rep. No. 249, 96th Cong. 1st Sess. at 83 (1979) ("where a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry").

²⁹ USITC Pub. 4099 at 15. The Commission did not consider whether to exclude *** from the domestic industry in the preliminary phase of these investigations because only *** provided useable data. See USITC Pub. 4099 at 13.

³⁰ CR/PR at Table III-6.

³¹ CR/PR at Table III-1.

³² CR/PR at Table III-6. The data in Table III-6 do not include Berwick Offray's facilitated imports. See CR/PR at Table E-1 for Berwick Offray's reported facilitated imports from China.

³³ CR/PR at Table III-6. The data in Table III-6 do not include Berwick Offray's facilitated imports. See CR/PR at Table E-2 for Berwick Offray's reported facilitated imports from Taiwan. Berwick Offray's reported net sales of (continued...)

imported products are from China and Taiwan.³⁴ Berwick Offray also facilitated subject imports during the period examined, although such imports constitute a small volume.³⁵ Berwick Offray *** and, in some cases, began to produce domestically (or to again produce domestically) certain narrow woven ribbon products that they had been importing from China and/or Taiwan.³⁶ Thus, Berwick Offray's primary interest appears to lie in the domestic production of narrow woven ribbons rather than importation.

It appears that Berwick Offray derives some benefit from its importation of the subject merchandise.^{37 38} While the ratio of operating income to net sales of the overall industry declined from *** percent in 2007 and 2008 to *** percent in 2009,³⁹ the ratio of operating income to net sales reported by Berwick Offray was *** than the other three domestic producers during the period for which data were collected.^{40 41}

As in the preliminary phase of these investigations, we again find that appropriate circumstances do not exist to exclude Berwick Offray from the domestic industry as a related party in our final

³³ (...continued)

subject imports were \$*** in fiscal year 2008 and \$*** in fiscal year 2009. Petitioner's Posthearing Br., Responses To Questions Raised At The Hearing, at Exhibit 1A, question 5. Its reported net sales of facilitated imports were \$*** in fiscal year 2008 and \$*** in fiscal year 2009. Petitioner's Posthearing Br. at Exhibit 1A, Responses To Questions Raised At The Hearing, Exhibit 1A, at question 6.

³⁴ Hearing Tr. at 107 (Sorenson). Although Berwick Offray's imports of subject merchandise and its facilitated imports collectively are ***, it reported engaging in these activities to stay competitive with low-priced subject imports. See CR at III-12; PR at III-5.

³⁵ Hearing Tr. at 104-105 (Sorenson, Pajic), 114 (Sorenson). Facilitation is defined as any activity designed to, or having the effect of, helping to bring about either the import of narrow woven ribbons into the United States or the export of narrow woven ribbons to the United States. Such activities include, but are not limited to, promoting, advertising, negotiating contracts, arranging sales, brokering transactions, invoicing, financing, guaranteeing, collaborating, providing quality control or performing other types of logistical or administrative support or assistance. CR at IV-7, n.10; PR at IV-3, n.10. Berwick Offray's reported facilitated imports from subject sources in China were equivalent to *** percent of U.S. importers' U.S. shipments of narrow woven ribbons over the period examined. Berwick Offray's facilitated imports from subject sources in Taiwan were equivalent to *** percent of U.S. importers' U.S. shipments of narrow woven ribbons over the period examined. See CR/PR at Table E-1 and Table III-6 (calculations from data presented in these tables). ***. CR/PR at E-3.

³⁶ Petitioner's Prehearing Br. at 6; Hearing Tr. at 12 (Dorris), 50 (Sorenson). Berwick Offray reported that it has switched *** narrow woven ribbon products from subject imports to domestic manufacture (** in calendar year 2009 and *** in calendar year 2010).

³⁷ Consistent with her practice in past investigations and reviews, Commissioner Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer's financial operations related to production of the domestic like product, in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

³⁸ Commissioner Pinkert does not rely upon companies' financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry. The record is not sufficient to infer from the companies' profitability on U.S. operations whether they have derived a specific benefit from importing. See Allied Mineral Products v. United States, 28 C.I.T. 1861, 1865-1867 (2004).

³⁹ CR/PR at Table C-1.

⁴⁰ CR/PR at Table VI-2.

⁴¹ In addition, Berwick Offray reported *** overall operating income. CR/PR at Table VI-2. While Berwick Offray reported *** per-unit COGS than ***, Berwick Offray's reported per-unit SG&A expenses were *** than SG&A expenses as reported by ***, *** reported *** and *** reported *** in 2008 and 2009. CR at VI-4; PR at VI-2.

determinations. Berwick Offray is the largest U.S. producer and the sole petitioner, its primary interest appears to be in domestic production rather than importation, no party argued for its exclusion, and exclusion of its data would skew the data on the domestic industry.

Lawrence Schiff also qualifies as a related party because it was an importer of subject merchandise from *** and also facilitated imports from subject countries.⁴² The company ***, although it is not a petitioner.⁴³ The company accounted for *** percent of reported U.S. production during the period examined.⁴⁴ Its imports of the subject merchandise ***.⁴⁵ The level of Lawrence Schiff's subject imports on an absolute basis ***. While it is unclear whether Lawrence Schiff benefitted from its imports of subject merchandise, its primary interest appears to be in domestic production rather than importation. The company ***,⁴⁶ and any benefit that it derived from importing the subject merchandise is unlikely to skew the data for the industry overall. For all of these reasons, as in the preliminary phase of these investigations, we again find that appropriate circumstances do not exist to exclude Lawrence Schiff from the domestic industry as a related party.

*** qualifies as a related party because it was an importer of subject merchandise from *** during the period examined.⁴⁷ The company *** the petitions.⁴⁸ *** accounts for *** percent of reported U.S. production during the period examined.⁴⁹ Its imports of the subject merchandise from *** were equivalent to *** percent of its domestic production in 2008 and *** percent in 2009; it ***.⁵⁰ ***.⁵¹

*** does not appear to have derived a significant benefit from its importation of the subject merchandise during the period examined. *** reported *** for the period examined.⁵² Moreover, it reported *** in each year of the period examined and reported the largest *** as a ratio to net sales of the reporting firms.⁵³

The level of *** subject imports ***. Because it represents ***, its data are unlikely to skew the data for the industry overall. Furthermore, *** did not appear to derive any benefit from importing the subject merchandise. For all of these reasons, we do not find that appropriate circumstances exist to exclude *** from the domestic industry as a related party.

⁴² CR/PR at Table III-6.

⁴³ CR/PR at Table III-1.

⁴⁴ CR/PR at Table III-1.

⁴⁵ CR/PR at Table III-6. The data in Table III-6 do not include Lawrence Schiff's facilitated imports.

⁴⁶ Lawrence Schiff's reported reason for importing subject merchandise is that ***. See CR at III-12; PR at III-5.

⁴⁷ CR/PR at Table III-6. In the preliminary phase of these investigations, the issue of whether to exclude *** from the domestic industry was moot because the company did not submit useable data in response to the Commission's questionnaires. See USITC Pub. 4099 at 13.

⁴⁸ CR/PR at Table III-1.

⁴⁹ CR/PR at Table III-1.

⁵⁰ CR/PR at Table III-6. *** stated reason for importing subject merchandise is ***. See CR at III-12; PR at III-5.

⁵¹ CR at III-2. ***. CR at VI-4 to VI-5; PR at VI-2.

⁵² CR/PR at Table VI-2.

⁵³ CR/PR at Table VI-2; CR at VI-4; PR at VI-2. *** also reported *** per-unit COGS *** of the reporting domestic producers, and its reported per-unit SG&A expenses were ***. CR/PR at Table VI-2.

IV. CUMULATION⁵⁴

A. Legal Framework

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the U.S. market and no statutory exceptions apply.⁵⁵ The statutory threshold for cumulation is satisfied in these investigations because the petitions with respect to China and Taiwan were filed on the same day, July 9, 2009.⁵⁶

In assessing whether subject imports compete with each other and with the domestic like product, the Commission has generally considered four factors:

- (1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.^{57 58}

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁵⁹ Only a “reasonable overlap” of competition is required.⁶⁰

⁵⁴ Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations, and no party made any arguments concerning this issue. Calculated from proprietary Customs data for imports, subject imports from China accounted for *** percent of total U.S. imports of narrow woven ribbons, by value, for the period July 2008 to June 2009, the most recent 12-month period preceding the filing of the petition for which data are available, whereas subject imports from Taiwan accounted for 34.0 percent of such imports. Thus, subject imports of narrow woven ribbons from China and Taiwan as a share of total imports of narrow woven ribbons into the United States clearly exceeded the statute’s three percent negligibility level. Therefore, we do not find that the volume of subject imports from either China or Taiwan is negligible. CR at IV-9; PR at IV-4.

⁵⁵ 19 U.S.C. § 1677(7)(G)(i).

⁵⁶ CR at I-1; PR at I-1. None of the statutory exceptions to cumulation is applicable.

⁵⁷ See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff’d, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int’l Trade), aff’d, 859 F.2d 915 (Fed. Cir. 1988).

⁵⁸ Commissioner Lane notes with respect to the first factor that her analysis does not require such similarity of products that a perfectly symmetrical fungibility is required. See Separate Views of Commissioner Charlotte R. Lane, Certain Lightweight Thermal Paper from China, Germany, and Korea, Inv. Nos. 701-TA-451 and 731-TA-1126-1128 (Preliminary), USITC Pub. 3964 (Nov. 2007).

⁵⁹ See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁶⁰ The Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Doc. No. 103-316, Vol. 1 at 848 (1994) (“SAA”) expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” SAA at 848 (citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int’l Trade 1988)), aff’d, 859 F.2d 915 (Fed. Cir. 1988). See

(continued...)

In the preliminary phase of these investigations, the Commission found a reasonable overlap of competition between subject imports from China and Taiwan, and the domestic like product, and among the imports themselves.⁶¹ The Commission thus analyzed subject imports on a cumulated basis.⁶²

In the final phase of these investigations, petitioner argues that the Commission should again consider subject imports from China and Taiwan on a cumulated basis because, in their view, there is a reasonable overlap of competition between subject imports from both countries and the domestic like product based on the four factors the Commission considers in analyzing the issue.⁶³ No other party argued against cumulation of subject imports from China and Taiwan for purposes of our present material injury analysis.

B. Analysis

Based on the four traditional factors which the Commission considers in analyzing cumulation, we find that there is a reasonable overlap of competition.

Fungibility. Most narrow woven ribbons are made primarily of polyester fibers regardless of the source (domestically produced or imported).⁶⁴ There were domestic shipments and imports from each of the subject countries in each of the identified categories.⁶⁵

The questionnaire responses also indicate that market participants perceive narrow woven ribbons from various sources to be interchangeable. All reporting U.S. producers and a majority of importers that compared narrow woven ribbons from China and Taiwan with those from the United States reported that they are always or frequently interchangeable.⁶⁶ When asked to compare imports of subject merchandise from China with subject imports from Taiwan, all reporting U.S. producers and 19 of 22 responding importers reported that they are “always” or “frequently” interchangeable with one another.⁶⁷

Channels of Distribution. During the period examined, the domestic like product and the imports from each subject country were sold in overlapping channels of distribution, to wholesalers/distributors, industrial end users, and retailers.⁶⁸ The *** of the domestic industry’s sales were to retailers throughout the period examined, but a *** of U.S. producers’ shipments were also to industrial end users.⁶⁹ The ***

(...continued)

Goss Graphic Sys., Inc. v. United States, 33 F. Supp. 2d 1082,1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

⁶¹ USITC Pub. 4099 at 17-18.

⁶² USITC Pub. 4099 at 18.

⁶³ See Petitioner’s Prehearing Br. at 7-8; Petitioner’s Posthearing Br. at 2, n.1.

⁶⁴ CR at IV-15; PR at IV-6. Imported narrow woven ribbon from both subject and non-subject sources, however, have greater shares of predominantly nylon content than do domestically produced narrow woven ribbons. CR at IV-15; PR at IV-6.

⁶⁵ CR/PR at Table IV-8.

⁶⁶ CR at II-20; PR at II-14; CR/PR at Table II-4.

⁶⁷ CR/PR at Table II-4. Indeed, ***. CR at V-7, n.12; PR at V-4 to V-5, n.12.

⁶⁸ The term “industrial end users” includes entities that use narrow woven ribbons in the production or assembly of any other product, including floral arrangements assembled by the wholesale or retail floral industry, apparel, packaging of another product (such as a confectionary item), and in-store gift packaging. CR at II-3, n.12; PR at II-2, n.12.

⁶⁹ CR at II-3; PR at II-2; CR/PR at Table II-1. In 2007, domestic producers’ U.S. shipments to *** were *** percent, shipments to *** were *** percent, and shipments to *** were *** percent. In 2008, domestic producers’

(continued...)

of U.S. importers' U.S. shipments of subject imports from China were also to retailers in 2007, 2008, and 2009, followed by ***.⁷⁰ While the majority of subject imports from Taiwan were sold to final consumers,⁷¹ nearly half of subject imports from Taiwan were to retailers, ***.⁷² ***.⁷³

Geographic Overlap. Domestically produced and imported narrow woven ribbons are sold throughout the United States.⁷⁴ When asked to list the geographic regions of the United States where they sell narrow woven ribbons, *** of the producers and *** of the importers reported that they served a nationwide market.⁷⁵ Consequently, there was geographic overlap of the domestic like product and the subject imports.

Simultaneous Presence in Market. Customs data and pricing product data show that imports from China and Taiwan, like the domestic like product, were sold in the U.S. market throughout the period of investigation.⁷⁶

For the reasons explained above, we therefore find that a reasonable overlap of competition exists among the subject imports and between subject imports and the domestic like product. Consequently, we cumulate subject imports from China and Taiwan for the purpose of analyzing whether the domestic industry is materially injured by reason of the subject imports.

⁶⁹ (...continued)

U.S. shipments to *** were *** percent, shipments to *** were *** percent, and shipments to *** were *** percent. In 2009, domestic producers' U.S. shipments to *** were *** percent, shipments to *** were *** percent, and shipments to *** were *** percent. CR/PR at Table II-1.

⁷⁰ CR at II-3; PR at II-2; CR/PR at Table II-1. In 2007, U.S. importers' U.S. shipments of subject imports from China to *** were *** percent, shipments to *** were *** percent, shipments to *** were *** percent, and shipments to *** were *** percent. In 2008, U.S. importers' U.S. shipments of subject imports from China to *** were *** percent, shipments to *** were *** percent, shipments to *** were *** percent, and shipments to *** were *** percent. In 2009, U.S. importers' U.S. shipments of subject imports from China to *** were *** percent, shipments to *** were *** percent, shipments to *** were *** percent, and shipments to *** were *** percent. CR/PR at Table II-1

⁷¹ Final consumers are individuals that purchase narrow woven ribbons at retail entities. "Shipments to final consumers" are direct imports by retailers *** that they distribute to their retail establishments for sale. See CR at II-3, n.13; PR at II-2, n.13.

⁷² CR at II-3; PR at II-2. In 2007, U.S. importers' U.S. shipments of subject imports from Taiwan to *** were *** percent, shipments to *** were *** percent, shipments to *** were *** percent, and shipments to *** were *** percent. In 2008, U.S. importers' U.S. shipments of subject imports from Taiwan to *** were *** percent, shipments to *** were *** percent, shipments to *** were *** percent, and shipments to *** were *** percent. In 2009, U.S. importers' U.S. shipments of subject imports from Taiwan to *** were *** percent, shipments to *** were *** percent, shipments to *** were *** percent, and shipments to *** were *** percent. CR/PR at Table II-1. "Final consumers" of subject imports from Taiwan are the purchasers of narrow woven ribbons that have been directly imported by retailers, ***. See CR at II-3, n.13; PR at II-3, n.13. Petitioner notes that the largest such retailers purchase both domestically produced narrow woven ribbons and subject imports. Petitioner's Prehearing Br. at 8.

⁷³ CR/PR at Table II-1. ***. CR at II-3, n.12; II-3, n.12. Producers and importers reported shipments as "shipments to retailers" when shipments were sold to retailers such as ***, while retailers reported shipments as "shipments to final consumers" if they imported the products directly. Accordingly, "shipments to final consumers" for purposes of this analysis are also shipments to retailers.

⁷⁴ CR at II-3 and IV-16; PR at II-2 and IV-16; CR/PR at Table IV-9.

⁷⁵ CR at II-3; PR at II-2.

⁷⁶ CR at IV-17 to IV-18; PR at IV-7 to IV-8; CR/PR at Tables V-1 through V-6.

V. NO MATERIAL INJURY BY REASON OF CUMULATED SUBJECT IMPORTS

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁷⁷ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁷⁸ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁷⁹ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁸⁰ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁸¹

Although the statute requires the Commission to determine whether the domestic industry is “materially injured by reason of” unfairly traded imports,⁸² it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁸³ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁸⁴

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include non-subject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to

⁷⁷ 19 U.S.C. §§ 1671d(b), 1673d(b).

⁷⁸ 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁷⁹ 19 U.S.C. § 1677(7)(A).

⁸⁰ 19 U.S.C. § 1677(7)(C)(iii).

⁸¹ 19 U.S.C. § 1677(7)(C)(iii).

⁸² 19 U.S.C. §§ 1671d(a), 1673d(a).

⁸³ Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), aff’d 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁸⁴ The Federal Circuit, in addressing the causation standard of the statute, observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁸⁵ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁸⁶ Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as non-subject imports, which may be contributing to overall injury to an industry.⁸⁷ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁸⁸

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”^{89 90} Indeed, the

⁸⁵ Statement of Administrative Action (“SAA”) on Uruguay Round Agreements Act (“URAA”), H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord Mittal Steel, 542 F.3d at 877.

⁸⁶ SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Invs. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁸⁷ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁸⁸ See Nippon Steel Corp., 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁸⁹ Mittal Steel, 542 F.3d at 877-78; see also id. at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

⁹⁰ Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of non-subject imports, albeit without reliance upon presumptions or rigid formulas. Mittal explains as follows:

What Bratsk held is that “where commodity products are at issue and fairly traded, price-competitive, non-
(continued...)

Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁹¹

The Federal Circuit’s decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant “other factor” was the presence in the market of significant volumes of price-competitive non-subject imports. The Commission interpreted the Federal Circuit’s guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive non-subject imports.⁹² The additional “replacement/benefit” test looked at whether non-subject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission’s interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record” to “show that the harm occurred ‘by reason of’ the LTFV imports,” and requires that the Commission not attribute injury from non-subject imports or other factors to subject imports.⁹³ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive non-subject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.^{94 95}

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence

⁹⁰ (...continued)

subject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

⁹¹ Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also Mittal Steel, 542 F.3d at 879 (“Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

⁹² Mittal Steel, 542 F.3d at 875-79.

⁹³ Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission’s alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

⁹⁴ Commissioner Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Invs. Nos. 731-TA-1131 to 1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

⁹⁵ To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in non-subject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large non-subject import suppliers). In order to provide a more complete record for the Commission’s causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of non-subject imports.

standard.⁹⁶ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁹⁷

B. Post-Petition Effects

In the final phase of these investigations, the statute requires the Commission to consider whether changes in volume, price effects, or impact are related to the pendency of these investigations.⁹⁸ If the Commission determines that such changes are related to the pendency of the investigations, it has the discretion under the statute to reduce the weight accorded to such information but is not required to do so. The SAA states that “{t}he imposition of provisional duties, in particular, can cause a reduction in import volumes and an increase in prices of both the subject imports and the domestic like product.”⁹⁹ Furthermore, in considering whether any improvements in the domestic industry's condition during the investigations may be an indication of a change related to the filing of the petitions, the SAA states that the Commission may presume that such changes are related to the pendency of the investigations, rather than any other cause, absent evidence to the contrary.¹⁰⁰

⁹⁶ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁹⁷ Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 (“The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.”).

⁹⁸ The statutory provision governing the Commission's treatment of post-petition information, 19 U.S.C. § 1677(7)(I), states that:

{T}he Commission shall consider whether any change in the volume, price effects, or impact of imports of the subject merchandise since the filing of the petition in an investigation ... is related to the pendency of the investigation and, if so, the Commission may reduce the weight accorded to the data for the period after the filing of the petition in making its determination of material injury, threat of material injury, or material retardation of the establishment of an industry in the United States.

⁹⁹ SAA at 854; see also, e.g., Superalloy Degassed Chromium from Japan, Inv. No. 731-TA-1090 (Final), USITC Pub. 3825 at 15 n.122 (Dec. 2005); Magnesium from China and Russia, Invs. Nos. 731-TA-1071-1072 (Final), USITC Pub. 3763 at 20 (Apr. 2005) (noting overselling that occurred after the filing of the petition).

¹⁰⁰ SAA at 854. The SAA states:

{w}hen the Commission finds evidence on the record of a significant change in data concerning the imports or their effects subsequent to the filing of the petition or the imposition of provisional duties, the Commission may presume that such change is related to the pendency of the investigation. In the absence of sufficient evidence rebutting that presumption and establishing that such change is related to factors other than the pendency of the investigation, the Commission may reduce the weight to be accorded to the affected data.

Id. The Commission has applied the statutory post-petition filing provision (19 U.S.C. § 1677(7)(I)) even where imports dropped to zero after the filing of the petition. See Foundry Coke from China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 at 15 & n.78, 17, n.92, 21 & nns. 114 & 117 (Sept. 2001). However, the Commission has also found the presumption not applicable when a “watershed event,” in that case imposition of section 201 relief, altered the conditions of competition to warrant a focus on the most recent data available, even though the data were for the period following the filing of the petition. See Cold-Rolled Steel, USITC Pub. 3536 at 31 & nn.182 & 185 (Sept. 2002). The majority's finding was affirmed in Nucor Corp. v. United States, 318 F. Supp. 2d 1207 (Ct. Int'l Trade 2004), aff'd Nucor Corp. v. United States, 414 F.3d 1331 (Fed. Cir. 2005).

Berwick Offray contended that the filing of the petition was a significant market event that changed the buying patterns of importers and purchasers, resulting in the decline in subject imports in 2009 and some benefit to the domestic industry.¹⁰¹ Berwick Offray argued that there was a shift in market share to the U.S. industry, not just an overall decline in consumption, and that the volume of narrow woven ribbons ordered changed as a result of the filing of the petition.¹⁰² Petitioner cited to statements made by the *** indicating that its imports from China decreased because of the trade remedies proceeding.¹⁰³

In contrast, respondents disputed petitioner's arguments that subject imports declined because of these investigations and argued that data show instead that imports increased in the second half of 2009 after the filing of the petition as a result of orders placed for the holiday season in the second quarter and that importers filled customer orders as always. According to respondents, therefore, any decline in subject imports was due to the decline in demand as measured by apparent U.S. consumption caused by the global recession.¹⁰⁴ Furthermore, *** later revised its position on the effect of the trade remedy proceedings.¹⁰⁵

Although there is evidence suggesting that the filing of the petition played some role in the decline in the volume of subject imports in 2009, on balance, we do not find a clear enough link between the pendency of these investigations and the decline in subject imports to warrant discounting 2009 data.^{106 107}

C. Conditions Of Competition And The Business Cycle

The following conditions of competition inform our analysis of whether there is material injury by reason of subject imports from China and Taiwan.

¹⁰¹ Petitioner's Prehearing Br. at 10; Petitioner's Posthearing Br. at 3-5; Hearing Tr. at 10-11 (Dorris); 56 (Kaplan), 90-91 (Sorenson).

¹⁰² Petitioner's Posthearing Br. at 4-5; Petitioner's Posthearing Br., Responses to Questions Raised at the Hearing, at Exhibit 1D, question 3; Hearing Tr. at 116 (Pajic - stating that retailers give a "handshake and a forecast" at meetings with retailers in the spring) and 256 (Pauley - stating that prices are separate from the determination of color/assortment and that prices are determined in advance). See also Petitioner's Posthearing Br., Responses to Questions Raised at the Hearing, at Exhibit 1D, question 3.

¹⁰³ Petitioner's Prehearing Br. at 10. See also CR at II-2, n.7; PR at II-1, n.7.

¹⁰⁴ See, e.g., Hearing Tr. at 14-15 (Cannon); Ribbon Retailers' Posthearing Br. at 6-7; Hearing Tr. at 195 (Mitchell), 201-202 (Dembski-Brandl); Taiwan Respondents' Prehearing Br. at 5; Taiwan Respondents' Posthearing Br. at 3-6. The Taiwan Respondents also argued that, if the decline were due to the filing of the petition, then subject imports should have increased from 2007 through the filing of the petition in July 2009, and the domestic industry's condition should have changed only after the petition was filed. Instead, they contend that subject import volume and market share declines actually began prior to the filing of the petition in 2008 and the first part of 2009. See Taiwan Respondents' Posthearing Br. at 4.

¹⁰⁵ CR at IV-6 and n.9; PR at IV-3 and n.9; ***.

¹⁰⁶ We note that, although the monthly data for subject imports on the record (CR/PR at Table IV-10) show relatively little change between 2008 and 2009, the full-year data from Commission questionnaires show that subject imports decreased by a significantly greater amount than apparent consumption during 2008-2009 (compare CR/PR at Table IV-2 with CR/PR at Table C-1).

¹⁰⁷ Commissioner Pinkert, as explained in his separate and dissenting views, finds a link between the filing of the petition and the decline in subject imports from China.

1. Demand conditions

The demand for narrow woven ribbons is largely determined by the overall economy and fashion trends.¹⁰⁸ Demand, as measured by apparent U.S. consumption in square yards, increased by *** percent between 2007 and 2008, but declined by *** percent from 2008 to 2009.¹⁰⁹ Overall, apparent U.S. consumption declined by *** percent from 2007 to 2009.¹¹⁰

As discussed above, during the period examined, the domestic like product and the imports from each subject country were sold in overlapping channels of distribution, to wholesalers/distributors, industrial end users, and retailers.¹¹¹ The *** of the domestic industry's sales were to *** throughout the period examined, but a substantial percentage of U.S. producers' shipments were also to ***.¹¹² The majority of U.S. importers' U.S. shipments of subject imports from China were also to retailers in 2007, 2008, and 2009, followed by ***.¹¹³ While the majority of U.S. importers' U.S. shipments of subject imports from Taiwan were sold to final consumers, nearly half of such imports were to retailers, ***.¹¹⁴ ***.¹¹⁵

The top ten customers reported by U.S. producers and importers include ***. Among the largest customers, there is considerable overlap among purchasers from both the domestic industry and importers of subject narrow woven ribbons, both of which supply ***.¹¹⁶

Questionnaire respondents provided mixed responses regarding changes in demand during the period examined, with some reporting decreased demand and others reporting increased demand. There appear to be some differences in demand conditions in the different segments of the narrow woven ribbon market.¹¹⁷ For example, there is evidence on the record that demand in the craft and scrapbooking segment of the market is more insulated from recessionary effects because people tend to conduct more projects in the home during economic downturns.¹¹⁸ Reasons cited by questionnaire respondents for decreased demand since 2007 include the recession and the decline of the U.S. apparel industry.¹¹⁹ Five importers that reported an increase in demand cited an increase in arts and crafts projects, improved

¹⁰⁸ CR at II-11; PR at II-8 to II-9.

¹⁰⁹ CR/PR at Table C-1 and Table IV-11.

¹¹⁰ CR/PR at Table C-1. Apparent U.S. consumption was *** square yards in 2007, *** square yards in 2008, and *** square yards in 2009. CR/PR at Table C-1.

¹¹¹ See CR at I-11 to I-12; PR at I-9 to I-10. The term "industrial end users" includes users that use narrow woven ribbons in the production or assembly of any other product, including floral arrangements assembled by the wholesale or retail floral industry, apparel, packaging of another product such as a confectionary item, and in-store gift packaging. CR at II-3, n.12; PR at II-2, n.12.

¹¹² CR at II-3; PR at II-2; CR/PR at Table II-1.

¹¹³ CR at II-3; PR at II-2; CR/PR at Table II-1.

¹¹⁴ CR at II-3; PR at II-2. ***. See CR at II-3, n.13; PR at II-2, n.13. Petitioner notes that the largest such retailers purchase both domestically produced narrow woven ribbons and subject imports. Petitioner's Prehearing Br. at 8.

¹¹⁵ CR/PR at Table II-1. ***. CR at II-3, n.12; PR at II-2, n.12.

¹¹⁶ CR at II-3; PR at II-2.

¹¹⁷ CR at II-12; PR at II-8 to II-9. See also Petitioner's Posthearing Br., Responses to Questions Raised at the Hearing, at Exhibit 1C, question 1.

¹¹⁸ See Hearing Tr. at 77-78 (Pajic), 78-79 (Kaplan), 125 (Pajic).

¹¹⁹ CR at II-12; PR at II-9. Sixteen of 32 responding importers reported that demand has decreased since 2007, with most firms citing the recession and two citing the decline of the U.S. apparel industry. CR at II-12; PR at II-9. See also Ribbon Importers' Prehearing Br. at 5.

design innovation and product ranges, and lower prices as reasons for the increase.¹²⁰ Four importers reported no changes in demand and seven reported that demand has fluctuated following trends in the overall economy and fashion trends.¹²¹

*** importers that provided projections of changes in future demand and the Ribbon Retailers reported that they expected demand to increase from 2009 to 2011.¹²²

Responses to the Commission's questionnaire regarding whether there is a business cycle for narrow woven ribbons were mixed.¹²³ Petitioner and respondents also presented conflicting descriptions regarding the level of seasonality of the narrow woven ribbons industry.¹²⁴ Respondents contended that subject imports primarily serve the seasonal holiday market while the domestic like product is a basic, year-round product.¹²⁵ While subject imports do appear to be more seasonal than domestically produced narrow woven ribbons, subject imports entered the U.S. market during each month of 2008 and 2009.¹²⁶ We find that the factual differences raised by the parties with respect to seasonality are not significant enough to affect our analysis of material injury either way.

2. Supply conditions

During the POI, the U.S. market was supplied by the domestic industry, subject imports from Taiwan, subject imports from China, non-subject imports from Taiwan, and imports from non-subject countries.¹²⁷ The domestic industry's share of apparent U.S. consumption by quantity increased from ***

¹²⁰ CR at II-12; PR at II-9.

¹²¹ CR at II-12; PR at II-9.

¹²² CR at II-12 to II-13; PR at II-9 to II-10; Ribbon Importers' Posthearing Br. at 26-27; ; Ribbon Retailers' Posthearing Br, Exhibit A, p.58.

¹²³ CR at II-13; PR at II-10. Seventeen importers reported that there is no business cycle in the narrow woven ribbons industry, while fifteen reported that a business cycle does exist, with eight stating that sales peak in the second half of the year in the build-up for the Christmas season. Nineteen responding purchasers reported that there is no business cycle, while fifteen purchasers reported that a business cycle exists in the narrow woven ribbons market, with most citing a sales peak in the second half of the year or fourth quarter of the year for the holiday gift wrapping and floral and other craft applications. CR at II-13; PR at II-10.

¹²⁴ See, e.g., Petitioner's Posthearing Br., Responses to Questions Raised at the Hearing, at Exhibit 1D, question 3; Hearing Tr. at 148 (Sorenson); 149 (Pajic); and 256-257 (Freebern); Ribbon Importers' Prehearing Br. at 7-8; Ribbon Retailers Posthearing Br., Responses to Questions from the Commissioners and Staff, at Exhibit A, pp. 14-15, 27-28. See also CR at III-8 to III-9; PR at III-4.

¹²⁵ See, e.g., Ribbon Importers' Prehearing Br. at 7-8; Ribbon Retailers' Posthearing Br., Responses to Questions from the Commissioners and Staff, at Exhibit A, pp. 14-15, 27-28.

¹²⁶ CR/PR at Table IV-10.

¹²⁷ In the preliminary determinations regarding narrow woven ribbons from China, Commerce calculated a dumping margin of zero percent (75 Fed. Reg. 7244 (Feb. 18, 2010)) and a net subsidy rate of 0.29 (*de minimis*) percent (74 Fed. Reg. 66090 (Dec. 14, 2009)) for Yama Ribbons and Bows Co., Ltd. ("Yama"). On July 13, Commerce issued its final determinations in these investigations. In its final determination regarding narrow woven ribbons from China, Commerce indicated that it again calculated a zero percent dumping margin for Yama, but calculated a net subsidy rate of 1.56 percent for the company. Commerce did not find Yama's margin (or the 1.56 percent margin assigned as the all others rate) to be *de minimis*. Even though Commerce calculated a zero percent dumping margin for Yama, because we cross cumulate dumping and subsidized imports, Yama's imports are no longer considered to be non-subject imports from China. Thus, all imports of narrow woven ribbons from China are considered to be subject imports for purposes of the Commission's analysis.

percent in 2007 to *** percent in 2008, and *** percent in 2009.¹²⁸ Cumulated subject imports' share of the U.S. market, by quantity, decreased from *** percent in 2007 to *** percent in 2008, and *** percent in 2009,¹²⁹ while non-subject imports' share increased from *** percent in 2007 to *** percent in 2008, and *** percent in 2009.¹³⁰

Berwick Offray, the largest known producer of narrow woven ribbons in the United States, accounted for *** percent of reported U.S. production during the period examined.¹³¹ The second-largest U.S. producer, Lawrence Schiff, accounted for a little under *** of U.S. production, while the two other domestic producers, L.A. Najarian and Trimtex, had *** production of narrow woven ribbons.¹³² As explained above in the section regarding related parties, Berwick Offray and Lawrence Schiff imported subject narrow woven ribbons during the period examined and also facilitated imports of narrow woven ribbons from subject countries. During the period examined, the quantity of U.S. subject imports controlled by U.S. producers decreased by *** percent.¹³³ Evidence on the record also indicates that a growing number of retailers are choosing to import narrow woven ribbons directly from subject and non-subject sources rather than rely on U.S. producers to arrange or facilitate importation. Specifically, while some retailers, such as *** already had substantial direct importation of narrow woven ribbons,¹³⁴ retailers such as *** began importing directly during the period examined.¹³⁵

3. Substitutability

We find that domestically produced narrow woven ribbons and subject imports are moderately substitutable. We note that narrow woven ribbons are available in a large variety of fabrics, designs, widths, colors, and patterns, and that within the broad product mix, narrow woven ribbons are generally substitutable within each of the distinct categories of ribbon (e.g., grosgrain or sheers).

According to questionnaire responses, all reporting domestic producers and a large majority of importers reported that domestically produced narrow woven ribbons and subject imports are always interchangeable.¹³⁶ Moreover, *** of importers and all three of the responding domestic producers reported that subject imports from China are always or frequently interchangeable with subject imports from Taiwan.¹³⁷ Eleven of 16 responding purchasers that compared narrow woven ribbons from China with those from the United States reported that they are always or frequently interchangeable, and 8 of 14 purchasers that compared subject imports from Taiwan with U.S.-produced narrow woven ribbons reported that they are always or frequently interchangeable.¹³⁸ In addition, *** of the three responding U.S. producers reported that differences other than price between subject imports and the domestic like

¹²⁸ CR/PR at Table C-1.

¹²⁹ CR/PR at Table C-1.

¹³⁰ CR/PR at Table C-1.

¹³¹ CR/PR at Table III-1.

¹³² CR/PR at Table III-1. ***. CR at III-2; PR at III-1.

¹³³ CR at IV-7; PR at IV-3. U.S. subject imports controlled by U.S. producers were *** square yards in 2007, *** square yards in 2008, and *** square yards in 2009. CR/PR at Table IV-3.

¹³⁴ See, e.g., CR/PR at Table IV-1; Importer Questionnaire Response of *** at 9 (showing that *** imported narrow woven ribbons from Taiwan throughout the period examined); Staff Telephone Notes, *** (July 16, 2010) (stating that ***).

¹³⁵ CR at IV-7; PR at IV-3. See also ***. Petitioner provided evidence that ***. See Petitioner's Posthearing Br. at Exhibit 3, Declaration of *** (Exhibit B, Written Presentation of ***).

¹³⁶ CR at II-20; PR at II-14; CR/PR at Table II-4.

¹³⁷ CR at II-20; PR at II-14; CR/PR at Table II-4.

¹³⁸ CR at II-20; PR at II-14; CR/PR at Table II-4.

product are sometimes a significant factor.¹³⁹ Responses from importers were mixed, with slightly more than half of responding importers reporting that differences other than price between U.S.-produced narrow woven ribbons and subject imports are always or frequently a significant factor.¹⁴⁰ Some importers reported experiencing product availability, product range, service, and quality differences between subject imports and the domestic like product.¹⁴¹ Parties asserted that a number of factors, including lead and delivery times, are critical for seasonal and fashion-driven applications. They also emphasize the importance of design in purchasing decisions.¹⁴²

4. Other conditions of competition

Contracts vs. Spot Sales/Sales from Inventory. U.S. producers reported that the majority of their sales are on a short-term contract or spot sale basis.¹⁴³ The majority of reporting U.S. importers indicated that all or nearly all of their sales of narrow woven ribbons are on a spot basis.¹⁴⁴ Moreover, *** sales of domestically produced narrow woven ribbons and subject imports are from inventory, with lead times from inventory ranging from ***.¹⁴⁵

Raw Material Costs. The principal raw materials used in the production of narrow woven ribbons are polyester, nylon, acetate, and rayon yarns. Other raw materials include dyes, corrugated packaging, and paper and plastic spools.¹⁴⁶ *** reported that polyester yarn accounts for *** percent of its total raw material costs and the price of polyester yarn increased *** in 2007, remained stable in 2008 and 2009, increased *** in the first quarter of 2010, and is now expected ***.¹⁴⁷ *** reported that the prices of raw materials have increased since 2007 and are expected to continue to increase.¹⁴⁸

¹³⁹ CR at II-21; PR at II-15; CR/PR at Table II-5.

¹⁴⁰ CR at II-22; PR at II-15; CR/PR at Table II-5.

¹⁴¹ CR at II-22 to II-23; PR at II-16 to II-17.

¹⁴² Ribbon Importers' Prehearing Br. at 9-12.

¹⁴³ CR at V-4; PR at V-3. *** reported that *** percent of their sales are on a short-term contract basis, with the remainder being spot sales. *** reported that *** percent of its sales are on a short-term contract basis and *** percent are spot sales. *** reported that *** of its sales are on a short-term contract basis. CR at V-4; PR at V-3.

¹⁴⁴ CR at V-4; PR at V-3.

¹⁴⁵ CR at II-2; PR at II-1. U.S. producers reported that *** percent of their narrow woven ribbons are sold from inventory. A majority of importers of subject imports from China reported that most or all of their sales are from inventory, while *** of the importers of subject imports from Taiwan reported that most or all of their sales are from inventory. CR at II-2 to II-3; PR at II-1 to II-2.

¹⁴⁶ CR at V-1; PR at V-1.

¹⁴⁷ CR at V-1; PR at V-1.

¹⁴⁸ CR at V-1; PR at V-1.

D. Volume Of The Cumulated Subject Imports¹⁴⁹

In evaluating the volume of subject imports, section 771(7)(C)(i) of the Tariff Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”¹⁵⁰

In absolute terms, subject imports from China and Taiwan, by quantity, increased *** from *** in 2007 to *** in 2008, before declining sharply to *** in 2009.¹⁵¹ The ratio of subject imports to U.S. production increased from *** percent in 2007 to *** percent in 2008, before decreasing to *** percent in 2009.¹⁵² Subject imports as a share of apparent U.S. consumption by quantity were *** percent in 2007, *** percent in 2008, and *** percent in 2009.¹⁵³ Apparent U.S. consumption increased *** from *** square yards in 2007 to *** square yards in 2008, before declining to *** square yards in 2009, resulting in an overall decline of *** percent from 2007 to 2009.¹⁵⁴

We find that the volume of subject imports was significant in absolute terms and relative to apparent U.S. consumption and production during the period examined, even though the volume and market share of subject imports declined over the period examined.¹⁵⁵

E. Price Effects Of The Cumulated Subject Imports

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

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

¹⁴⁹ In the preliminary phase of these investigations, a significant number of reporting U.S. importers were unable to provide the Commission with useable quantity data on their narrow woven ribbon operations within the time requested. See USITC Pub. 4099 at 23-24. In the final phase of these investigations, only two U.S. importers, ***, were unable to provide the Commission with useable quantity data on their narrow woven ribbon operations within the time requested. Staff was able to estimate quantities for these two firms using average unit value for all other responding importers by source. Therefore, consistent with our usual practice, we have relied on quantity measurements to measure volume in the final phase of these investigations.

¹⁵⁰ 19 U.S.C. § 1677(7)(C)(i).

¹⁵¹ CR/PR at Table IV-2.

¹⁵² CR/PR at Table IV-14.

¹⁵³ CR/PR at Table IV-11.

¹⁵⁴ CR/PR at Table C-1.

¹⁵⁵ Imports of narrow woven ribbons from China and Taiwan into the United States, like various other textile products, were subject to various quotas until these two countries acceded to the World Trade Organization (“WTO”) in December 11, 2001 and January 1, 2002, respectively. See Petition, Vol. I at 10. In 2005, the United States and China concluded a bilateral textile agreement (“China Safeguard Agreement”) that established new quotas for certain textiles produced or manufactured in China and exported to the United States after January 1, 2006. Narrow woven ribbons were one of a variety of products that were included as “Category 229” under the China Safeguard Agreement. The quotas expired on December 31, 2008. See Memorandum of Understanding Between the Governments of the United States of America and the People’s Republic of China Concerning Trade in Textile and Apparel Products (entered into on Nov. 8, 2005), cited in Petition, Vol. I at 10, Exh. 6; CR at VII-5 to VII-6.

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹⁵⁶

As explained above, the domestic like product and subject imports are generally interchangeable¹⁵⁷ and price is an important factor in purchasing decisions.¹⁵⁸ There is also evidence in the record that other factors, such as design, availability, product consistency, quality, and reliability are also important factors in purchasing decisions.¹⁵⁹

The Commission collected quarterly pricing data for six narrow woven ribbon products,¹⁶⁰ which closely match the six product descriptions that were submitted by petitioner in the petition.¹⁶¹ Pricing data for sales of the requested products were provided by *** U.S. producers of narrow woven ribbons, 16 importers of subject narrow woven ribbons from China, and 15 importers of subject narrow woven ribbons from Taiwan.¹⁶²

Pricing data reported by these firms accounted for approximately *** percent of the value of U.S. producers' U.S. commercial shipments of narrow woven ribbons from 2007 to 2009.¹⁶³ We note that there are challenges in collecting representative pricing data for narrow woven ribbons given the large number and variety of products within the scope of these investigations and within each pricing product. We recognize that it is difficult to achieve the same level of coverage as we are able to in other cases involving more homogenous products. Although product categories were narrowly defined, the wide variety of products made it difficult to avoid aggregating a mix of products within a single product definition. Nevertheless, the pricing data collected by the Commission are generally useful for the analysis of price trends and price comparisons.¹⁶⁴ We do, however, place greater weight on certain of the pricing products, such as product 1, where higher volumes are reported.

Taken as a whole, the pricing data show significant underselling by subject imports. Specifically, subject imports undersold the domestic like product in 118 of 141 (approximately 84 percent) pricing comparisons for products 1 through 6, with margins ranging from 1.7 to 83.3 percent.¹⁶⁵ With respect to product 1, for which significant volumes were reported for sales of subject imports from China and Taiwan and of domestically produced narrow woven ribbons, subject imports undersold the domestic like product in *** price comparisons, with margins ranging from *** percent and an average margin of *** percent.¹⁶⁶ Moreover, U.S. weighted-average sales prices of the pricing products fluctuated, but generally

¹⁵⁶ 19 U.S.C. § 1677(7)(C)(ii).

¹⁵⁷ CR/PR at Table II-4.

¹⁵⁸ CR/PR at Table II-2.

¹⁵⁹ CR/PR at Table II-3.

¹⁶⁰ CR at V-6; PR at V-4.

¹⁶¹ CR at V-6, n.8 and V-7, n.12; PR at V-4, n.8 and V-4 to V-5, n.12.

¹⁶² CR at V-7; PR at V-4. We note that the pricing data do not include ***. CR at V-7, n.12; V-4 to V-5, n.12.

¹⁶³ CR at V-7; PR at V-4.

¹⁶⁴ We also note that the pricing products used in our questionnaires were suggested by petitioner and the petitioner did not comment on the six pricing product descriptions presented in the draft questionnaires. CR at V-6, n.8; PR at V-4, n.8.

¹⁶⁵ CR/PR at Table V-8.

¹⁶⁶ CR/PR at Table V-8. Product 1 accounted for the *** of U.S. sales by quantity of domestically produced narrow woven ribbon (*** percent) and subject imports from China (*** percent), and accounted for the *** volume of U.S. sales by quantity of subject imports from Taiwan (*** percent). CR at V-8; PR at V-5.

increased (with the exception of ***) during the period examined.¹⁶⁷ For the ***, the weighted-average sales prices fluctuated *** and declined *** overall from 2007 to 2009.¹⁶⁸ Accordingly, we do not find that cumulated subject imports from China and Taiwan significantly depressed prices of the domestic like product in the U.S. market.

We also considered whether subject imports from China and Taiwan suppressed prices of the domestic like product to a significant degree. The domestic industry's average unit cost of goods sold ("COGS") decreased from \$*** per square yard in 2007 to \$*** per square yard in 2008, and \$*** per square yard in 2009.¹⁶⁹ Along with a decline in raw material costs, the domestic industry reported a decline in non-raw material operating costs.¹⁷⁰ During the period examined, the domestic industry's COGS-to-net sales ratio increased *** from *** percent in 2007 to *** percent in 2008, before declining to *** percent in 2009.¹⁷¹

Based on the record, we do not find that the domestic industry is currently experiencing a cost-price squeeze as a result of significant underselling by subject imports. Therefore, we do not find that subject imports prevented price increases which otherwise would have occurred during the period examined to a significant degree.¹⁷² In addition, the Commission was unable to confirm most of the lost sales and lost revenue allegations made by petitioner.¹⁷³

In sum, we conclude that subject imports are not currently having significant adverse effects on domestic producers' prices.

¹⁶⁷ CR at V-21; PR at V-6.

¹⁶⁸ See CR/PR at Table V-3 and Table V-4.

¹⁶⁹ CR/PR at Table VI-1.

¹⁷⁰ See CR at VI-1; PR at VI-1.

¹⁷¹ CR/PR at Table VI-1.

¹⁷² There is some evidence on the record that as subject import volumes decreased, domestic prices were able to increase. For example, with respect to pricing product 1, domestic prices reached their *** levels in 2009, as subject imports from China and Taiwan were generally decreasing overall. See CR/PR at Table V-1. The questionnaires in these final phase investigations sought data for the period 2007 through 2009, an investigative period consistent with our normal practice. No party, including petitioner, argued that we should modify our data request to expand the period covered. Petitioner's arguments in these final phase investigations that we should, in effect, speculate that price suppression existed for a period prior to the period investigated is thus without merit. See, e.g., Petitioner's Prehearing Br. at 15-16, 19; Petitioner's Posthearing Br. at 6. Moreover, the statute directs us to determine whether the domestic industry "is" materially injured, not whether it was injured some years in the past. See, e.g., Nucor Corp. v. United States, 318 F. Supp. 2d 1207, 1223 (Ct. Int'l Trade 2004).

¹⁷³ CR at V-25 to V-34; PR at V-8 to V-9. We note, however, that *** indicated in response to the lost sales and lost revenue allegations that ***. See CR at V-31 and V-32; PR at V-9.

F. Impact of the Cumulated Subject Imports on the Domestic Industry¹⁷⁴

In examining the impact of subject imports, section 771(7)(C)(iii) of the Tariff Act provides that the Commission “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”¹⁷⁵ These factors include output, sales, inventories, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹⁷⁶

We have examined the performance indicia for the domestic industry producing narrow woven ribbons. Overall, we find that the data on the record do not show a correlation between subject imports and the domestic industry’s declining performance indicia. In particular, demand as measured by apparent U.S. consumption declined *** percent from 2007 to 2009 and, while the market share of domestic producers’ increased steadily by *** percentage points from 2007 to 2009, the market share of subject imports increased *** from 2007 to 2008, before declining *** in 2009, for an overall decline in market share of *** percentage points.¹⁷⁷

The domestic industry’s end-of-period inventories of narrow woven ribbons increased *** from *** square yards in 2007 to *** square yards in 2008, before falling to *** square yards in 2009.¹⁷⁸ The domestic industry’s production declined from *** square yards in 2007 to *** square yards in 2008, before declining further to *** square yards in 2009.¹⁷⁹ U.S. producers’ average production capacity was *** square yards in 2007 and 2008 and declined *** in 2009.¹⁸⁰ As a result of the decline in production while capacity remained relatively stable, domestic producers’ capacity utilization rate declined from *** percent in 2007 to *** percent in 2008, and *** percent in 2009. U.S. producers’ U.S. commercial shipments increased *** from *** square yards in 2007 to *** square yards in 2008, before declining to *** square yards in 2009.¹⁸¹ Despite the overall declines in production and shipments from 2007 to 2009,

¹⁷⁴ We have considered the magnitude of the antidumping duty margins found by Commerce. Commerce determined in its final determinations that certain producers in China and Taiwan were selling narrow woven ribbons in the U.S. market at less than fair value. Commerce calculated a dumping margin of 123.83 for certain Chinese producers and 247.65 for the PRC-wide entity. CR/PR at Table I-2; Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 75 Fed Reg. 41808, 41812 (July 19, 2010). Commerce found a zero rate of dumping for certain producers and/or exporters in Taiwan (Dear Year Brothers Mfg. Co., Ltd. and Shienq Huong Enterprise Co., Ltd./Hsien Chan Enterprise Co., Ltd./Novelty Handicrafts Co., Ltd.) so that any U.S. imports from these producers/exporters are considered to be non-subject imports from Taiwan for purposes of the our determinations. Commerce calculated a dumping margin of 4.37 percent *ad valorem* for Rong Shu Industry Corporation and for all other Taiwan producers and/or exporters. CR/PR at Table I-3; Narrow Woven Ribbons with Woven Selvedge from Taiwan: Final Determination of Sales at Less Than Fair Value, 75 Fed Reg. 41804, 41807 (July 19, 2010).

¹⁷⁵ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 (“In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.”).

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

¹⁷⁷ CR/PR at Table C-1.

¹⁷⁸ CR/PR at Table C-1.

¹⁷⁹ CR/PR at Table C-1.

¹⁸⁰ CR/PR at Table III-2.

¹⁸¹ CR/PR at Table III-3.

however, as noted above, the domestic industry increased its market share in each year of the period examined, while the market share and absolute volume of subject imports decreased overall.

The domestic industry's employment indicators generally declined over the period examined. The number of production related workers, hours worked, and wages paid all declined from 2007 to 2009, with the biggest declines occurring between 2008 and 2009.¹⁸² The domestic industry experienced *** gains in hourly wages and increased productivity such that the unit labor costs per square yard declined *** from 2007 to 2009.¹⁸³

The domestic industry also experienced declines in many financial indicators during the period examined. The quantity of the domestic industry's net sales was relatively stable, increasing from *** square yards in 2007 to *** square yards in 2008, before decreasing to *** square yards in 2009.¹⁸⁴ The value of its net sales, however, decreased steadily during the period examined from \$*** in 2007 to \$*** in 2008 and \$*** in 2009.¹⁸⁵ The domestic industry experienced positive operating incomes in each year of the period examined, reporting operating income of \$*** million in 2007, \$*** in 2008, and \$*** in 2009.¹⁸⁶ Its operating income as a ratio of net sales was *** percent in 2007, *** percent in 2008, and *** percent in 2009.¹⁸⁷ Capital expenditures decreased during the period examined, starting at \$*** in 2007, decreasing to \$*** in 2008, and falling *** to \$*** in 2009.¹⁸⁸

The deterioration in some of the domestic industry's performance indicators coincided with the economic downturn and appear to be demand driven, since subject imports decreased overall during the period examined both on an absolute basis and in terms of market penetration. As noted above, the volume of subject imports on an absolute basis increased slightly from 2007 to 2008 as apparent U.S. consumption also increased *** by quantity, but decreased *** in 2009 as apparent U.S. consumption also fell.¹⁸⁹ Furthermore, the market share of subject imports declined in each year of the period examined, while the market share of domestic producers' increased in each year.¹⁹⁰ Therefore, the evidence does not support a conclusion that subject imports took market share at the expense of domestic producers. As noted above, we also do not find that subject imports had a significant adverse effect on domestic prices in the form of price depression or price suppression. We note further that the domestic industry experienced its *** operating incomes both absolutely and as a ratio to net sales in 2007 and 2008, while the volume of subject imports by quantity was increasing.¹⁹¹

Despite the decline in demand, the domestic industry was able generally to increase prices and was profitable in each year of the period examined. Although aggressively priced subject imports may have prevented the domestic industry from improving its performance, the record does not establish a present significant adverse impact during the period examined.

Petitioner argued that the Commission should consider the effects of an "investment bias" and a "survivor bias," which acted to conceal the level of injury to the domestic industry. With respect to the purported investment bias, Berwick Offray contends that as a result of the domestic industry's cost-saving

¹⁸² See CR/PR at Table C-1.

¹⁸³ See CR/PR at Table C-1.

¹⁸⁴ CR/PR at Table VI-1.

¹⁸⁵ CR/PR at Table VI-1. We note, however, that the decline in the value of net sales may be largely attributable to ***. See CR at III-7; PR at III-3 to III-4.

¹⁸⁶ CR/PR at Table VI-1.

¹⁸⁷ CR/PR at Table VI-1.

¹⁸⁸ CR/PR at Table VI-4. *** accounted for *** percent of total capital expenditures in each year of the period examined. CR at VI-5; PR at VI-3.

¹⁸⁹ See CR/PR at Table IV-2 and Table C-1.

¹⁹⁰ CR/PR at Table C-1.

¹⁹¹ See CR/PR at Table VI-1 and Table IV-2.

investments, the domestic industry avoided a severe cost-price squeeze. Petitioner claims that despite the efficiency measures taken revenue declines outstripped any gains, resulting in operating losses for *** of four domestic producers.¹⁹² It also argued that injury to the domestic industry caused by subject imports is at least partially concealed by a “survivor bias” caused when the weakest company leaves the industry so that the performance of the remaining companies as measured by averages appears to be better than it is.¹⁹³ The Commission’s analysis, however, “takes the domestic industry as it finds it,” and neither ignores evidence of an adverse effect nor finds an effect where none exists due to an assessment of the relative efficiency of the domestic industry.¹⁹⁴ For an affirmative determination of present material injury to be made, the record must show that the material injury is by reason of subject imports. As discussed above, we find that there is not a sufficient causal nexus between any present injury to the domestic industry and the subject imports.

For the reasons stated above, we find that an industry in the United States is not materially injured by reason of imports of narrow woven ribbons from China and Taiwan that have been found by Commerce to be sold in the United States at less than fair value.¹⁹⁵

¹⁹² See Petitioner’s Prehearing Br. at 26-27; Petitioner’s Posthearing Br., Responses to Questions Raised at the Hearing, at Exhibit 1A, questions 11 and 12, Exhibit 1E, questions 2 and 7, and Exhibit 4; Hearing Tr. at 96 (Kaplan).

¹⁹³ See Hearing Tr. at 57-58 (Kaplan). Moreover, there is evidence on the record that these producers left the industry for reasons other than subject imports. *** exited the industry prior to the period examined due to ***. CR at III-3 and n.10/PR at III-2 and n.10. ***, which represented *** of domestic production, reported that it ceased its U.S. production of narrow woven ribbons due to the loss of the apparel market in the United States. See CR at III-3/PR at III-2; Staff Telephone Notes, *** (May 24, 2010) at 1.

¹⁹⁴ Compare, e.g., Certain Frozen or Canned Warmwater Shrimp and Prawns from Brazil, China, Ecuador, India, Thailand and Vietnam, Inv. Nos. 731-TA-1063-1068 (Final), USITC Pub. 3748 (January 2005) at 34 & n. 239 (“inefficient operations by a domestic industry do not preclude the Commission from making an affirmative injury determination”) citing Iwatsu Electric Co. v. United States, 758 F. Supp. 1506, 1512, 1518 (Ct. Int’l Trade 1991).

¹⁹⁵ Commissioner Lane notes that petitioner argued that the domestic industry would have been better off if subject imports had been fairly traded during the period examined, and submitted an analysis as support in its posthearing brief at Exhibit 2. See Petitioner’s Posthearing Br. at Exhibit 2. Although she finds that it is likely that there would have been a reduction in subject imports and price increases if subject imports had been fairly traded, Commissioner Lane is not satisfied that the record supports a finding of present material injury by reason of subject imports.

VI. THREAT OF MATERIAL INJURY BY REASON OF CUMULATED SUBJECT IMPORTS FROM CHINA AND TAIWAN¹⁹⁶

A. Legal Standards

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”¹⁹⁷ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole” in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.¹⁹⁸ In making our determination, we consider all statutory threat factors that are relevant to this investigation.¹⁹⁹

¹⁹⁶ As noted above, Chairman Okun and Commissioner Pearson do not find that an industry in the United States is threatened with material injury by reason of cumulated subject imports from China and Taiwan. They join the discussion and analysis in sections VI.A and VI.B, but provide the remainder of their analysis in dissenting views. See Dissenting Views of Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson. Commissioner Pinkert finds that a domestic industry is threatened with material injury by reason of subject imports from China and is not materially injured or threatened with material injury by reason of subject imports from Taiwan. Except as otherwise noted, Commissioner Pinkert joins the discussion and analysis in sections I to V and provides the remainder of his analysis in separate and dissenting views. See Separate and Dissenting Views of Commissioner Dean A. Pinkert. Commissioner Pinkert also joins the majority’s finding in section VI.E that the domestic industry is vulnerable for purposes of its threat analysis

¹⁹⁷ 19 U.S.C. § 1677(7)(F)(ii).

¹⁹⁸ 19 U.S.C. § 1677(7)(F)(ii).

¹⁹⁹ These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

* * *

(continued...)

B. Cumulation

Section 771(7)(H) of the Act provides as follows:

(H) Cumulation for determining threat of material injury – To the extent practicable and subject to subparagraph (G)(ii), for purposes of clause (i)(III) and (IV) of subparagraph (F), the Commission may cumulatively assess the volume and price effects of imports of the subject merchandise from all countries with respect to which –

- (i) petitions were filed under section 1671a(b) or 1673a(b) of this title on the same day.
- (ii) investigations were initiated under section 1671a(a) or 1673a(a) of this title on the same day, or
- (iii) petitions were filed under section 1671a(b) or 1673a(b) of this title and investigations were initiated under section 1671a(a) or 1673a(a) of this title on the same day,

if such imports compete with each other and with domestic like products in the United States market.²⁰⁰

China and Taiwan are not competing under different conditions of competition and we do not find any evidence indicating that this will change in the future. We also considered whether subject imports from China and Taiwan exhibited similar volume and price trends during the period of investigation so as to justify a decision to cumulate these imports. The volume of subject imports from China increased from 2007 to 2008, while the volume of subject imports from Taiwan declined somewhat.²⁰¹ Subject imports from China and Taiwan, however, both declined overall from 2007 to 2009.²⁰² We do not find, therefore, that the difference in volume trends for subject imports from China and Taiwan was significant in this context. In addition, the price trends of these imports are sufficiently similar to support cumulation.²⁰³ Finally, subject producers in China and Taiwan generally sell the same types of subject narrow woven ribbons in the same channels of distribution, including to a number of the same customers, in the United States. Accordingly, based on an evaluation of the relevant criteria as well

¹⁹⁹ (...continued)

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the price effects analysis, and statutory threat factor (IX) is discussed in the impact analysis. Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in this investigation. No argument was made that the domestic industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, which would implicate statutory threat factor (VIII).

²⁰⁰ 19 U.S.C. 1677(7)(H) (emphasis added).

²⁰¹ See CR/PR at Table IV-2.

²⁰² See CR/PR at Table IV-2.

²⁰³ See CR/PR at Tables V-1 to V-6 and Figures V-3 to V-8.

as our analysis supporting cumulation in the context of assessing present material injury, we exercise our discretion to cumulate subject imports from China and Taiwan for purposes of assessing threat of material injury.²⁰⁴

C. Likely Volume Of The Cumulated Subject Imports

As noted above in our analysis of present material injury, the volume of subject imports was significant on an absolute basis and relative to apparent U.S. consumption and U.S. production during the period examined. We find evidence on the record that subject import volumes will increase as retailers continue to switch to direct importation of narrow woven ribbons from the subject countries and U.S. economic recovery spurs demand thereby pulling more subject imports into the U.S. market.

As noted above, *** purchasers of narrow woven ribbons, ***, have stated that they have begun to purchase more subject imports directly and that they intend to continue this transition in the imminent future.²⁰⁵ For example, ***.²⁰⁶ The increasing direct importation of narrow woven ribbons by *** is likely to lead to an increase in subject imports.

In addition, we find that the volume trends in subject imports demonstrate that subject foreign producers have the ability to respond to changes in the market by pulling out of the market when demand declines and will reenter the market as demand recovers.²⁰⁷ Although the volume of subject imports did not increase overall during the period examined, the volume of subject imports increased *** from 2007 to 2008 before declining *** in 2009 consistent with the general trend in apparent U.S. consumption where demand increased *** and then decreased in 2009.²⁰⁸ Subject imports are likely to continue to significantly undersell the domestic like product, increasing the attractiveness of those imports to purchasers. Thus, increased lower-priced subject imports would prevent the domestic industry from participating fully in supplying the increased demand by purchasers.

Subject producers in China and Taiwan also reported substantial production of narrow woven ribbons during the period examined.²⁰⁹ In 2009, the responding subject producers' production was equivalent to *** percent of U.S. consumption in that year.²¹⁰ There is also available excess capacity in China and Taiwan for the production of additional quantities of narrow woven ribbons.²¹¹ In 2009, reported excess capacity in China and Taiwan for the limited number of firms that responded to the Commission's questionnaires was 5.5 million square yards which was equivalent to *** percent of

²⁰⁴ Chairman Okun and Commissioner Pearson do not join the remainder of this opinion. See Dissenting Views of Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson.

²⁰⁵ See Petitioner's Posthearing Br. at Exhibit 3; Ribbon Retailers' Posthearing Br. at 33-38; CR at IV-7; PR at IV-3. See also ***.

²⁰⁶ Petitioner's Posthearing Br. at Exhibit 3, Exhibit B to Declaration of ***. Petitioner also provided notes to its meetings with *** indicating that it ***. Petitioner's Posthearing Br. at Exhibit 3, Exhibit M to Declaration of ***.

²⁰⁷ As noted above, the record provides evidence that post-petition effects have also played some role in the decline in subject imports in 2009. We would expect that any such post-petition effect would reinforce the effect of growing domestic demand on subject imports and contribute to their increase.

²⁰⁸ See CR/PR at Table IV-2 and Table C-1.

²⁰⁹ Data from responding producers in China appear to cover between *** percent of U.S. importers' U.S. imports from China. CR at VII-4, n.11; PR at 3, n.11. Data from responding producers in Taiwan appear to cover between 47 and 55 percent of U.S. importers' subject U.S. imports from Taiwan. CR at VII-5, n.18; PR at VII-4, n.18.

²¹⁰ Compare CR/PR at Table VII-1 and Table VII-2 with CR/PR at Table C-1.

²¹¹ See CR/PR at Table VII-1 and Table VII-2. Furthermore, at least *** Chinese producers reported that ***. CR at VII-4 to VII-5; PR at VII-4.

apparent U.S. consumption in that year.²¹² Moreover, subject producers in China and Taiwan are export-oriented²¹³ and the United States represents an important market for both countries.²¹⁴ In 2009, when subject imports were at their lowest levels during the period examined, exports to the United States still accounted for 26.8 percent of total shipments from China and 53.7 percent of total shipments from Taiwan.²¹⁵

We also considered inventories of subject merchandise. As noted above, the business model of the narrow woven ribbons industry involves the sale of product from inventory.²¹⁶ U.S. producers reported that *** percent of their narrow woven ribbons are sold from inventory. A majority of importers of subject imports from China reported that most or all of their sales are from inventory, while *** of the importers of subject imports from Taiwan reported that most or all of their sales are from inventory. U.S. producers reported end of period inventories of *** square yards in 2007, *** square yards in 2008, and *** square yards in 2009. We note that the *** accounted for *** of the decrease in U.S. inventories by U.S. producers from 2008 to 2009.²¹⁷ U.S. importers' reported inventories of subject narrow woven ribbons were *** square yards in 2007, *** square yards in 2008, and *** square yards in 2009.²¹⁸ End-of-period inventories of narrow woven ribbons in China were 4.4 million square yards in 2007, 4.3 million square yards in 2008, and 4.2 million in 2009.²¹⁹ End-of-period inventories of narrow woven ribbons in Taiwan were 0.5 million square yards in 2007, 0.3 million square yards in 2008, and 0.4 million square yards in 2009.²²⁰ Thus, in 2009, the reported end-of-period inventories of responding narrow woven ribbon producers in China and Taiwan were equivalent to *** percent of apparent U.S. consumption.^{221 222}

In light of these factors, we find that a significant increase in the volume of subject imports from China and Taiwan is likely in the imminent future. Evidence on the record shows that purported non-price reasons for choosing imported merchandise from subject countries over domestically produced

²¹² Compare CR/PR at Table VII-1 and Table VII-2 with CR/PR at Table C-1. Because we do not have complete coverage of the subject producers in China and Taiwan, the data for excess capacity likely are understated. See CR at VII-4 and VII-5, n.18, n.11; PR at VII-3, n.11 and VII-4, n.18.

²¹³ CR/PR at Table VII-1 and Table VII-2. Responding producers in China reported that exports accounted for 85.3 percent of total shipments in 2007, 82.7 percent of total shipments in 2008, and 81.7 percent of total shipment in 2009. CR/PR at Table VII-1. Responding producers in Taiwan reported that exports accounted for 92.1 percent of total shipments in 2007, 90.4 percent of total shipments in 2008, and 89.6 percent of total shipments in 2009. CR/PR at Table VII-2.

²¹⁴ CR/PR at Table VII-1 and Table VII-2. Responding producers in China reported that exports to the United States accounted for 46.2 percent of total shipments in 2007, 40.9 percent of total shipments in 2008, and 26.8 percent of total shipments in 2009. CR/PR at Table VII-1. Responding producers in Taiwan reported that exports to the United States accounted for 52.0 percent of total shipments in 2007, 53.3 percent of total shipments in 2008, and 53.7 percent of total shipments in 2009. CR/PR at Table VII-2.

²¹⁵ CR/PR at Table VII-1 and Table VII-2.

²¹⁶ CR at II-2 to II-3; PR at II-1 to II-2.

²¹⁷ CR at III-12; PR at III-5 to III-6. CR/PR at Table III-7. U.S. producers' U.S. inventories as a ratio to production were *** percent in 2007, *** percent in 2008, and *** percent in 2009. CR/PR at Table III-7.

²¹⁸ CR/PR at Table VII-3.

²¹⁹ CR/PR at Table VII-1.

²²⁰ CR/PR at Table VII-2.

²²¹ Compare CR/PR at Table VII-1 and Table VII-2 with CR/PR at Table C-1.

²²² There are no known antidumping or countervailing duty orders on narrow woven ribbons in third-country markets. CR at VII-8; PR at VII-6.

narrow woven ribbons are not determinative and that lower prices have been a driving factor in purchasers' sourcing decisions. Domestic producers will be forced to lower prices or lose market share.

D. Likely Price Effects Of The Cumulated Subject Imports

In assessing the likely price effects of the subject imports, we consider whether the significantly increased volume of subject imports is likely to have significant depressing or suppressing effects on prices for domestic narrow woven ribbons.

We note that apparent U.S. consumption fell during the period examined, but that demand is expected to recover in the imminent future.²²³ As discussed above, there was widespread and significant underselling by subject imports during the period examined, with margins of underselling by the subject merchandise ranging from ***.²²⁴ We find that such underselling likely would increase as subject imports use lower prices to gain market share from the domestic industry and will prevent the domestic industry from participating fully in supplying the increased demand by purchasers. Price is an important factor in the purchasing decision of purchasers.²²⁵ There is considerable evidence on the record that the decision by purchasers whether to import from subject countries or to continue to purchase narrow woven ribbons from domestic producers hinges on obtaining the lowest priced narrow woven ribbons.²²⁶ For example, Berwick Offray provided internal call reports explaining that *** requested the company to provide significant price reductions in order to compete with the retailer's direct import options.²²⁷ Specifically, Berwick Offray provided bids on its narrow woven ribbons to *** to compete with the pricing structure offered by ***²²⁸ and was told by ***.²²⁹ Thus, evidence from these contemporaneous emails and correspondence indicates that price is the main factor in purchasers' decision whether to import subject merchandise or purchase domestically produced narrow woven ribbons. Such competition on the basis of price will likely negatively affect domestic prices in the imminent future.

Although we concluded that the price effects of subject imports were not significant during the period examined, they will have increasing and significant depressing and/or suppressing effects on domestic prices as the volume of unfairly priced subject imports increases significantly, given the importance of price in the purchase of narrow woven ribbons and the likely continued significant underselling by subject imports. We find that these price effects will rise to a significant level in the imminent future.

E. Likely Impact of the Subject Imports on the Domestic Industry

Despite the positive performance in certain indicators, such as market share and operating income, during the period examined, even in light of an overall decline in apparent U.S. consumption, we find that the downward trends in a large number of performance indicators during the period examined

²²³ CR at II-12 to II-13; Ribbon Importers' Posthearing Br. at 26-27; Ribbon Retailers' Posthearing Br. at Exhibit A, p.58.

²²⁴ CR/PR at Table V-8.

²²⁵ CR/PR at Table II-3. Thirty of 35 responding purchasers identified price as a "very important" factor in their purchasing decisions. CR/PR at Table II-3.

²²⁶ See Petitioner's Posthearing Br. at Exhibit 3 (Declaration of *** and Exhibits B, D-G, I-W ***). These contemporaneous records contradict respondents' arguments that purchasers are choosing imports over domestically produced narrow woven ribbons based on non-price factors.

²²⁷ Petitioner's Posthearing Br. at Exhibit 3 (Declaration of ***, Exhibit A).

²²⁸ Petitioner's Posthearing Br. at Exhibit 3 (Declaration of ***, Exhibit D).

²²⁹ Petitioner's Posthearing Br. at Exhibit 3 (Declaration of ***, Exhibit M).

weighs heavily in our consideration of the impact of subject imports in the imminent future. The domestic industry's performance declined in terms of production, net sales, unit COGS, gross profits, operating income, and operating margins.²³⁰ The domestic industry reported decreased capacity from 2007 to 2009 and experienced a drop in capacity utilization in each year of the period examined.²³¹ In addition, the domestic industry registered declines in employment related factors. The number of production-related workers declined *** percent and the hours worked decreased *** percent from 2007 to 2009, while the wages paid also experienced a *** decrease.²³² Accordingly, we find that the industry is vulnerable to material injury.^{233 234} As a result of the declining trends and given its vulnerable state, the domestic industry will likely continue to experience even lower employment levels, net sales, operating income, and profitability as demand recovers and increasing volumes of low-priced subject imports are lured back to the U.S. market and compete with the domestic like product. Given that the industry is already in a weakened state, we conclude that these effects are significant and support a conclusion that the domestic industry is threatened with material injury by reason of subject imports from China and Taiwan. Accordingly, we find that there is a likely causal relationship between the subject imports and an imminent adverse impact on the domestic industry.

We also have considered whether there are other factors that will likely have an imminent impact on the domestic industry. Non-subject imports were sold in the U.S. market throughout the period examined and increased their market share from 2007 to 2009, but their presence was small with the exception of imports from non-subject producers in Taiwan.²³⁵ Although non-subject imports from Taiwan undersold the domestic product in all quarterly comparisons, non-subject imports from Taiwan also generally oversold imports from China and oversold subject imports from Taiwan in 16 of 33 quarterly comparisons.²³⁶ Furthermore, the share of apparent U.S. consumption of domestic producers and non-subject imports from Taiwan increased during the period examined. Therefore, the record does not show that non-subject imports from Taiwan took market share from domestic producers.

We further determine, pursuant to 19 U.S.C. § 1671d(b)(4)(B), that we would not have found material injury but for the suspension of liquidation of subject imports.

We conclude that, given the vulnerability of the domestic industry, together with the likelihood that cumulated subject imports will increase significantly in the imminent future at prices that will likely

²³⁰ See CR/PR at Table VI-1 and Table C-1.

²³¹ See CR/PR at Table C-1.

²³² See CR/PR at Table C-1.

²³³ In the preliminary phase of these investigations, we did not find the domestic industry to be vulnerable largely because our finding was based on data covering only the first quarter of 2009. See USITC Pub. 4099 at 35. In the final phase of these investigations, however, we place greater weight on the full-year data for 2009 than the interim data that were previously available.

²³⁴ Commissioner Pinkert joins in this analysis and finds that the domestic industry is currently in a weakened state and thus vulnerable to injury from subject imports.

²³⁵ CR/PR at Table IV-2. We also examined respondents' contention that Berwick Offray's scattered design, production, and distribution facilities (in New Jersey, South Carolina, Maryland, Mexico, and Texas) resulted in cost inefficiencies. Berwick Offray, however, explained that it determined that the structure of its operations results in cost savings and that to consolidate its already existing facilities would require a sizeable investment and would not provide any benefit. See Petitioner's Posthearing Br. at Exhibit 1A, question 9; Hearing Tr. at 141-142 (Sorenson). In any event, we take the domestic industry as we find it and the fact that a domestic industry's operations may be "inefficient" would not preclude us from making an affirmative injury determination. See Certain Frozen or Canned Warmwater Shrimp and Prawns from Brazil, China, Ecuador, India, Thailand and Vietnam, Inv. Nos. 731-TA-1063-1068 (Final), USITC Pub. 3748 (January 2005) at 34 & n. 239, quoting Iwatsu Electric Co. v. United States, 758 F. Supp. 1506, 1512, 1518 (Ct. Int'l Trade 1991).

²³⁶ CR/PR at Appendix D-3.

undersell the domestic like product and depress and suppress domestic prices to a significant degree, material injury by reason of subject imports will occur absent issuance of antidumping duty orders against subject imports. We therefore conclude that the domestic narrow woven ribbons industry is threatened with material injury by reason of cumulated subject imports from China and Taiwan.

CONCLUSION

For the above-stated reasons, and based on the record in the final phase of these investigations, we find that a domestic industry producing narrow woven ribbons is threatened with material injury by reason of subject imports from China and Taiwan that are sold in the United States at less than fair value, and imports of narrow woven ribbons from China that are subsidized by the Government of China.

DISSENTING VIEWS OF CHAIRMAN DEANNA TANNER OKUN AND COMMISSIONER DANIEL R. PEARSON

I. INTRODUCTION

Based on the record in these investigations, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of certain narrow woven ribbons with woven selvedge (“narrow woven ribbons”) from China and Taiwan that are sold in the United States at less than fair value (“LTFV”) and imports of narrow woven ribbons from China that are subsidized by the Government of China. We join the Views of the Commission concerning background, domestic like product, domestic industry, cumulation analysis for both present material injury and threat of material injury, the appropriate legal standards for material injury and threat of material injury analysis, post-petition effects, the conditions of competition, and the negative material injury by reason of subject imports analysis and findings. We write separately, however, with respect to our analysis of threat of material injury by reason of subject imports from China and Taiwan.

II. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA AND TAIWAN

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”¹ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole” in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.² In making our determinations, we consider all statutory threat factors that are relevant to these investigations.³

¹ 19 U.S.C. § 1677(7)(F)(ii).

² 19 U.S.C. § 1677(7)(F)(ii).

³ These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

Based on the indicators of the industry's performance discussed in the Views of the Commission, we do not find that the domestic industry is currently in a weakened state nor vulnerable to a threat of material injury by reason of subject imports from China and Taiwan.⁴ We find that the data on the domestic industry do not show a correlation between subject imports and the domestic industry's declining performance indicia during the period of investigation. The domestic industry's financial performance remained positive and was at its highest level when subject imports increased from 2007 to 2008, declining as subject imports declined in 2009. Moreover, the deterioration in some of the domestic industry's performance indicators coincided with the economic downturn and appear to be demand driven, occurring while subject imports were decreasing overall during the period examined on an absolute basis and in terms of market penetration. The record evidence does not indicate that the conditions of competition prevailing during the period of investigation will change significantly in the imminent future.

The volume of subject imports from China and Taiwan declined overall in both absolute terms and as a share of apparent U.S. consumption during the period examined. In absolute terms, cumulated subject imports fluctuated between years, but declined sharply from *** square yards in 2007 to *** square yards in 2009, or by ***.⁵ The volume of subject imports began declining in 2009 before the filing of the petitions in these investigations and in response to a rapid decline in demand.⁶ Moreover, in the declining U.S. market, the market share of cumulated subject imports dropped from *** in 2007 to *** in 2009, as the domestic industry's share increased.⁷ We see no evidence in the record to find that this pattern will not continue. Consequently, we find that the volume and market share of cumulated subject imports are not likely to increase substantially in the imminent future.

We acknowledge that Chinese and Taiwan producers are export oriented, and that the United States was the destination for a large share of their exports during the period examined.⁸ Exports to the

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products;

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and ,

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(I). This investigation does not involve an agricultural product, so statutory threat factor (VII) is not implicated. As no one has argued that the domestic industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, statutory threat factor (VIII) is not implicated.

⁴ In its final countervailing duty determination, Commerce found the following programs to be countervailable: preferential tax policies for enterprises with foreign investment ("two free, three half") program; local income tax exemptions and reduction programs for "productive" foreign-invested enterprises; Xiamen Municipal Science and Technology Grant Program; and International Market Development Fund Grants for SMEs. CR/PR at I-4, n.3.

⁵ CR/PR at Table IV-2.

⁶ See CR/PR at Table IV-10.

⁷ CR/PR at Tables IV-11, C-1. The ratio of subject imports to U.S. production increased from *** in 2007 to *** in 2008 before declining to *** in 2009. CR/PR at Table IV-14.

⁸ CR/PR at Tables VII-1 and VII-2. Data for responding producers in China appear to cover between *** of U.S. importers' U.S. imports from China. CR at VII-4, n.11/PR at VII-4, n.11. Data from responding producers in Taiwan appear to cover between 47 and 55 percent of U.S. importers' subject U.S. imports from Taiwan. CR at VII-

United States as a share of responding Chinese producers' total exports, however, steadily declined as Chinese exports of narrow woven ribbons to third country markets accounted for an increasing share of total Chinese exports, notwithstanding the slowdown of the global economy in 2009.⁹ While exports to the United States as a share of responding Taiwan producers' total exports increased slightly from 2007 to 2009, in absolute terms the volume of these exports to the United States steadily declined.¹⁰

Although the reported capacity to produce narrow woven ribbons in each subject country is at a similar level to the U.S. industry's average production capacity, reported capacity in China and Taiwan declined over the period examined.¹¹ During the period examined, Chinese producers' capacity utilization was about 70 percent, although it fluctuated higher between years, and Taiwan producers' capacity utilization declined from a high of 94.7 percent in 2007 to a low of 75.5 percent in 2009.¹² We recognize that the subject countries have some excess capacity but note that the excess capacity did not lead to increases in subject imports during the period examined and, in fact, the excess capacity was highest in 2009 when subject imports declined.

U.S. importers' inventories of subject imports remained at relatively the same level during the period examined¹³ and were lower than U.S. producers' reported end-of-period inventories in each year, even with the *** decline as U.S. producer *** in 2009.¹⁴ Chinese and Taiwan producers' end-of-period inventories remained at relatively stable levels during the period examined.¹⁵ Most sales by importers from China and Taiwan, as well as by U.S. producers, are from inventory.¹⁶ Thus, relatively high levels of inventory are a condition of competition in this market, and are not indicative of likely substantial increases in subject imports in the imminent future.¹⁷

5, n.18/PR at VII-4, n.18.

⁹ Subject Chinese producers' exports to the United States accounted for 46.2 percent of their total exports in 2007, 40.9 percent in 2008, and 26.8 percent in 2009. CR/PR at Table VII-1.

¹⁰ Subject Taiwan producers' exports to the United States accounted for 52.0 percent of their total exports in 2007, 53.3 percent in 2008, and 53.7 percent in 2009. CR/PR at Table VII-2.

¹¹ After increasing from 9.9 million square yards in 2007 to 10.7 million square yards in 2008, responding Chinese producers' narrow woven ribbon capacity declined to 9.1 million square yards in 2009, and is projected to remain at that level in 2010 and 2011. CR/PR at Table VII-1. Responding Taiwan producers' narrow woven ribbon capacity declined from 12.1 million square yards in 2007 to 11.4 million square yards in 2008 and 11.2 million square yards in 2009, and is projected to remain at that level in 2010 and 2011. CR/PR at Table VII-2.

¹² CR/PR at Tables VII-1 and VII-2.

¹³ U.S. importers' inventories of subject narrow woven ribbon were: *** square yards in 2007, and *** square yards in 2008 and 2009. CR/PR at Table VII-3. As a ratio to U.S. imports from all subject sources, U.S. importers' inventories were *** in 2007, *** in 2008, and *** in 2009. CR/PR at Table VII-3.

¹⁴ CR at III-12, n.29/CR at III-6, n.29. U.S. producers' end-of-period inventories were: *** square yards in 2007, *** square yards in 2008, and *** square yards in 2009. CR/PR at Table III-7. As a ratio to U.S. production, U.S. producers' end-of-period inventories were *** in 2007, *** in 2008, and *** in 2009. CR/PR at Table III-7.

¹⁵ Chinese producers' end of period inventories were 4.4 million square yards in 2007, and 4.3 million square yards in 2008 and 2009. CR at Table VII-1. Taiwan producers' end-of-period inventories were 0.5 million square yards in 2007, 0.3 million square yards in 2008, and 0.4 million square yards in 2009. CR at Table VII-2.

¹⁶ A majority of importers of narrow woven ribbons from subject sources in China reported that most or all of their sales are from inventory. *** of the importers of narrow woven ribbons from subject sources in Taiwan reported that most or all of their sales are from inventory. U.S. producers reported that *** of their narrow woven ribbons are sold from inventory. CR at II-2 and II-3/PR at II-1 and II-2.

¹⁷ There is no indication that subject producers have the ability to shift production from other products to narrow woven ribbons let alone would rely on product shifting to increase exports to the United States in the imminent future. Moreover, narrow woven ribbon is not the subject of any import relief investigations or findings in any other

Based on the above, we conclude that there is no likelihood of substantially increased imports of subject merchandise, particularly not as a share of apparent U.S. consumption, in the imminent future.

We have considered Petitioner's allegations that certain retailers intend to transition business to direct importation.¹⁸ The evidence demonstrates that during the period of investigation some retailers, such as *** already had substantial volumes of direct imports of narrow woven ribbon.¹⁹ Moreover, any increases in direct imports by the U.S. retailers during the period of investigation occurred at the expense of the domestic industry's facilitated imports, as U.S. retailers began cutting out U.S. producers as their import sources.²⁰ Thus, the evidence during the period of investigation does not provide an indication of a likelihood of substantial increases in subject imports in the imminent future.

Accordingly, we find it is not likely that subject imports will increase to a level that would be injurious to the domestic industry in the imminent future.

We have already found that subject imports from China and Taiwan have not had significantly adverse effects on domestic prices. Subject imports are not entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices. We observe that underselling by subject imports did not adversely affect domestic producers' prices during the period examined. Nothing on the record indicates that conditions of competition in the U.S. market or importers' pricing practices will change significantly from those during the period examined to such an extent that the likely volume of subject imports would have a significant adverse effect on domestic producers' prices in the imminent future.

There is also no evidence that subject imports will have significant negative effects on the performance of the domestic industry. There is simply no indication that the conditions of competition prevailing during the period examined will change significantly in the imminent future. Given our conclusion that subject imports will not imminently increase substantially above the non-injurious market shares they held during the period examined and will not likely have significant adverse price effects, we find that subject imports will not likely have a significant adverse impact on the performance of the domestic industry. Therefore, we find that material injury by reason of subject imports will not occur absent issuance of an antidumping duty order or countervailing duty order against subject imports. Accordingly, we conclude that the domestic narrow woven ribbon industry is not threatened with material injury by reason of subject imports from China and Taiwan.

III. CONCLUSION

For the reasons stated above, we find that the domestic industry producing narrow woven ribbons is not materially injured or threatened with material injury by reason of subject imports from China and Taiwan sold in the United States at less than fair value and subject imports subsidized by the Government of China.

country. CR at VII-8.

¹⁸ See Petitioner's Posthearing Brief at Exhibit 3.

¹⁹ U.S. Importers' Questionnaire Responses for ***. *Id.*

²⁰ CR at IV-7; PR at IV-3. U.S. imports controlled by U.S. producers ("facilitated imports") *** in 2009. CR/PR at Table IV-3.

SEPARATE AND DISSENTING VIEWS OF COMMISSIONER DEAN A. PINKERT

Based on the record in the final phase of these investigations, I find that an industry in the United States is threatened with material injury by reason of imports of narrow woven ribbons with woven selvedge (“narrow woven ribbons”) from China that are sold in the United States at less than fair value and/or subsidized by the Government of China. I further find that an industry in the United States is not threatened with material injury by reason of imports of narrow woven ribbons from Taiwan that are sold in the United States at less than fair value.

I join the Commission’s Views with respect to background, domestic like product, domestic industry, legal standards, conditions of competition, vulnerability, and the analysis of present material injury by reason of the subject imports, except where otherwise noted. I write separately, however, with respect to my analysis of threat of material injury by reason of the subject imports.

I. THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA

Section 771(F) of the Act directs the Commission to determine whether an industry in the United States is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”¹ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole.”² In making my determinations, I have considered all factors that are relevant to these investigations.³

¹ 19 U.S.C. § 1677(7)(F)(ii).

² 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon “positive evidence tending to show an intention to increase the levels of importation.” Metallwerken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int’l Trade 1990) (citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int’l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int’l Trade 1992) citing H.R. Rep. No. 98-1156 at 174 (1984).

³ These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

A. Cumulation

Section 771(7)(H) of the Act provides as follows:

(H) Cumulation for determining threat of material injury – To the extent practicable and subject to subparagraph (G)(ii), for purposes of clause (i)(III) and (IV) of subparagraph (F), the Commission may cumulatively assess the volume and price effects of imports of the subject merchandise from all countries with respect to which –

- (i) petitions were filed under section 1671a(b) or 1673a(b) of this title on the same day.
- (ii) investigations were initiated under section 1671a(a) or 1673a(a) of this title on the same day, or
- (iii) petitions were filed under section 1671a(b) or 1673a(b) of this title and investigations were initiated under section 1671a(a) or 1673a(a) of this title on the same day,

if such imports compete with each other and with the domestic like product in the United States market.⁴

I note that, under the statute, both the limitations on eligibility for cumulation and the exceptions to cumulation that are applicable for purposes of present material injury determinations are applicable as well for purposes of threat of material injury determinations. Unlike the statutory language regarding cumulation for purposes of present material injury determinations, however, the language set forth above indicates that the Commission “may” cumulatively assess imports that satisfy the statutory prerequisites, which permits the Commission to consider factors other than the prerequisites in determining whether to cumulate imports for purposes of threat determinations. In the Commission’s practice, the most prominent of those other factors are volume and price trends. As a consequence of my consideration of such factors, although I join my colleagues in cumulating the subject imports from China and Taiwan for purposes of my negative present material injury determination, I do not cumulate the subject imports for purposes of my threat of material injury determinations.

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

* * *

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(I). Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in these investigations. No argument was made under statutory threat factor (VIII) that the domestic industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product.

⁴ 19 U.S.C. 1677(7)(H) (emphasis added).

The volume trends for subject imports from China and Taiwan are very different.⁵ Subject import volumes from China increased significantly from 2007 to 2008 ***, before decreasing dramatically from 2008 to 2009 ***, while subject imports from Taiwan decreased each year from 2007 to 2009 ***.⁶ Although subject imports from both countries declined from 2008 to 2009, the decline with respect to China was far greater both in absolute and percentage terms than the decline with respect to Taiwan.^{7 8}

Price trends for subject imports from China and Taiwan are also quite different. Subject imports from China oversold domestically produced merchandise in only 4 of 69 comparisons (5.80 percent of the comparisons), while subject imports from Taiwan oversold domestically produced merchandise in 19 of 72 comparisons (26.39 percent of the comparisons).⁹ Further, subject imports from China frequently undersold subject imports from Taiwan, often by substantial amounts.¹⁰ Additional evidence of differing price trends is shown in the average unit value (“AUV”) data. Whereas the AUVs of U.S. shipments of subject imports from China decreased steadily, decreasing by *** during the period examined, the AUVs of U.S. shipments from Taiwan increased steadily, increasing by 20.7 percent during the period examined.¹¹

It is also pertinent to my cumulation determination that Taiwanese producers of narrow woven ribbons – due to their relatively high capacity utilization and relatively low level of inventories – are much less able than Chinese producers to respond to increases in demand in the U.S. market.^{12 13} I find this factor to be particularly important in considering threat of material injury as demand conditions in the U.S. market recover after a period during which an extraordinarily sharp contraction in the overall economy weighed heavily upon them.

Given these differences between China and Taiwan, all of which are highly relevant to the threat subject imports pose to the domestic industry in the imminent future, I decline to exercise my discretion to cumulate subject imports from the two countries.

⁵ Unless otherwise noted, any reference herein to “Taiwan” or “Taiwanese” refers only to subject imports, exports, or producers.

⁶ U.S. shipments of imports from China increased from *** square yards in 2007 to *** square yards in 2008. U.S. shipments of imports from China then decreased to *** square yards in 2009. U.S. shipments of imports from Taiwan fell from *** square yards in 2007 to *** square yards in 2009. CR/PR at Table C-1.

⁷ CR/PR at Table IV-2. Although one importer of subject merchandise cited to the filing of the petition as the reason for the decline in imports in 2009, others cited primarily to the weakened economy or weak demand for subject merchandise in the U.S. market as the reason for the decrease in imports. CR at IV-6.

⁸ CR at IV-5-IV-6.

⁹ CR/PR at Table V-8.

¹⁰ CR/PR at Tables V-1 to V-6.

¹¹ CR/PR at Table C-1.

¹² The capacity utilization of responding subject producers of narrow woven ribbons in Taiwan was 94.7 percent in 2007, 87.6 percent in 2008, and 75.5 percent in 2009. Inventories of narrow woven ribbons for producers in Taiwan were 4.3 percent of production in 2007, 3.0 percent in 2008, and 4.5 percent in 2009. CR at VII-6.

¹³ The capacity utilization of responding producers of narrow woven ribbons in China was 68.7 percent in 2007, 76.3 percent in 2008, and 69.6 percent in 2009. Inventories of narrow woven ribbons for producers in China were 65.0 percent of production in 2007, 52.3 percent in 2008, and 67.0 percent in 2009. CR at VII-4.

B. Analysis of Statutory Threat Factors

1. Subject Imports from China

As explained below, I find that increasing volumes of dumped and/or subsidized subject merchandise from China into the United States are imminent and that material injury by reason of these imports will occur unless orders are issued.

The narrow woven ribbons industry in China is large and getting larger.¹⁴ In 2009, the responding Chinese subject producers' production was equivalent to *** percent of U.S. consumption.¹⁵ The industry in China is also export oriented.¹⁶ The responding Chinese producers' home market shipments, although showing a slight increase, remained low relative to their total shipments.¹⁷ Moreover, the United States is a very important market for exporting Chinese producers. During the period examined, responding Chinese producers' export shipments to the United States remained high, ranging from a low of 26.8 percent to a high of 46.2 percent.¹⁸ Exports to the United States exceeded exports to all other markets in 2007 and were only slightly less than exports to all other markets in 2008. Only in 2009, with the decline in apparent U.S. consumption and the filing of the petition, did a sudden and dramatic shift away from the U.S. market and toward other export markets occur. It is thus only in that one year of the period examined that exports of subject merchandise to all other markets exceeded, by any significant measure, exports to the United States.¹⁹

Chinese producers retain the ability as a result of their excess capacity²⁰ and inventories,²¹ as well as their ability to shift product from alternative markets,²² to quickly and substantially increase their shipments to the U.S. market.²³ Importantly, the record indicates clearly that Chinese producers have an ability and willingness to significantly increase or decrease their exports to the United States over a relatively short period of time, creating large shifts in volume from one year to the next. In the imminent

¹⁴ ***. ***. ***. CR at VII-4-5/PR at VII-3-4.

¹⁵ Compare CR/PR at Table VII-1 with CR/PR at Table C-1. Although our data coverage for the Chinese industry is not complete, exports to the United States by the five responding Chinese producers appear to cover between *** percent of U.S. importers' U.S. imports from China. CR/PR at Table IV-2, CR at VII-4, n.11.

¹⁶ In 2007, reporting Chinese producers exported 85.3 percent of their shipments, declining slightly to 82.7 percent in 2008 and to 81.7 percent in 2009. CR/PR at Table VII-1.

¹⁷ Reporting Chinese producers' home market shipments were 7.3 percent of total shipments in 2007, 9.7 percent of total shipments in 2008, and 11.3 percent of total shipments in 2009. CR/PR at Table VII-1.

¹⁸ CR/PR at Table VII-1.

¹⁹ CR/PR at Table VII-4.

²⁰ The responding Chinese producers' projected capacity of 9.1 million square yards in each of 2010 and 2011 and projected production of 5.3 million square yards in 2010 and 5.6 million square yards in 2011. CR/PR at Table VII-1. The responding Chinese producers' projected excess capacity is 3.8 million square yards in 2010 and 3.5 million square yards in 2011.

²¹ The responding Chinese producers' end-of-period inventories were projected to be 3.9 million square yards in 2010 and 3.6 million square yards in 2011. CR/PR at Table VII-1.

²² Available data indicate that Chinese producers have some ability to divert shipments to or from alternate markets in response to changes in the price of narrow woven ribbons. CR at II-7/PR at II-5.

²³ CR at II-6-7/PR at II-5.

future, Chinese producers will likely have an incentive to increase U.S. shipments of the subject product, as there is evidence on the record that demand is rebounding.²⁴

In analyzing what Chinese producers are likely to do in the imminent future, one need not look further than the sharp increase, and even sharper subsequent decrease, in Chinese subject import volumes between 2007 and 2009. Between 2007 and 2008, a period when apparent U.S. consumption was relatively stable, U.S. shipments of imports from China increased by *** percent, taking a substantial amount of market share.^{25 26} Conversely, between 2008 and 2009, a period when apparent U.S. consumption ***, U.S. shipments of imports from China decreased by *** percent, ***.²⁷ Such sharp increases and decreases in volume corresponding to changes in demand conditions were not made by any of the other participants involved in the U.S. narrow woven ribbons market during the period. The rapid withdrawal from the U.S. market in 2009 by Chinese producers, especially in terms of market share, is also linked to the filing of the petition in July of that year, given that it showed no signs of reversing itself as demand conditions improved after the filing.²⁸ I therefore attribute the decline in volume by the Chinese subject producers in 2009 both to the decline in apparent U.S. consumption and to the filing of the petition, not to any lessening of the importance of the U.S. market to Chinese subject producers, any change in the U.S. market's acceptance of Chinese subject merchandise, or any change in the desire or capability of Chinese producers of the subject merchandise to sell into the United States. In a period of recovering U.S. demand, and without trade remedies in place, the Chinese producers would likely return to the export pattern shown between 2007 and 2008, namely, a dramatic increase effectuated by means of underselling to take advantage of U.S. demand for narrow woven ribbons. This increase would come at the expense of domestic producers.²⁹

In light of these factors, I find that a significant increase in the volume of subject imports from China is likely in the imminent future.

I next consider whether the increased volume of subject imports from China is likely to have significant price depressing and/or suppressing effects on sales of domestic narrow woven ribbons. In that respect, I note that price is a very important factor in purchasing decisions.³⁰

The margins of underselling by the subject merchandise from China ranged from 1.7 to 83.3 percent during the period of investigation, with an average margin of 49.2 percent.³¹ I find that such underselling would likely increase in the imminent future as subject imports use lower prices to gain

²⁴ CR at II-12-13/PR at II-9-10.

²⁵ U.S. producers' market share increased only fractionally from 2007 to 2008, while Chinese market share increased significantly. By contrast, Taiwan producers' market share declined from 2007 to 2008. CR/PR at Table C-1.

²⁶ U.S. importers' U.S. imports from China were *** square yards in 2007 and rose to *** square yards in 2008, before declining to *** square yards in 2009. CR/PR at Table IV-2.

²⁷ Chinese producers responded more dramatically than any other country's producers to circumstances in 2009, losing almost *** percentage points in market share. Taiwanese producers, conversely, had virtually no change in market share. CR/PR at Table C-1.

²⁸ CR/PR at Table IV-10.

²⁹ I note that the responding Chinese producers project that their exports to the U.S. will amount to only 409,000 square yards in 2010 and 237,000 square yards in 2011. CR/PR at Table VII-1. As these projections do not correspond with the levels of historical exports by the Chinese producers during the period examined, I place less weight on them.

³⁰ CR/PR at Tables II-2 and II-3.

³¹ CR/PR at Table V-8.

market share from the domestic producers as well as from Taiwanese subject and nonsubject producers.³² Although the Commission concludes in the majority opinion on present material injury, which I join, that the price effects of the cumulated subject imports were not significant during the period of investigation, I find that increasing underselling by Chinese producers will exert additional pricing pressure on U.S. producers in the imminent future and will likely lead to depressing and/or suppressing effects on domestic prices as the volumes of unfairly priced subject imports from China increase significantly. At a minimum, they will result in significant volume and market share losses for the domestic industry.

I join the Commission majority in finding that the domestic industry is in a weakened state and therefore vulnerable to material injury from subject imports.³³

Given current projections for demand in the imminent future, the U.S. market will likely experience significant additional subject volumes from China, competing largely on price and creating intense competition for market share. As discussed above, I note that the increased volume of subject imports from China that is likely to occur in the imminent future will likely significantly undersell the domestic like product, take market share from the domestic industry, and have depressing and/or suppressing effects on prices for domestically produced narrow woven ribbons. As the U.S. industry loses volume and market share to Chinese producers, it will be forced to choose between, on the one hand, further losses of volume and market share and, on the other hand, cutting prices to compete with the undersold imports. Either course will likely lead to a further decline in many of the industry's financial metrics.

The increased volumes of undersold subject import volumes from China will likely exacerbate the domestic industry's already weakened condition, adversely affecting the financial performance of the U.S. industry and magnifying the negative trends the domestic industry experienced in 2009, including trends with respect to operating income, capacity utilization, production workers, and hours worked.

In conclusion, given the vulnerability of the domestic industry and the likelihood that subject imports from China will increase significantly in the imminent future at prices that will undersell the domestic like product and depress and/or suppress domestic prices to a significant degree, I find that material injury by reason of subject imports from China will occur in the imminent future unless orders are issued. I therefore conclude that the domestic narrow woven ribbons industry is threatened with material injury by reason of subject imports from China.³⁴

³² Chinese subject producers undersold U.S. producers in virtually every quarterly comparison (65 of 69 comparisons) and oversold U.S. producers in only four comparisons. Taiwanese subject producers, by contrast, oversold U.S. producers in 19 quarterly comparisons. CR at V-24-25/PR at V-7-8. Additionally, the AUVs of U.S. shipments from China declined each year during the period examined. The AUVs of U.S. shipments from Taiwan, however, increased each year during the period examined.

³³ CR at VI-7-9, PR at VI-5-6 (discussion of actual and anticipated negative effects on development and production efforts).

³⁴ I further determine, pursuant to 19 U.S.C. § 1673d(b)(4)(B), that the record does not indicate that the domestic industry would have been materially injured "but for" the suspension of liquidation of subject imports.

2. Subject Imports from Taiwan³⁵

Subject imports from Taiwan declined during the period under investigation,³⁶ as did the market share controlled by the subject Taiwanese producers, which fell from *** percent in 2007 to *** percent in 2009.³⁷ Although the Taiwanese industry is export oriented,³⁸ the percentage of Taiwan's narrow woven ribbons shipped to the United States increased only slightly between 2007 and 2009, and projected shipments to the United States are expected to fall slightly in 2010 and 2011.³⁹ The share of shipments exported to other markets dropped from 40.1 percent in 2007 to 35.9 percent in 2009, with the share of shipments to the home market rising correspondingly.⁴⁰ Overall, the presence of Taiwanese subject imports in the U.S. market has been notably stable despite declining demand driven in large part by macroeconomic forces.

The capacity of the industry in Taiwan decreased from 2007 to 2009 and is projected to remain at current levels in the future.⁴¹ The Taiwanese industry is operating at high levels of capacity utilization that are expected to decrease only slightly in 2010 and 2011.⁴² In addition, the Taiwanese producers' inventories of subject merchandise are extremely low and are projected to remain low in 2010 and 2011. Taiwanese producers' end-of-period inventories fell from 490,000 square yards in 2007 to 378,000 square yards in 2009. Taiwan's end-of-period inventories are projected to be 363,000 square yards in 2010 and 345,000 square yards in 2011, less than *** those of reporting Chinese producers.⁴³ In view of the foregoing, I do not find that subject imports from Taiwan will enter the U.S. market in significantly increased volumes in the imminent future.

Prices for narrow woven ribbon from Taiwan generally undersold the U.S. product.⁴⁴ Notwithstanding this underselling, I have found that the record does not support a finding of price depression or price suppression. Because I find that there is no reason to believe any change in the behavior of Taiwanese subject imports in the U.S. market to be imminent, I determine that the record does

³⁵ The Commission received foreign producer questionnaire responses from seven of 39 potential producers of narrow woven ribbons in Taiwan. CR at VII-5/PR at VII-4.

³⁶ Subject imports from Taiwan fell from 12.7 million square yards in 2007 to 8.9 million square yards in 2009. CR/PR at Table IV-2.

³⁷ CR/PR at Table C-1.

³⁸ The industry in Taiwan shipped between 92.1 percent and 89.6 percent of its shipments to export markets between 2007 and 2009 and projects that it will export 87.9 percent in 2010 and 87.8 percent in 2011. CR/PR at Table VII-2.

³⁹ Taiwan's exports to the United States represented 52.0 percent of Taiwan's total exports of narrow woven ribbons in 2007, 53.3 percent in 2008, and 53.7 percent in 2009. CR/PR at Table VII-2. Responding producers in Taiwan projected that 52.7 percent of Taiwan's export of narrow woven ribbons would be exported to the United States in 2010 and 52.5 percent would be exported to the United States in 2011. CR/PR at Table VII-2.

⁴⁰ Taiwan's exports to the home market represented 7.0 percent of the total in 2007 and 9.6 percent in 2009.

⁴¹ Taiwan's capacity was 12.1 million square yards in 2007, 11.4 million square yards in 2008, and 11.2 million square yards in 2009. Taiwan's capacity is projected to remain at 11.2 million square yards in 2010 and 2011. CR/PR at Table VII-2.

⁴² Capacity utilization was 94.7 percent in 2007, 87.7 percent in 2008, and 75.5 percent in 2009, and is projected to be 73.9 percent in 2010 and 73.9 percent in 2011. CR/PR at Table VII-2.

⁴³ CR/PR at Tables VII-1, -2.

⁴⁴ See CR/PR at Tables V-1 to V-6. Subject imports from Taiwan undersold the domestic product in 53 of 72 quarterly price comparisons, with margins ranging from 2.4 to 81.0 percent; the average margin of underselling was 42.5 percent. CR/PR at Table V-8.

not support a finding of *likely* price depression or price suppression by reason of Taiwanese subject imports.

As noted above, I find that the domestic industry is vulnerable to material injury. Were there any credible evidence on the record other than predominant underselling to indicate a likelihood of injury to the domestic industry in the imminent future by reason of Taiwanese subject imports – such as credible evidence of a propensity on the part of Taiwanese producers to make an aggressive move into the U.S. market – I would likely find a threat to the U.S. industry by reason of such imports. Plainly stated, however, there is no such credible evidence. Notably, Taiwanese producers' market share in the United States did not increase in 2008, when Chinese producers' market share was increasing significantly, and it did not decrease in 2009, when Chinese producers' market share was tumbling.

I consequently determine that the domestic narrow woven ribbons industry is not threatened with material injury by reason of subject imports from Taiwan.

Conclusion

For the reasons stated above, I determine that an industry in the United States is threatened with material injury by reason of subject imports of narrow woven ribbon from China that have been found by Commerce to be sold in the United States at less than fair value and/or subsidized by the Government of China. I also determine that an industry in the United States is not threatened with material injury by reason of subject imports of narrow woven ribbon from Taiwan.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by Berwick Offray LLC and its wholly-owned subsidiary Lion Ribbon Company, Inc., Berwick, PA, on July 9, 2009, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of narrow woven ribbons with woven selvedge (“narrow woven ribbons”)¹ from China and LTFV imports of narrow woven ribbons from Taiwan. Information relating to the background of these investigations is provided below:²

| Effective date | Action |
|---|--|
| July 9, 2009 | Petitions filed with Commerce and the Commission; institution of investigations (74 FR 34362, July 15, 2009) |
| August 6, 2009 | Commerce’s notice of antidumping duty investigations initiation (74 FR 39291); Commerce’s notice of countervailing duty investigation initiation (74 FR 39298) |
| December 14, 2009 | Commerce’s notice of preliminary affirmative countervailing duty determination and alignment of final countervailing duty determination with final antidumping duty determination with respect to imports of narrow woven ribbons from China (74 FR 66090) |
| February 12, 2010 | Commerce’s across-the-board one-week extension of all its administrative deadlines (“tolling memo”) |
| February 18, 2010 | Commerce’s notices of preliminary determination of sales at LTFV and postponement of final determination with respect to imports of narrow woven ribbons from China (75 FR 7244) and Taiwan (75 FR 7236) |
| February 18, 2010 | Commission’s notice of scheduling of the final phase investigations (75 FR 11908, March 12, 2010) |
| July 15, 2010 | Commission’s hearing ¹ |
| July 19, 2010 | Commerce’s final antidumping and countervailing duty determinations (75 FR 41801, 41804, and 41808) |
| August 12, 2010 | Commission’s vote |
| August 25, 2010 | Commission’s determinations and views transmitted to Commerce |
| ¹ App. B of this report contains a list of witnesses at the hearing. | |

¹ A complete description of the imported products subject to these investigations is presented in the “Subject merchandise” section of this part of the report.

² *Federal Register* notices since March 12, 2010 cited in this tabulation are presented in app. A of this report.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

. . .

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

. . .

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to . . . (I) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of the Report

Information on the subject merchandise, margins of dumping and subsidy rates, and domestic like product is presented in *Part I*. Information on conditions of competition and other relevant economic

factors is presented in *Part II*. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. The volume and pricing of imports of the subject merchandise are presented in *Part IV* and *Part V*, respectively. *Part VI* presents information on the financial experience of U.S. producers. The statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury and the judicial requirements and information obtained for use in the Commission's consideration of *Bratsk* issues are presented in *Part VII*.

MARKET SUMMARY

Narrow woven ribbons are used for decorative packaging, crafts, and other retail applications. Trade in the U.S. market for narrow woven ribbons totaled \$*** in 2009, of which *** percent was accounted for by sales of U.S.-produced narrow woven ribbons. Imports from subject sources accounted for *** percent of the U.S. market value in 2009, while imports from nonsubject sources accounted for *** percent. By quantity (based on square yards), U.S.-produced narrow woven ribbons accounted for *** percent of the market in 2009 compared to *** percent for subject sources and *** percent for nonsubject sources.

SUMMARY DATA

Table C-1 in appendix C presents a summary of data collected in these investigations. U.S. industry data are based on questionnaire responses from four U.S. producers (see Part III of this report). U.S. import data are based on questionnaire responses from 52 U.S. importers (see Part IV of this report). Information on the industries that produce narrow woven ribbons in China and Taiwan is based on questionnaire responses from 10 foreign producers and exporters (see Part VII of this report). Data from other sources are referenced and footnoted where appropriate.

PREVIOUS INVESTIGATIONS

Narrow woven ribbons have not been the subject of any prior countervailing or antidumping duty investigations in the United States.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On July 19, 2010, Commerce determined that certain producers of narrow woven ribbons benefit from countervailable subsidies provided by the Government of China.³ Table I-1 presents the net subsidy rates found by Commerce. In its final determination, Commerce did not find a *de minimis* net

³ *Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 41801, July 19, 2010. In its final determination, Commerce found several programs to be countervailable, including: preferential tax policies for enterprises with foreign investment ("two free, three half") program; local income tax exemptions and reduction programs for "productive" foreign-invested enterprises; Xiamen Municipal Science and Technology Grant Program; and International Market Development Fund Grants for SMEs. See Commerce's public decision memorandum, *Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China*, July 12, 2010.

countervailable subsidy rate for Yama Ribbons and Bows Co., Ltd. for which it had done so in its preliminary determination.⁴

Table I-1
Narrow woven ribbons: Net countervailable subsidy rates for producers in China

| Manufacturer/exporter | Net subsidy rate (percent) |
|--|-------------------------------|
| Yama Ribbons and Bows Co., Ltd. | 1.56 |
| Changtai Rongshu Textile Co., Ltd. | 117.95 |
| All others | 1.56 |
| Source: <i>Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Final Affirmative Countervailing Duty Determination</i> , 75 FR 41801, July 19, 2010. | |

Sales at LTFV

On July 19, 2010, Commerce determined that certain producers in China and Taiwan were selling narrow woven ribbons in the U.S. market at LTFV.^{5 6} Tables I-2 and I-3 present the weighted-average margins of dumping found by Commerce. Since Commerce found a zero rate of dumping for certain producers or exporters in Taiwan, any U.S. imports from these producers/exporters are considered as nonsubject imports from Taiwan for the purposes of this report, and are presented apart from subject imports from Taiwan in all the relevant data tables.⁷

⁴ Therefore, for the purposes of this report, U.S. imports from the Chinese producer Yama Ribbons and Bows Co., Ltd. are considered subject imports along with the rest of U.S. imports from other producers in China, despite Commerce's separate finding that Yama Ribbons and Bows Co., Ltd. was not selling narrow woven ribbons in the U.S. market at LTFV (see section below).

⁵ *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 75 FR 41808, July 19, 2010.

⁶ *Notice of Final Determination of Sales at Less Than Fair Value: Narrow Woven Ribbons with Woven Selvedge from Taiwan*, 75 FR 41804, July 19, 2010.

⁷ A similar treatment is not accorded to U.S. imports from the Chinese producer Yama Ribbons and Bows Co., Ltd. despite Commerce's finding of a zero rate of dumping for that firm because Commerce separately found in its subsidy investigation on this product that Yama Ribbons and Bows Co., Ltd. was provided a net countervailable subsidy by the Government of China that was not *de minimis*. See section above.

Table I-2**Narrow woven ribbons: Weighted-average margins of dumping for producers in China**

| Exporter | Producer | Weighted-average margin of dumping (percent) |
|---|---|---|
| Yama Ribbons and Bows Co., Ltd. | Yama Ribbons and Bows Co., Ltd. | 0 |
| Beauty Horn Investment Limited | Tianjin Sun Ribbon Co., Ltd. | 123.83 |
| Fujian Rongshu Industry Co., Ltd. | Fujian Rongshu Industry Co., Ltd. | 123.83 |
| Guangzhou Complacent Weaving Co., Ltd. | Guangzhou Complacent Weaving Co., Ltd. | 123.83 |
| Ningbo MH Industry Co., Ltd. | Hangzhou City Linghu Jiacheng Silk Ribbon Co., Ltd. | 123.83 |
| Ningbo V.K. Industry & Trading Co., Ltd. | Ningbo Yinzhou Jinfeng Knitting Factory | 123.83 |
| Stribbons (Guangzhou) Ltd. | Stribbons (Guangzhou) Ltd. | 123.83 |
| Stribbons (Guangzhou) Ltd. | Stribbons (Nanyang) MNC Ltd. | 123.83 |
| Sun Rich (Asia) Limited | Dongguan Yi Sheng Decoration Co., Ltd. | 123.83 |
| Tianjin Sun Ribbon Co., Ltd. | Tianjin Sun Ribbon Co., Ltd. | 123.83 |
| Weifang Dongfang Ribbon Weaving Co., Ltd. | Weifang Dongfang Ribbon Weaving Co., Ltd. | 123.83 |
| Weifang Yu Yuan Textile Co., Ltd. | Weifang Yu Yuan Textile Co., Ltd. | 123.83 |
| Xiamen Yi He Textile Co., Ltd. | Xiamen Yi He Textile Co., Ltd. | 123.83 |
| Yangzhou Bestpak Gifts & Crafts Co., Ltd. | Yangzhou Bestpak Gifts & Crafts Co., Ltd. | 123.83 |
| PRC-wide Entity | | 247.65 |
| Source: <i>Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Determination of Sales at Less Than Fair Value</i> , 75 FR 41808, July 19, 2010. | | |

Table I-3**Narrow woven ribbons: Weighted-average margins of dumping for producers/exporters in Taiwan**

| Manufacturer/exporter | Weighted-average margin of dumping (percent) |
|---|---|
| Dear Year Brothers Mfg. Co., Ltd. | 0 |
| Roung Shu Industry Corporation | 4.37 |
| Shienq Huong Enterprise Co., Ltd./Hsien Chan Enterprise Co., Ltd./Novelty Handicrafts Co., Ltd. | 0 |
| All others | 4.37 |
| Source: <i>Notice of Final Determination of Sales at Less Than Fair Value: Narrow Woven Ribbons with Woven Selvedge from Taiwan</i> , 75 FR 41804, July 19, 2010. | |

THE SUBJECT MERCHANDISE

Commerce's Scope⁸

The merchandise subject to the investigation{s} is narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof.

Narrow woven ribbons subject to the investigation{s} may:

- *also include natural or other non-man-made fibers;*
- *be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;*
- *have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;*
- *have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;*
- *have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;*
- *have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;*
- *have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;*
- *consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an "ornamental trimming;"*
- *be wound on spools; attached to a card; hanked (i.e., coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or*
- *be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.*

Narrow woven ribbons subject to the investigation{s} include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of this investigation.

Excluded from the scope of the investigation{s} are the following:

⁸ *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 75 FR 41808, July 19, 2010.

- (1) *formed bows composed of narrow woven ribbons with woven selvedge;*
- (2) *“pull-bows” (i.e., an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;*
- (3) *narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (i.e., filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the United States (HTSUS), Section XI, Note 13) or rubber thread;*
- (4) *narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;*
- (5) *narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding 8 centimeters;*
- (6) *narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag;*
- (7) *cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sono-bonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;*
- (8) *narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;*
- (9) *narrow woven ribbons constructed from pile fabrics (i.e., fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric);*
- (10) *narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise;*
- (11) *narrow woven ribbon that is*
 - a. *affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder, or*
 - b. *affixed (including by tying) to non-subject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such non-subject merchandise, such as a “belly band” around a pair of pajamas, a pair of socks or a blanket; and*
- (12) *narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel.*

- (13) *narrow woven ribbon(s) included with non–subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches, none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit.*

The merchandise subject to {these} investigation{s} is classifiable under the HTSUS statistical categories 5806.32.1020; 5806.32.1030; 5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS statistical categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise under investigation is dispositive.

Tariff Treatment

Narrow woven ribbons are primarily classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under subheading 5806.32.10.⁹ This subheading, however, is considered a “basket category” and therefore both merchandise that is subject to these investigations and that is not subject to these investigations are properly classified in it. Prior to January 1, 2008, most narrow woven ribbons in subheading 5806.32.10 were reported under statistical reporting number 5806.32.1090, which itself was a basket category that represented “ribbons” of man-made fibers (*e.g.*, polyester, nylon, rayon, among others) other than those suitable for typewriters.¹⁰ Since January 1, 2008, the merchandise subject to these investigations has been provided for by a new classification schema involving the use of nine new more specific statistical reporting numbers in the HTSUS under subheading 5806.32.10. Under this new schema, most of the merchandise subject to these investigations is properly imported under the following five statistical reporting numbers: 5806.32.1020, 5806.32.1030, 5806.32.1050, 5806.32.1060, and 5806.32.1080.^{11 12 13}

While most of the merchandise subject to these investigations is properly classified under subheading 5806.32.10 of the HTSUS, some subject merchandise may also be properly classified under

⁹ Ribbons that are “in part” of man-made fibers are not necessarily classified in the HTSUS subheading 5806.32. The only ribbons classified in that subheading are those in which the man-made fibers predominate by weight. Ribbons with man-made fibers less than 50 percent by weight are classified in other provisions of the HTSUS.

¹⁰ As a basket category, this historical statistical reporting number included merchandise outside the scope of these investigations, including ribbons with widths in excess of 12 cm and cut-edge ribbons with widths not exceeding 12 cm.

¹¹ The first four statistical reporting numbers are specific to the merchandise subject to these investigations, while the fifth number is a “basket category” for narrow (*i.e.*, not greater than 12 cm in width) woven ribbons of man-made fibers other than polyester and nylon (which are provided for separately), *i.e.*, the 5806.32.1080 number may include both ribbons with woven selvedge and cut-edge ribbons.

¹² As an imperfect point of comparison, total value of merchandise imported from all sources under the old basket category statistical reporting number in 2007 was \$135.5 million while the total value of merchandise imported under the five new statistical reporting numbers more closely representing subject merchandise in 2008 was \$55.0 million and in 2009 was \$62.2 million.

¹³ Subject imports under HTS 5806.32.10 from both China and Taiwan are subject to a 6 percent *ad valorem* duty rate under column 1 general (normal trade relations).

various other HTSUS subheadings based on physical characteristics of the merchandise (*e.g.*, certain narrow woven ribbons made from metallic or partially elastic fabrics, holiday-themed subject merchandise, narrow woven ribbons that are impregnated or laminated, and narrow woven ribbons included within kits, among others). Commerce’s scope language identifies a wide range of potential subheadings and statistical reporting numbers of the HTSUS that could contain subject merchandise; however, it is likely that the preponderance of merchandise reported under those additional subheadings and statistical reporting numbers is not subject to these investigations. In the preliminary phase of these investigations, the Commission sought information from known importers of subject merchandise as to “other” HTS numbers under which they imported narrow woven ribbons and received a wide range of responses.¹⁴ Two statistical reporting numbers stood out as repeatedly being cited among the responding importers: 5806.39.3020 which is a basket category for narrow woven fabric made of metalized yarn, and 5907.00.6000 which is a basket category for textiles fabrics made of man-made fibers that are otherwise impregnated, coated, or covered.¹⁵

THE PRODUCT

Description and Applications

Narrow woven ribbons with woven selvedge¹⁶ are fabrics partially or wholly composed of manmade fibers and measuring up to 12 centimeters in width. They are typically used to adorn or embellish apparel, footwear, home furnishings, crafts, or floral arrangements; however, narrow woven ribbons also have functional uses and can be used to create articles such as hair bows, sashes, and to wrap packages.¹⁷ Narrow woven ribbons are constructed with a woven selvedge that provides a durable, longitudinal seam, and are thus washable. They are often used in keepsake items such as scrapbooks because they do not fray easily and are colorfast by nature of their fiber content and dyeing process (discussed below). Industry sources indicate that narrow woven ribbons of manmade fiber are primarily composed of polyester or nylon yarn;¹⁸ however, narrow woven ribbons of other manmade yarn, such as acetate and rayon, are also included in the definition of this product.

Narrow woven ribbons are available in a variety of designs, widths, colors, and patterns. Different varieties are created by changing the weave pattern, color, fiber type, or embellishment. ***.¹⁹

¹⁴ Twenty-one out of 74 responding importers in the preliminary phase of these investigations indicated that they imported some narrow woven ribbons under statistical reporting numbers of the HTSUS other than those within the 5806.32.10 subheading. The volume of these imports, however, accounted for only 6.3 percent of the total imports reported. Further, only a handful of “other” statistical reporting numbers were actually cited by more than a single firm, and only two numbers were cited by more than two firms.

¹⁵ Commission staff analyzed import data in 2009 under these two frequently cited “other” HTSUS statistical reporting categories for narrow woven ribbons and discovered that the majority (approximately 54 percent) of imports under these numbers were by firms that also imported under subheading 5806.32.10 (the largest of which were captured in the preliminary phase mailing list) and of the remaining imports, most of the largest importers appeared to be firms operating in industries other than those related to the subject merchandise (solar screens, paper mills, medical devices, sailboat supplies, among others). Nonetheless, with this additional information gathered from the preliminary phase of these investigations, Commission staff augmented the mailing list in the final phase of these investigations with a handful of firms identified under these two frequently cited “other” HTSUS numbers.

¹⁶ Selvedge is the narrow edge of woven fabric that runs parallel to the warp. It is made with stronger yarns in a tighter construction than the body of the fabric to prevent unraveling. Textile terms, unless otherwise noted, are from Hoechst Celanese. Dictionary of Fiber & Textile Technology. Charlotte, NC: Product/Technical Communications Services, IZ 503, Hoechst Celanese Corporation, 1990.

¹⁷ Staff telephone interview with ***.

¹⁸ ***.

¹⁹ ***.

A ribbon may be woven from yarn-dyed yarn or it may be woven from greige²⁰ yarn and piece-dyed in woven form. In yarn-dyed ribbons, it is possible to create woven patterns such as stripes, jacquards, plaids, and embroidered designs. Common types of narrow woven ribbon include single- and double-face satin, grosgrain, picot, and sheer.²¹ In some instances, differing forms of narrow woven ribbons have specific uses. For example, single-face satin is often used to embroider apparel because the face of the ribbon is a smooth satin, while the reverse side is dull, can be sewn down, and will not slip or be visible in final use. Double-face satin is preferable in circumstances where both sides of the ribbon will be visible, such as for sashes, hair bows, or home decor. Sheer ribbons are often woven with wire in the selvedge to impart body to the ribbon and help the ribbon to maintain its shape when fashioned into packaging bows. Sheer ribbons are frequently used in floral applications. Finally, grosgrain ribbons are bulkier and have a textured hand, desirable for applications such as hair bows or in home decor where a shiny ribbon or slippage is undesirable.

U.S. producers of narrow woven ribbons generally distribute their products through retailers, industrial end users (e.g., florists and confectioners), and distributors. Berwick Offray indicated that it does not sell narrow woven ribbons directly to consumers.²² According to U.S. producers, domestically produced narrow woven ribbons and imported narrow woven ribbons are used interchangeably by consumers, put up for retail sale via similar distribution channels, and in some cases marketed and sold in the same retail programs.²³

Manufacturing Processes

The manufacture of narrow woven ribbons can be broken down into five processes: warping,²⁴ weaving, dyeing, embellishment,²⁵ and spooling. The production process begins with purchased greige yarn (both flat and textured), usually polyester or nylon monofilament. Reportedly, there is *** price differential in the U.S. market between nylon and polyester, though *** in other markets.²⁶ Polyester typically has a smoother hand²⁷ (as compared with acetate or nylon) and is better suited for use in ***. However, nylon is good for ***; it ***. Nylon is sometimes used in the ***²⁸ or ***.²⁹ In some instances, a manufacturer ***.

Yarn-dyed ribbons, which represent approximately ***³⁰ percent of total U.S. production, undergo an additional step prior to warping where the monofilament yarn is dyed, as opposed to greige ribbons that are dyed after weaving. Monofilaments to be yarn-dyed must first be re-spooled onto a dye tube containing holes that allow the dye bath to permeate the entire spool. Several dye tubes are placed on a dye rack, which is inserted into a dye vat where the yarn is dyed and washed. After dyeing, the yarn is dried and transferred from the dye tubes to spools. During this transfer the yarn is coated with a lubricant to reduce friction, and to minimize lint and shedding during the downstream warping and weaving processes.

²⁰ Greige refers to unfinished yarn or fabric.

²¹ Information on different ribbon types and their respective uses is from the conference transcript in the preliminary phase of these investigations, pp. 34-47 (Pajic).

²² Conference transcript, p. 38 (Pajic).

²³ Conference transcript, pp. 38-39 (Pajic).

²⁴ Warping is the operation of winding warp yarns onto a beam in preparation for weaving.

²⁵ Not all narrow woven ribbons are necessarily embellished.

²⁶ ***.

²⁷ Hand refers to the tactile qualities of a fabric, e.g., softness, fineness, firmness, and other qualities perceived by touch.

²⁸ In a woven fabric, the weft or filling is the yarn running from selvedge to selvedge, perpendicular to the warp.

²⁹ ***.

³⁰ ***.

Before weaving, both greige and yarn-dyed yarn are laid out on a warp beam.³¹ The warp beam composition varies in thread count according to ribbon design. The warp forms the longitudinal yarn of narrow woven ribbon. After warping, the beams are placed on the looms and are ready for weaving. Depending on a ribbon's design, a loom can use several warp feeds to vary the texture and fiber composition of a ribbon (*e.g.*, when forming a ribbon including metalized yarn, the wire feeds into the loom on a separate warp beam). Ribbons of varying patterns, designs, and widths are created by alternate adjustments in the warp composition.

Narrow woven ribbons are produced on specialized needle looms ***.³² Narrow woven ribbons are woven in *** strips per machine, depending on ribbon width. They must be woven with expected shrinkage of roughly *** percent between the loom and finishing. Production speed depends primarily on the complexity of the pattern of the ribbon. For example, a more complex pattern would be produced at a *** percent lower speed than a plain weave. Petitioner reports that all looms producing narrow woven ribbon are ***.³³

During weaving³⁴ one or more warp beams are fed into the loom. There are three basic operations of the loom during weaving, namely shedding, filling insertion, and beat-up. During shedding, cards on the loom separate the warp beam according to a programmed pattern. Then, a needle hooks through the warp beam carrying a filling yarn through to a latch hook to catch the filling yarn. After insertion, the filling yarn is "beat" into the fabric to keep the filling yarns parallel. Narrow woven ribbons are produced using ***.³⁵ ***.

Dyeing occurs in a continuous process where greige ribbons are washed, dried, dyed, and then washed and dried once more. During dyeing, one to several ends of ribbon are fed through an accumulator, which winds ribbon vertically up and down through a series of cams to control the flow of ribbon through the machine at a steady pace. This also serves to keep the machine running at the end of the ribbon (by providing a steady pull) to reduce waste. ***.³⁶

Greige ribbon is first de-sized in a pre-scour bath soap solution where ribbons are washed to remove the lubricant applied to the monofilaments prior to weaving. The ribbon is wound through the soap bath and then through a rinse before it is squeezed out and heated on drying cylinders.

After pre-scouring, the greige ribbon is dipped in a dye bath that covers the ribbons' surface with a dispersed, high energy, fiber specific dye. The dyes used are water-delivery based. After the dye bath, the ribbon passes through drying cylinders to remove excess moisture and then a gas-fired oven at *** degrees for roughly *** seconds. Polyester melts at 482 degrees, so the temperature ***.³⁷ The pigment is absorbed into and inside the ribbon fiber, and the energy transfer that occurs in the oven deepens and changes the ribbon's color. This method of dyeing polyester is highly colorfast. After dyeing, the ribbon passes through an after-scour bath which removes excess color to render the ribbon machine washable and prevents bleeding. Darker colors, such as black, undergo more after-scour washes than lighter colors. The ribbon is then dried in a heated can stack. Finally, the ribbon is spun off the dye machine and ready for embellishment or final blocking.

The petitioner has separate dye lines for polyester and nylon. Dye formulas must be adjusted according to the different fiber type used. The process for nylon is slightly different than that described above for polyester. ***.³⁸

***.

³¹ A warp beam is a large cylinder around which the warp yarns, or ends, are wound in a uniform and parallel arrangement.

³² ***.

³³ ***.

³⁴ The standard weaving process is summarized from Collier, Billie J., and Phyllis G. Tortora. *Understanding Textiles*. 5th ed. Upper Saddle River, NJ: Prentice-Hall, Inc., 1997, pp. 257-269.

³⁵ ***.

³⁶ ***.

³⁷ ***.

³⁸ ***.

The process for yarn-dyed ribbons varies slight from that of greige ribbons. After weaving and prior to final spooling, yarn-dyed ribbons are finished, a process that includes washing, de-sizing, drying, and ironing of the ribbon.

Prior to final spooling, narrow woven ribbons can be embellished using several techniques including flexoprinting, transfer printing, silkscreen printing, lacquer printing, or hot stamping. In flexoprinting, ribbon is continuously stamped with a film of metered-release ink by a flexible plate around a cylinder. In transfer printing, a sublistatic ink is flexoprinted on paper, and then the print is heat transferred to the ribbon. In this process, an employee feeds ribbon and paper together into a heated drum. The dye is vaporized and permeates the ribbon. This process uses similar dyes to those used in the dyeing process, resulting in more permanent color. In lacquer printing, solvent-based lacquer paint is applied to face of ribbon through an open pattern in a method similar to stenciling. With silkscreen printing, paint is applied directly to ribbon through a silkscreen. Squeegees force paint through patterns. Silkscreen printing creates more of a texture and is more durable than lacquer print. Finally, hot-stamping uses a metal plate to stamp a pattern on to the ribbon face from a roll of foil.

Dyed, finished, and embellished ribbons are typically spooled (blocked) once an order is received. Spooling can be done manually or automatically. The length of ribbon on a spool varies by customer and distribution method. Narrow woven ribbons are spun to a specific length on a cardboard spool, flanges are glued to both sides of the spool, the package is labeled, and a plastic film is wrapped around the exposed ribbon to form the finished product. Berwick Offray moved some spooling operations to Mexico three to four years ago.³⁹ Today, roughly *** of its spooling capacity is located outside of the United States.⁴⁰

The petitioner reports that production processes for narrow woven ribbons are essentially standard worldwide.⁴¹

DOMESTIC LIKE PRODUCT ISSUES

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. In the preliminary phase of the investigations, the Commission defined a single domestic like product encompassing all domestically produced narrow woven ribbons, coextensive with the scope of the investigations.

There are reportedly two types of ribbons: narrow woven ribbons and cut-edge ribbons.⁴² In the preliminary phase of these investigations, the petitioner had argued for a domestic like product comprised of all narrow woven ribbons with woven selvedge coextensive with the scope.⁴³ The respondents did not contest with the definition of the domestic like product offered by the petitioner.⁴⁴

In the preliminary phase of these investigations, the Commission considered expanding the domestic like product to include cut-edge ribbons. However, owing to different physical characteristics resulting from distinct manufacturing processes for each product, limited interchangeability, general differences in channels of distribution, lack of fungibility in production facilities and employees used in production, and price differences between narrow woven ribbons and cut-edge ribbons, the Commission

³⁹ Conference transcript, pp. 62-63 (Shea).

⁴⁰ ***.

⁴¹ Conference transcript, p. 41 (Kerr).

⁴² Conference transcript, p. 31 (Pajic).

⁴³ Petitioner's postconference brief, p. 2.

⁴⁴ Conference transcript, p. 165 (Jacobs).

determined not to expand the domestic like product to include cut-edge ribbons because “a clear dividing line can be drawn separating narrow woven ribbons and cut-edge ribbons.”⁴⁵

⁴⁵ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Preliminary)*, USITC Publication 4099, August 2009, pp. 8-10.

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

U.S. MARKET CHARACTERISTICS

Narrow woven ribbons may be constructed from various man-made fibers and include a range of different colors, styles, patterns, and weave constructions, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, and jacquard, among which single-faced satin is reportedly the most common weave of narrow woven ribbon in the U.S. market.¹ Narrow woven ribbons typically are sold on a spool and used for decorative purposes in applications such as floral arrangements, gift wrapping, packaging, scrapbooking, and craft projects or for embellishment on apparel or handbags.² They may be sold separately by different types and designs; in random assortments of ribbon in a tray or assortments based on customers' specific requests for certain sizes or designs; or as mix of products sourced domestically with products from subject sources and/or nonsubject sources.³

The Commission received questionnaire responses from 39 purchasers.⁴ Purchasers were asked how many suppliers they generally contact before making a purchase. Among 34 responding purchasers, 11 purchasers reported that they contact one supplier, 3 purchasers reported that they contact one to two suppliers, 5 purchasers reported that they contact two suppliers, 8 purchasers reported that they contact up to three suppliers, and 5 reported that they contact up to four to six suppliers.⁵

When purchasers were asked if the relative shares of their total purchases of narrow woven ribbons from different sources had changed since 2007, among 21 responding purchasers, seven reported that their shares from U.S. sources had decreased, four of which also reported an increase in shares from China, while the remaining three reported that their total purchases had decreased due to the recession.⁶ Two purchasers reported an increase in their purchase shares from U.S. sources. Eight purchasers reported that their shares of purchases of imports from China had increased and six reported that their shares of purchases of imports from China had decreased.⁷ Six purchasers reported that their shares of purchases of imports from Taiwan increased and three reported that their shares of purchases of imports from Taiwan had decreased. Two purchasers reported that their shares of purchases from Mexico and Brazil decreased, while one reported that its share from Mexico had increased. Two purchasers indicated that there had been no change in their relative shares of purchases.

*** sales by U.S. producers and importers from China and Taiwan are from inventory, with lead times from inventory ranging from *** to ***. U.S. producers reported that *** of their narrow woven ribbons are sold from inventory, with lead times ranging from ***. The lead times on U.S. producers' sales of produced-to-order product range from ***. A majority of importers of narrow woven ribbons

¹ Petition, p. 5; conference transcript, pp. 34-37 (Pajic).

² Conference transcript, pp. 34-37 (Pajic).

³ ***'s U.S. producers' questionnaire response, at IV-20.

⁴ Not every purchaser responded to every question on the questionnaire.

⁵ Two purchasers reported that they only contact "traditional suppliers," but did not indicate an exact number.

⁶ Two of these purchasers (***) reported that they switched their purchases from U.S. sources to imports from China due to price. Another purchaser, ***, reported that it switched its purchases from U.S. sources to imports from China and Taiwan because ***.

⁷ One purchaser reported that it had increased its share of purchases of imports from China and Taiwan in anticipation of the increased duties resulting from these investigations. Two purchasers reported that the decrease in their shares of purchases of imports from China was due to the recession; one reported that the minimum order requirements from sources in China were too high; and one reported that it switched from sources in China to nonsubject sources in Taiwan, partly in order to avoid the duties resulting from these investigations, but also because its source in China offered inferior design capability compared to other sources.

from subject sources in China reported that most or all of their sales are from inventory, with most lead times ranging from one day to two weeks.⁸ Lead times on importers' sales of produced-to-order product from China range from one to four months.⁹ *** of the importers of narrow woven ribbons from subject sources in Taiwan reported that most or all of their sales are from inventory, with most lead times ranging from one day to two weeks.¹⁰ Lead times on importers' sales produced to order in Taiwan range mostly from one to three months.¹¹

When firms were asked to list the geographic regions in the United States where they sell narrow woven ribbons, *** responding producers and *** of the importers reported that they served a nationwide market.

CHANNELS OF DISTRIBUTION

As shown in table II-1, *** of U.S. producers' U.S. shipments of narrow woven ribbons was to ***, followed by shipments to ***.¹² The majority of importers' U.S. shipments of narrow woven ribbons from China went to retailers in 2007 and the largest share went to retailers in 2008 and in 2009. Most of importers' U.S. shipments of narrow woven ribbons from Taiwan went to final consumers, followed by shipments to retailers.¹³ Additional tables on channels of distribution are presented in Part III (table III-5) and Part IV (table IV-7) of this report.

The top ten customers reported by U.S. producers and importers include ***. Among the largest customers, there is considerable overlap in the customers cited by both U.S. producers and importers, ***.

⁸ Of 18 responding importers of narrow woven ribbons from subject sources in China, one reported lead times from inventory of 28 days.

⁹ One responding importer of narrow woven ribbons from China reported lead times from sales produced-to-order of six-and-a-half months.

¹⁰ Of 19 responding importers of narrow woven ribbons from subject sources in Taiwan, one reported lead times from inventory of ***.

¹¹ One responding importer of narrow woven ribbons from Taiwan reported lead times from sales produced to order of six-and-a-half months.

¹² The term "industrial end users" includes users that use narrow woven ribbons in the production or assembly of any other product, including floral arrangements assembled by the wholesale or retail floral industry, apparel, packaging of another product such as a confectionery item, and in-store gift packaging. Hearing transcript, pp. 123-124 (Pajic, Dorris).

Staff notes that ***.

¹³ The importers that sell to final consumers are retailers that import directly.

Table II-1

Narrow woven ribbons: U.S. producers' and importers' U.S. shipments of narrow woven ribbons, by sources and channels of distribution, 2007-09

| Item | Period | | |
|--|--------|------|------|
| | 2007 | 2008 | 2009 |
| Share of domestic producers' U.S. shipments of narrow woven ribbons to: | | | |
| Wholesalers/distributors | *** | *** | *** |
| Industrial end users | *** | *** | *** |
| Retailers | *** | *** | *** |
| Final consumers ¹ | *** | *** | *** |
| Share of U.S. importers' U.S. shipments of narrow woven ribbons from subject sources in China to: | | | |
| Wholesalers/distributors | *** | *** | *** |
| Industrial end users | *** | *** | *** |
| Retailers | *** | *** | *** |
| Final consumers ¹ | *** | *** | *** |
| Share of U.S. importers' U.S. shipments of narrow woven ribbons from subject sources in Taiwan to: | | | |
| Wholesalers/distributors | 12.7 | 14.2 | 10.5 |
| Industrial end users | 5.0 | 4.9 | 5.6 |
| Retailers | 31.8 | 31.2 | 29.6 |
| Final consumers ¹ | 50.4 | 49.7 | 54.3 |
| Share of U.S. importers' U.S. shipments of narrow woven ribbons from nonsubject sources in Taiwan to: | | | |
| Wholesalers/distributors | *** | *** | *** |
| Industrial end users | *** | *** | *** |
| Retailers | *** | *** | *** |
| Final consumers ¹ | *** | *** | *** |

Table continued on following page.

Table II-1--Continued

Narrow woven ribbons: U.S. producers' and importers' U.S. shipments of narrow woven ribbons, by sources and channels of distribution, 2007-09

| Item | Period | | |
|---|--------|------|------|
| | 2007 | 2008 | 2009 |
| Share of U.S. importers' U.S. shipments of narrow woven ribbons from all other countries to: | | | |
| Wholesalers/distributors | 22.1 | 21.4 | 15.3 |
| Industrial end users | 26.3 | 27.8 | 25.0 |
| Retailers | 34.9 | 35.1 | 30.2 |
| Final consumers ¹ | 16.8 | 15.7 | 29.5 |
| ¹ Sales to "final consumers" are sales made by retailers to retail customers. | | | |
| Source: Compiled from data submitted in response to Commission questionnaires. | | | |

SUPPLY AND DEMAND CONSIDERATIONS

Supply

U.S. Supply

The supply response of U.S. producers to changes in price depends on such factors as the level of excess capacity, the availability of alternate markets for U.S.-produced narrow woven ribbons, inventory levels, and the ability to shift production to the manufacture of other products. The evidence indicates that U.S. producers have the ability to increase supply, due primarily to ***.

Industry capacity

U.S. producers' annual capacity utilization rates for narrow woven ribbons (using ***¹⁴) decreased *** from *** percent in 2007 to *** percent in 2008, before decreasing to *** percent in 2009. Alternatively, U.S. producers' annual capacity utilization rates for narrow woven ribbons using *** decreased from *** percent in 2007 to *** percent in 2009. The levels of capacity utilization indicated by both methods above indicate that the U.S. producers have *** unused capacity with which they could increase production of narrow woven ribbons in the event of a price change.

Alternative markets

U.S. producers' exports, as a share of their total shipments, *** over the period for which data were collected, decreasing *** from *** percent in 2007 to *** percent in 2008 and to *** percent in 2009. These data indicate that the U.S. producers have a *** capability to divert shipments to or from alternative markets in response to changes in the price of narrow woven ribbons.

¹⁴ See Part III and table III-2 for more discussion on the U.S. industry's capacity.

Inventory levels

U.S. producers' ratio of end-of-period inventories to total shipments decreased from *** percent in 2007 to *** percent in 2008 and to *** in 2009. These data indicate that the U.S. producers *** to use inventories as a means of increasing shipments of narrow woven ribbons to the U.S. market.¹⁵

Production alternatives

U.S. producers reported that they *** the same manufacturing equipment and the same workers used to make narrow woven ribbons in the production of alternative products.

Subject Imports from China

The responsiveness of supply of imports from China to changes in price in the U.S. market is affected by such factors as capacity utilization rates and the availability of home markets and other export markets. Based on available information, producers in China have the capability to respond to changes in demand with large changes in the quantity of shipments of narrow woven ribbons to the U.S. market.¹⁶ The main contributing factors to the high degree of responsiveness of supply is the existence of unused capacity, the existence of alternative markets, and the presence of substantial inventories.

Industry capacity

During the period for which data were collected, the capacity utilization rate for reporting producers in China of narrow woven ribbons increased irregularly from 68.7 percent in 2007 to 69.6 percent in 2009; it is projected to be 57.9 percent in 2010 and 61.8 percent in 2011.

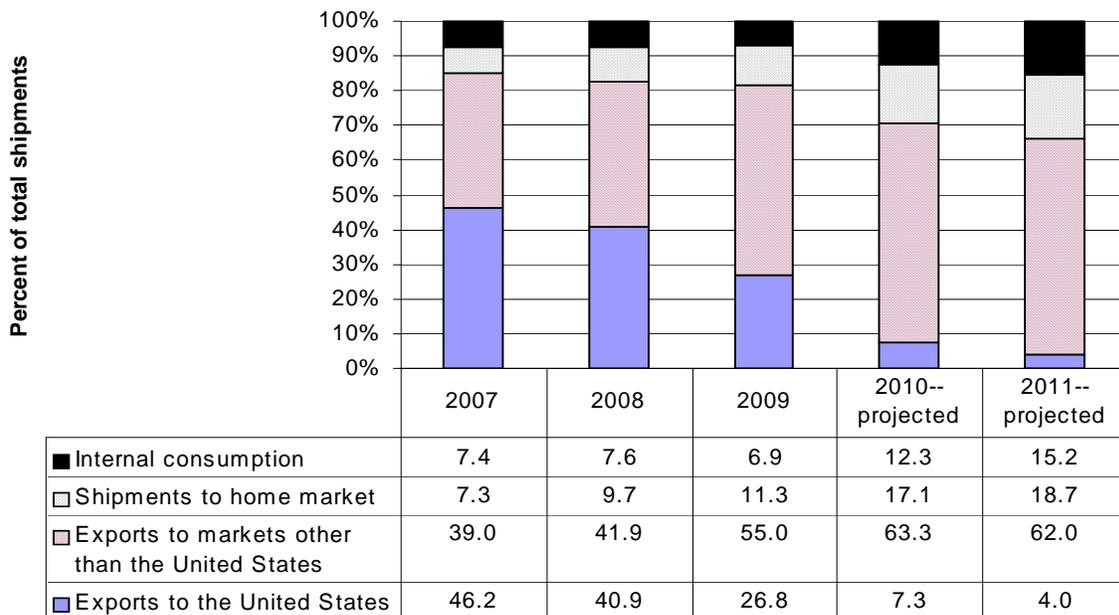
Alternative markets

Available data indicate that producers in China have some ability to divert shipments to or from alternative markets in response to changes in the price of narrow woven ribbons. As shown in figure II-1, the share of shipments by producers in China that went to the United States decreased over the period, with sales shifting more to export markets other than the United States.

¹⁵ A *** amount of the reported inventory levels is attributable to *** and constitutes ***. ***. The U.S. industry's ratio of end-of-period inventories to total shipments excluding *** was *** percent in 2009.

¹⁶ Four Chinese producers provided useable data and based on their export data, they appear to account for *** to *** percent of U.S. importers' imports from China.

Figure II-1
Narrow woven ribbons: Shares of total shipments of narrow woven ribbons by producers in China, by destination, 2007-09 and projected for 2010 and 2011



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

Inventory levels

Inventories, as a share of total shipments, of the responding producers in China decreased from 61.2 percent in 2007 to 51.5 percent in 2008 before increasing to 66.5 percent in 2009; they are projected to be 68.4 percent in 2010 and 61.0 percent in 2011. These data indicate that producers in China have the ability to use inventories as a means of increasing shipments of narrow woven ribbons to the U.S. market.

Subject Imports from Taiwan

The responsiveness of supply of imports from Taiwan to changes in price in the U.S. market is affected by such factors as capacity utilization rates and the availability of home markets and other export markets. Based on available information, producers in Taiwan may have a somewhat limited capability to respond to changes in demand with changes in the quantity of shipments of narrow woven ribbons to the U.S. market.¹⁷ The main contributing factors to the limited degree of responsiveness of supply are the unused capacity and limited inventories.

¹⁷ Seven producers in Taiwan provided useable data; based on their reported exports to the United States, they accounted for between 47 and 55 percent of U.S. importers' imports from Taiwan.

Industry capacity

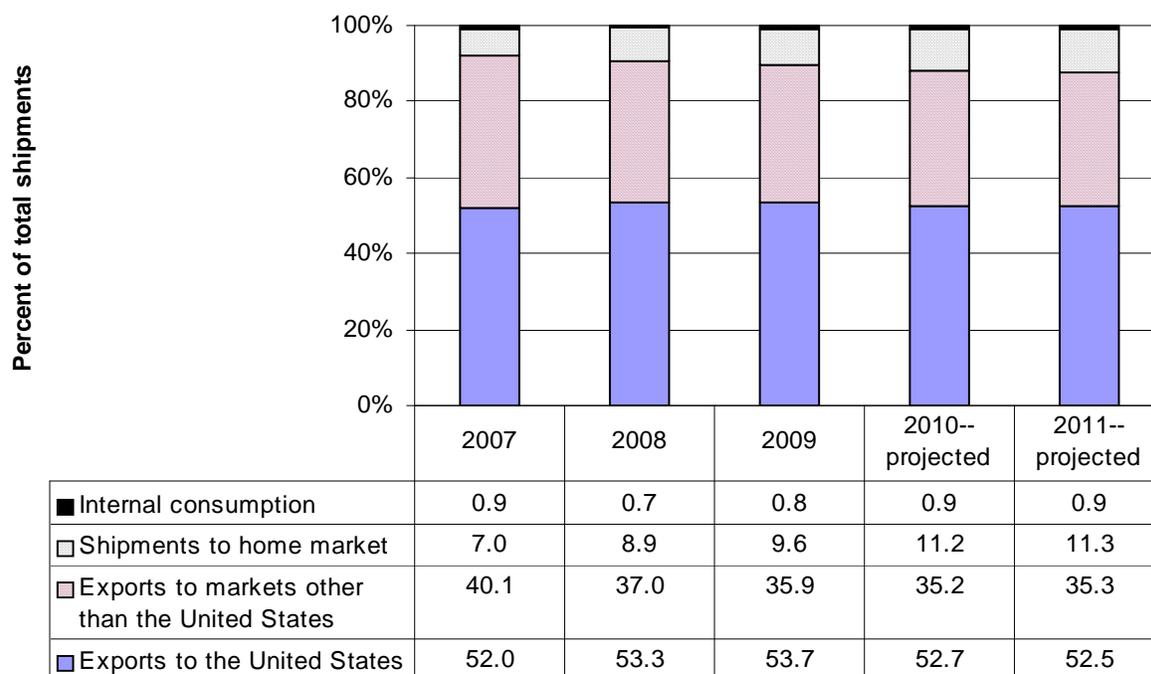
During the period for which data were collected, the capacity utilization rate for reporting producers in Taiwan of narrow woven ribbons decreased from 93.1 percent in 2007 to 72.3 percent in 2009; it is projected to be 71.1 percent in 2010 and 71.3 percent in 2011.

Alternative markets

Available data indicate that producers in Taiwan have some ability to divert shipments to or from alternative markets in response to changes in the price of narrow woven ribbons. As shown in figure II-2, the share of shipments by producers in Taiwan that went to the United States and the share of shipments going to the home market increased slightly over the period, while shipments to export markets other than the United States decreased.

Specifically, the share of shipments by producers in Taiwan that went to the United States increased slightly from 52.0 percent in 2007 to 53.7 percent in 2009; it is projected to be 52.7 percent in 2010 and 52.5 percent in 2011. The share of shipments by producers in Taiwan to export markets other than the United States decreased from 40.1 percent in 2007 to 35.9 percent in 2009; it is projected to be 35.2 percent in 2010 and 35.3 percent in 2011. The share of shipments by producers in Taiwan going to the home market increased from 7.0 percent in 2007 to 9.6 percent in 2009; it is projected to be 11.2 percent in 2010 and 11.3 percent in 2011. The share of internal consumption or company transfers by producers in Taiwan decreased from 0.9 percent in 2007 to 0.8 percent in 2009; it is projected to be 0.9 percent in 2010 and 2011.

Figure II-2
Narrow woven ribbons: Shares of total shipments of narrow woven ribbons by producers in Taiwan, by destination, 2007-09 and projected for 2010 and 2011



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

Inventory levels

Responding Taiwan producers' inventories, as a share of their total shipments, decreased slightly from 4.2 percent in 2007 to 4.1 percent in 2009; they are projected to be 4.1 percent in 2010 and 3.9 percent in 2011. These data indicate that producers in Taiwan may be limited in their ability to use inventories as a means of increasing shipments of narrow woven ribbons to the U.S. market.

Nonsubject Imports

Imports from nonsubject sources of narrow woven ribbons, as a share of total U.S. imports of narrow woven ribbons, increased from *** percent in 2007 to *** percent in 2009.¹⁸

Supply constraints

When U.S. producers were asked if they had ever refused, declined, or been unable to supply narrow woven ribbons since 2007, *** responded "no," and *** responded "yes," with ***. When importers were asked if they had ever refused, declined, or been unable to supply narrow woven ribbons since 2007, 29 of 33 responding importers responded "no." Four importers responded "yes," with *** citing delays in meeting timely shipment commitments due to switching sources of supply as a result of these investigations,¹⁹ importer *** reporting that its high quality products take a longer time to produce, and importer *** reporting insufficient cash flow to fund the inventory needed to make timely shipments of its imported products.

Demand

The elasticity of demand for this product is likely to be slightly price elastic.²⁰ As discussed below, the reported existence of substitutes for narrow woven ribbons (which indicates that the demand is likely to be price elastic) is moderated by the fact that narrow woven ribbons account for a relatively low cost share of end-use products (which indicates that demand is less elastic). The demand for narrow woven ribbons is largely determined by the overall economy and fashion trends. Real quarterly U.S. GDP growth at seasonally adjusted annual rates and the percent change in quarterly real personal consumption expenditures are shown in figure II-3.²¹ Both indicators generally declined in 2007 and 2008 and rebounded in 2009, with real personal consumption expenditures increasing in the first quarter of 2009, one quarter ahead of the rebound in real GDP growth.

¹⁸ The largest source of nonsubject imports is from ***.

¹⁹ ***.

²⁰ Petitioner contends that the elasticity of demand is inelastic, arguing that "there are not good substitutes for narrow woven ribbons in most high-volume end uses" and that narrow woven ribbons account for "a small share of the final value of products into which {they are} incorporated." Petitioner's prehearing brief, p. 11. See further discussion on page II-19.

²¹ Bureau of Economic Analysis, U.S. Department of Commerce. *Gross Domestic Product: First Quarter 2010 (Preliminary Estimate)*. Retrieved June 9, 2010. *Personal Income and Outlays*, April 2010.

Figure II-3
Percent changes in real GDP growth and real personal consumption expenditures, by quarter, January 2007-December 2009



Source: Bureau of Economic Analysis, U.S. Department of Commerce.

When asked how the overall demand for narrow woven ribbons has changed since January 2007, *** reported that demand has increased slightly, citing an increase in craft and scrapbooking projects and lower price points of narrow woven ribbons being partially offset by the decline of the U.S. apparel industry and the recession. Berwick Offray reported that demand for narrow woven ribbons has historically not been affected by downturns in the economy, citing consumers' increased propensity to engage in at-home activities during economic recessions, among which are craft projects that use narrow woven ribbons.²² Berwick Offray also reported that it has experienced a larger decline in its sales to industrial end users relative to its sales to retailers.²³ *** reported that demand has decreased since 2007, citing the decline of the U.S. apparel industry.

Sixteen of 32 responding importers reported that demand has decreased since 2007, with most firms citing the recession and two citing the decline in the U.S. apparel industry. Five importers reported that demand has increased due to an increase in arts and craft projects, improved design innovation and product ranges, and lower prices.²⁴ Four importers reported that there has been no change in demand and seven reported that demand has fluctuated, following trends in the overall economy and fashion trends.

*** importers provided their projections of changes in future demand. ***.²⁵ Ribbon retailers reported that they expect demand to modestly increase from 2009 to 2010 and 2011.²⁶

²² Conference transcript, pp. 67-68 (Shea) and pp. 68-69 (Pajic). Hearing transcript, p. 77 (Pajic). Petitioner also reported that final consumers may switch from purchasing wedding applications or floral arrangements from a florist to purchasing the components (including narrow woven ribbons) themselves at craft retailers. Hearing transcript, p. 79 (Pajic).

²³ Hearing transcript, pp. 79-80 (Kaplan).

²⁴ ***.

²⁵ Ribbon importers' posthearing brief, pp. 26-27.

²⁶ Ribbon retailers' posthearing brief, exh. A, p. 58.

Eight of 17 responding purchasers reported that demand has decreased since 2007, mostly citing the recession. Eight purchasers reported that demand did not change since 2007 and one purchaser reported that demand has increased slightly.

Apparent U.S. consumption, based on quantity, decreased by *** percent overall from 2007 to 2009, increasing *** by *** percent from 2007 to 2008 before decreasing by *** percent from 2008 to 2009.

Business Cycles

When asked if the narrow woven ribbons market was subject to business cycles, U.S. producer *** reported that the narrow woven ribbons market was not subject to business cycles, while *** reported that sales peak from August to December due to holiday gift wrapping. Seventeen importers reported that there is no business cycle in the narrow woven ribbons market.²⁷ Fifteen responding importers reported that a business cycle does exist in the narrow woven ribbons market, with eight specifically stating that sales peak in the second half of the year in the build-up for the Christmas season.²⁸ Nineteen responding purchasers reported that there is no business cycle. Fifteen purchasers reported that a business cycle exists in the narrow woven ribbons market, with most citing the second half of the year or the fourth quarter of the year for holiday gift wrapping and floral and other craft applications.²⁹

Substitute Products

U.S. producers *** reported that substitutes for narrow woven ribbons include cut-edge ribbons (including embossed-edge cut-edge ribbons), plastic extruded ribbons, and elastic ribbon for packaging and some floral applications.³⁰ *** reported that changes in the prices of these substitutes have affected the price for narrow woven ribbons, with *** stating that a price change may occur with a three- to six-month time lag and that if the price of narrow woven ribbons drops, they are usually preferred over the substitutes because they are the higher quality product. Petitioner reported that there is limited substitutability between narrow woven ribbons and cut-edge ribbons for use in craft projects such as scrapbooking.³¹

Eighteen importers reported that substitutes exist for narrow woven ribbons, including cut-edge ribbons, narrow cut fabric, curling ribbon, pre-made bows, extruded ribbons, mesh, tape, merrow edge ribbons, braids, cords, lace, trims, embroidery, elastic ribbon, raffia or other natural material, and yarn. One importer noted that there is no effective substitute for narrow woven ribbons used in apparel manufacturing. Three of these importers reported that changes in the prices of these substitutes have affected the price for narrow woven ribbons, with one stating that the prices of the substitutes are lower and another reporting that sales of extruded ribbons have declined as the price of narrow woven ribbons has decreased.

Twelve of 38 purchasers reported that substitutes exist for narrow woven ribbons, including cut-edge ribbons, wired cut-edge ribbons of 1½-inch width, out-of-scope widths of ribbons, elastic ribbons or

²⁷ ***.

²⁸ ***. *** reported that *** percent of its sales occur in the second and third quarters and *** reported that *** of its sales are shipped in the third quarter. Petitioner contends that ***. Petitioner's postconference brief, p. 17.

²⁹ *** of these purchasers are retailers.

³⁰ When asked the degree of interchangeability between narrow woven ribbons and ribbons made of non-manmade fabrics in the preliminary phase of these investigations, *** reported that non-manmade fabric ribbons have only recently been available, due to eco-friendly trends, and that they account for *** percent of the market.

³¹ Specifically, petitioner stated that cut-edge ribbons with a width of one half inch or below will not have the same effect as narrow woven ribbons of that width. Hearing transcript, p. 78 (Pajic).

loops, non-woven ribbons, curling ribbons, extruded ribbons, pre-formed bows, tulle, cords, cut fabric, trims, raffia, and garland. No purchasers reported that the changes in the prices of these substitutes have affected the price for narrow woven ribbons.

Cost Share

*** reported that narrow woven ribbons account for approximately *** percent of the total cost of end uses such as crafts, home decor, and floral arrangements, and can account for *** percent of the total cost of packaging applications. Importers reported that narrow woven ribbons can account for 2 to 10 percent of the total cost of packaging applications; 1 to 10 percent of the total cost of craft applications; up to 30 percent of the total cost of floral arrangements; 10 percent of the total cost of apparel applications; and account for 85 percent of hair accessory applications. Four purchasers that use narrow woven ribbons in the manufacture of other products reported that narrow woven ribbons account for 0.1 percent or less of the total cost of apparel; 0.5 percent of the total cost of floral arrangements; and 5 percent of the total cost of products such as stationery and wedding favors.

SUBSTITUTABILITY ISSUES

The degree of substitutability between domestic products and subject and nonsubject imports and between subject and nonsubject imports is examined in this section. Information is based primarily on questionnaire responses from producers, importers, and purchasers, and indicates that the U.S.-produced and imported narrow woven ribbons are moderately substitutable.

Factors Affecting Purchasing Decisions

Available information indicates that a variety of factors are considered important in the purchasing decision for narrow woven ribbons. Purchasers were asked to list the top three factors that they consider when choosing a supplier of narrow woven ribbons. Table II-2 summarizes the responses.

Price was named by 11 purchasers as the number one factor generally considered in deciding from whom to purchase narrow woven ribbons, while 9 purchasers indicated that it was the number two factor, and 7 purchasers responded that it was the number three factor. As indicated in table II-3, 30 of 35 responding purchasers indicated that price was a “very important” factor in their purchasing decisions. When asked how often they purchase the narrow woven ribbons that are offered at the lowest price, 18 of 35 responding purchasers reported “sometimes,” 11 reported “usually,” 5 reported “never,” and the remaining purchaser reported “always.”

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

| Factor | Number of firms reporting | | |
|----------------------------------|---------------------------|-------------------|---------------------|
| | Number one factor | Number two factor | Number three factor |
| Price | 11 | 9 | 7 |
| Quality | 7 | 9 | 7 |
| Availability | 5 | 4 | 7 |
| Traditional or approved supplier | 4 | 1 | 0 |
| Product range | 3 | 3 | 2 |
| Other ¹ | 7 | 8 | 12 |

¹ For the number one factor, other factors cited include three instances of "reliability;" one instance of "client approval;" one instance of "design;" one instance of "extension of credit;" and one instance of "social and environmental compliance." For the number two factor, other factors cited include four instances of "delivery or lead time;" three instances of "design capability;" and one instance of "low minimum order requirements." For the number three factor, other factors cited include three instances of "delivery time;" three instances of "extension of credit;" two instances of "lead time;" one instance of "producer's flexibility;" one instance of "customer service;" one instance of "trustworthiness and professional conduct;" and one instance of "industry experience."

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

When purchasers were asked if they had purchased from one source although comparable narrow woven ribbons were available from another source at a lower price, 23 of 38 responding purchasers reported that they had done so, mostly citing lead and delivery times, quality, minimum order requirements, past relationship with the supplier, design/selection, and customer service. Other factors cited include availability, purchasing other products from the supplier, packaging, and sampling capability.

Quality was named by 7 of 35 purchasers as the number one factor generally considered in deciding from whom to purchase narrow woven ribbons, while 9 purchasers indicated that it was the number two factor, and 7 reported that it was the number three factor. As indicated in table II-3, a large majority of responding purchasers indicated that product consistency and quality meeting industry standards were "very important" factors in their purchasing decisions.

Availability was named by five purchasers as the number one factor generally considered in deciding from whom to purchase narrow woven ribbons, while four indicated that it was the number two factor, and seven purchasers reported that it was the number three factor. As indicated in table II-3, 29 of 35 responding purchasers indicated that availability was a "very important" factor in their purchasing decisions and 34 of 35 responding purchasers indicated that reliability of supply was a "very important" factor.

When asked if buying narrow woven ribbons that are produced in the United States was an important factor in their purchasing decisions, 30 of 34 responding purchasers responded "no." The four purchasers that responded "yes" cited the desire to minimize inventories, quick delivery, and customer service.

Table II-3
Narrow woven ribbons: Importance of factors used in purchasing decisions, as reported by U.S. purchasers

| Factor ¹ | Number of firms reporting | | |
|------------------------------------|---------------------------|--------------------|---------------|
| | Very important | Somewhat important | Not important |
| Availability | 29 | 6 | 0 |
| Delivery terms | 20 | 12 | 3 |
| Delivery time | 32 | 3 | 0 |
| Discounts offered | 12 | 16 | 7 |
| Extension of credit | 12 | 10 | 13 |
| Price | 30 | 5 | 0 |
| Minimum quantity requirements | 20 | 10 | 5 |
| Packaging | 16 | 10 | 9 |
| Product consistency | 34 | 1 | 0 |
| Quality meets industry standards | 29 | 5 | 1 |
| Quality exceeds industry standards | 13 | 16 | 6 |
| Product range | 18 | 14 | 3 |
| Reliability of supply | 34 | 1 | 0 |
| Technical support/service | 12 | 13 | 9 |
| U.S. transportation costs | 15 | 8 | 11 |
| Availability of fancy ribbons | 10 | 14 | 10 |
| Design innovation/fashion trends | 12 | 19 | 3 |

¹ One purchaser also cited “social and environmental compliance” and “sampling capability” (e.g., when attempting to meet custom specifications) as very important factors used in purchasing decisions.

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

Twenty of 35 responding purchasers reported that they require suppliers to become certified for all or some of their purchases.³² When purchasers were asked what factors they consider when qualifying a new supplier, purchasers most often cited product quality and consistency, availability, capacity, financial stability, design innovation, color options, lead time, and price. Other factors cited included social and environmental compliance, reliability, flexibility, shipping requirements, labeling and packaging, warehousing capability, and market position of the supplier. One purchaser reported that the certification time is two weeks; another reported that it is one month; three reported one to three months; and one reported nine months. Three purchasers reported that a supplier had failed in its attempt to qualify product with them.³³ Two of the three purchasers cited *** due to factors including poor quality,

³² Eighteen of these purchasers reported that they require suppliers to be certified for all of their purchases.

³³ Another purchaser reported that a *** had failed in its attempt to qualify its product due to poor service.

poor customer service, lack of design capability, and poor shipping.³⁴ *** cited *** due to lack of design capability, poor quality, and insufficient size of company. One purchaser cited *** due to poor customer service.

Eighteen of 35 responding purchasers reported that they “always” know whether the narrow woven ribbons they purchase are imported or produced domestically; 13 reported that they “always” know the manufacturer; and 16 reported that buyers are “never” aware or interested in the country of origin of the narrow woven ribbons they purchase.

Eleven of 25 responding purchasers reported that narrow woven ribbons produced in the United States “always” meet minimum quality specifications, while 10 reported “usually,” one reported “sometimes,” and 3 reported “rarely or never.” Six of 23 responding purchasers reported that narrow woven ribbons produced in China “always” meet minimum quality specifications, while 15 reported “usually,” one reported “sometimes,” and one reported “rarely or never.” Eight of 19 responding purchasers reported that narrow woven ribbons produced in Taiwan “always” meet minimum quality specifications, while 10 reported “usually” and 1 reported “rarely or never.”

Comparisons of Domestic Product and Subject Imports

In order to determine whether U.S.-produced narrow woven ribbons can generally be used in the same applications as imports from China, producers, importers, and purchasers were asked whether the products can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. All reporting U.S. producers reported that they are always interchangeable, as shown in table II-4. A large majority of the importers that compared narrow woven ribbons from China and Taiwan with those from the United States reported that they are always interchangeable. Eleven of 16 responding purchasers that compared narrow woven ribbons from China with those from the United States reported that they are always or frequently interchangeable, and 8 of 14 purchasers that compared narrow woven ribbons from Taiwan with those from the United States reported that they are always or frequently interchangeable.

³⁴ One of these purchasers reported that it believed that the product supplied by ***.

Table II-4

Narrow woven ribbons: Perceived degree of interchangeability of product produced in the United States and in other countries

| Country comparison | U.S. producers | | | | U.S. importers | | | | U.S. purchasers | | | |
|-----------------------------|----------------|---|---|---|----------------|---|---|---|-----------------|---|---|---|
| | A | F | S | N | A | F | S | N | A | F | S | N |
| U.S. vs. China | 3 | 0 | 0 | 0 | 15 | 3 | 3 | 0 | 6 | 5 | 5 | 0 |
| U.S. vs. Taiwan | 3 | 0 | 0 | 0 | 12 | 4 | 3 | 1 | 3 | 5 | 5 | 1 |
| U.S. vs. Mexico | 3 | 0 | 0 | 0 | 6 | 0 | 3 | 0 | 2 | 5 | 1 | 0 |
| U.S. vs. Other Nonsubject | 2 | 0 | 0 | 0 | 6 | 0 | 5 | 0 | 1 | 3 | 3 | 0 |
| China vs. Taiwan | 3 | 0 | 0 | 0 | 16 | 3 | 3 | 0 | 4 | 5 | 4 | 0 |
| China vs. Mexico | 3 | 0 | 0 | 0 | 7 | 0 | 3 | 0 | 3 | 3 | 1 | 0 |
| China vs. Other Nonsubject | 2 | 0 | 0 | 0 | 6 | 1 | 3 | 1 | 1 | 3 | 2 | 0 |
| Taiwan vs. Mexico | 3 | 0 | 0 | 0 | 7 | 0 | 3 | 1 | 3 | 3 | 1 | 0 |
| Taiwan vs. Other Nonsubject | 2 | 0 | 0 | 0 | 6 | 1 | 2 | 1 | 1 | 3 | 2 | 0 |
| Mexico vs. Other Nonsubject | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |

Note.-- "A" = Always, "F" = Frequently, "S" = Sometimes, and "N" = Never.

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

The sole importer that reported that narrow woven ribbons from U.S. producers are “never” interchangeable with imports from Taiwan stated that the quality and color of the product from Taiwan is superior to that of other suppliers. One importer reported that U.S. producers follow fashion trends more quickly than import suppliers and that imports from China and Taiwan are of lower quality. One importer reported that the U.S.-produced narrow woven ribbons are limited to basic types of ribbons, such as single and double face satin, grosgrain, some sheers, and some prints. This importer also reported that narrow woven ribbons from China are not always interchangeable with product from Taiwan or from U.S. producers due to inconsistent quality. An importer of narrow woven ribbons from China *** for apparel use reported that the quality of its imports (especially that of ***) is higher than that of U.S.-produced narrow woven ribbons. This importer also noted that its imports of one specific type of ribbon (***) are not interchangeable with *** ribbons that are currently produced in the United States. One purchaser reported that imports from China have a long delivery time and a high minimum order requirement. Another purchaser reported that the quality of imports from Taiwan is superior to that of U.S.-produced narrow woven ribbons and that U.S. suppliers’ minimum order requirements are cost prohibitive.

As indicated in table II-5, *** of three responding U.S. producers reported that differences other than price are sometimes a significant factor in their sales of narrow woven ribbons. Responses from importers were mixed, with slightly more than half of responding importers reporting that differences other than price between U.S.-produced narrow woven ribbons and subject imports are always or frequently a significant factor.

Table II-5

Narrow woven ribbons: Differences other than price between products from different sources¹

| Country comparison | U.S. producers | | | | U.S. importers ² | | | |
|--|----------------|-----|-----|---|-----------------------------|---|---|---|
| | A | F | S | N | A | F | S | N |
| U.S. vs. subject countries: | | | | | | | | |
| U.S. vs. China | 0 | *** | *** | 0 | 5 | 7 | 6 | 4 |
| U.S. vs. Taiwan | 0 | *** | *** | 0 | 4 | 7 | 5 | 3 |
| U.S. vs. nonsubject countries: | | | | | | | | |
| U.S. vs. Mexico | 0 | *** | *** | 0 | 4 | 2 | 3 | 1 |
| U.S. vs. Other | 0 | *** | *** | 0 | 4 | 2 | 3 | 1 |
| Subject country comparisons: | | | | | | | | |
| China vs. Taiwan | 0 | *** | *** | 0 | 3 | 7 | 8 | 5 |
| ¹ Producers and importers were asked if differences other than price between narrow woven ribbons produced in the United States and in other countries are a significant factor in their firms' sales of narrow woven ribbons. ² ***. | | | | | | | | |
| Note.—“A” = Always, “F” = Frequently, “S” = Sometimes, and “N” = Never. | | | | | | | | |
| Source: Compiled from data submitted in response to Commission questionnaires. | | | | | | | | |

When petitioner was asked how U.S. producers have maintained some sales when faced with subject import competition, petitioner reported that it offers “serviceability,” “capability,” and “high fill rates,” among other factors.³⁵

Two importers reported that suppliers in Taiwan are superior to U.S. producers in terms of capacity, quality, availability, and delivery time. Importer *** reported that it imports narrow woven ribbons ***.

Six importers (***) reported that suppliers in China and Taiwan are superior to U.S. manufacturers, citing factors including in shorter lead times, especially for large and intricate orders; greater availability; wider product range; matching dye colors; superior printing technique and quality; superior testing for new jobs; and greater speed and flexibility in product development. Another importer reported limited availability of wired and non-wired metallic ribbons and wired sheer, satin, and grosgrain ribbons from U.S. producers.

Purchaser *** also reported that suppliers in China and Taiwan can provide ***. *** reported that the products designed by Berwick Offray “***.”³⁶ It also reported that manufacturers in *** offer greater design innovation.³⁷ *** also reported that ***.³⁸

Berwick Offray reported that it can reproduce any color or design and is unaware of any situation in which it has had to turn away an order because it was unable to manufacture a specific design.³⁹ It reported that it has an internal team to follow fashion and design trends in the wedding, floral, and

³⁵ Hearing transcript, p. 71 (Pajic).

³⁶ Ribbon retailers’ postconference brief, p. 17 and exh. 6.

³⁷ Ribbon retailers’ responses to additional questions, p. 5, August 4, 2009.

³⁸ Ribbon retailers’ postconference brief, p. 17 and exh. 6.

³⁹ Conference transcript, pp. 46-48 (Shea, Pajic). Petitioner’s postconference brief, exh. 1, p. 1. Hearing transcript, p. 85 (Pajic, Sorenson).

confectionery industries and meets with major customers annually.⁴⁰ It further reported that it will produce any design requested if it does not already offer it, including proprietary and private licensed designs.⁴¹ Berwick Offray also reports that the quality of narrow woven ribbons from any country source is comparable.⁴²

Four of 36 responding purchasers reported that there were certain grades, sizes, or types of narrow woven ribbon that are only available from a single source, mostly stating that custom designs may only be available from a particular source. Purchaser *** reported that only one source in Taiwan has the capability, flexibility, and high-quality printing machines and technology required to produce the level of quality it desires. It also reported that only one source in China has the design and manufacturing capability to produce coordinating non-ribbon products. Importer Liberty Ribbon and retailer Michael's reported that U.S. producers cannot satisfy U.S. demand for custom and holiday-themed narrow woven ribbons, especially custom ribbons with short delivery times.⁴³

As indicated in table II-6, for the factors that nearly all purchasers reported were "very important" factors used in purchasing decisions (see table II-3), most purchasers reported that the U.S. product is comparable to the product from both China and Taiwan with respect to availability, minimum quantity requirements, packaging, product consistency, quality meeting or exceeding industry standards, product range, reliability of supply, and technical support/service. However, 11 of 14 responding purchasers indicated that the U.S. product is inferior to the product from China with respect to price (i.e., the U.S. product is generally higher in price), with three reporting that the U.S. product is comparable. Likewise, 8 of 11 purchasers indicated that the U.S. product is inferior to the product from Taiwan with respect to price (i.e., the U.S. product is generally higher in price), with three reporting that the U.S. product is comparable. A great majority of purchasers reported that the U.S. product is superior to the product from China and Taiwan with respect to delivery time.

⁴⁰ Hearing transcript, p. 82 (Pajic).

⁴¹ Hearing transcript, pp. 83-84 (Pajic).

⁴² Conference transcript, p. 70 (Shea).

⁴³ Hearing transcript, pp. 175 and 181 (Lodge) and p. 236 (Mitchell).

Table II-6**Narrow woven ribbons: Comparisons between U.S.-produced and subject imported product, as reported by U.S. purchasers**

| Factor ¹ | U.S. vs. China | | | U.S. vs. Taiwan | | |
|------------------------------------|----------------|----|----|-----------------|---|---|
| | S | C | I | S | C | I |
| Availability | 6 | 7 | 2 | 3 | 6 | 2 |
| Delivery terms | 7 | 7 | 1 | 4 | 6 | 1 |
| Delivery time | 12 | 2 | 1 | 9 | 1 | 1 |
| Discounts offered | 1 | 7 | 6 | 0 | 7 | 3 |
| Extension of credit | 4 | 10 | 0 | 3 | 7 | 0 |
| Lower price ² | 0 | 3 | 11 | 0 | 3 | 8 |
| Minimum quantity requirements | 6 | 8 | 1 | 3 | 7 | 2 |
| Packaging | 1 | 13 | 1 | 1 | 9 | 1 |
| Product consistency | 5 | 9 | 1 | 1 | 8 | 2 |
| Quality meets industry standards | 3 | 11 | 1 | 1 | 8 | 2 |
| Quality exceeds industry standards | 4 | 10 | 1 | 1 | 8 | 2 |
| Product range | 4 | 9 | 2 | 0 | 6 | 4 |
| Reliability of supply | 5 | 9 | 1 | 2 | 8 | 1 |
| Technical support/service | 3 | 11 | 1 | 3 | 8 | 1 |
| Lower U.S. transportation costs | 8 | 7 | 0 | 6 | 5 | 0 |
| Availability of fancy ribbons | 5 | 6 | 4 | 2 | 3 | 6 |
| Design innovation/fashion trends | 4 | 9 | 2 | 2 | 5 | 3 |

¹ One purchaser also reported that U.S.-produced product was inferior to product from China and Taiwan with respect to "responsiveness" and "flexibility."

² A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the subject import price.

Note.--S=U.S. product is superior, C=U.S. product is comparable, I=U.S. product is inferior.

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

Other Country Comparisons

In addition to comparisons between the U.S. product and imports from the subject countries, U.S. producer and importer comparisons between the U.S. product and imports from nonsubject countries and between subject imports and nonsubject imports are also shown in tables II-4 and II-5. Two importers reported that suppliers of narrow woven ribbons from Mexico were unreliable, expensive, of poor quality, and had shipping errors. Another importer reported that narrow woven ribbons from Europe have superior product ranges and more custom design offerings than U.S. producers. One importer reported that narrow woven ribbons produced in India are rarely interchangeable with products from U.S. producers or imported from China or Taiwan because of their poor quality.

Three of six responding purchasers reported that narrow woven ribbons from Mexico “always” meet minimum quality specifications. One purchaser reported that narrow woven ribbons from Europe “always” meet minimum quality specifications; one reported “usually” for imports from France; one reported “usually” for imports from the United Kingdom; one reported “usually” for imports from Brazil; and one reported “usually” for imports from Thailand.

ELASTICITY ESTIMATES⁴⁴

U.S. Supply Elasticity⁴⁵

The domestic supply elasticity for narrow woven ribbons measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of narrow woven ribbons. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers’ ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced narrow woven ribbons. Analysis of these factors above indicates that U.S. producers have the ability to increase or decrease shipments to the U.S. market; an estimate in the range of 4 to 6 is suggested.⁴⁶

U.S. Demand Elasticity

The U.S. demand elasticity for narrow woven ribbons measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of narrow woven ribbons. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products. Based on the available information, the aggregate demand elasticity for narrow woven ribbons is likely to be in the range of -1.25 to -1.5.⁴⁷

⁴⁴ Petitioner submitted an economic study estimating the effects of subject imports on the U.S. narrow woven ribbons industry. Petitioner uses elasticity estimates of a range of 3 to 8 for U.S. supply elasticity, -0.5 for demand elasticity, and a range of 4 to 8 for substitution elasticity and assumes that, “absent dumping and subsidization,” subject import volumes would have been 25 percent lower than their actual levels, rather than applying the margins determined by the Commerce Department. Based on these estimates and assumptions, petitioner’s study found that U.S. industry shipments would have been *** percent higher in 2009 than their actual level. Petitioner’s posthearing brief, exh. 2. Staff notes that petitioner’s elasticity estimates differ from staff’s estimates (*see* discussion below).

⁴⁵ A supply function is not defined in the case of a non-competitive market.

⁴⁶ Petitioner asserted that U.S. supply elasticity is in the range of 3 to 8, which it states is consistent with staff’s estimate. Petitioner’s posthearing brief, exh. 2, p. 10.

⁴⁷ Petitioner asserted that demand for narrow woven ribbons is inelastic, citing an estimated range of -0.1 to -0.5. Petitioner’s prehearing brief, p. 12. Staff notes that petitioner’s characterization of demand elasticity primarily focuses on the low cost share accounted for by narrow woven ribbons in end uses. Staff maintains that demand is slightly elastic, due primarily to the fact that a wide range of available and practical substitutes were cited by questionnaire respondents. Moreover, staff considers the purchase of narrow woven ribbons to be discretionary because they are reportedly a fashion-driven accessory item. Taiwan respondents agree with staff’s estimate of demand elasticity. Taiwan respondents’ posthearing brief, pp. A-73-74.

Substitution Elasticity⁴⁸

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality and conditions of sale (availability, sales terms/discounts, etc.). Based on available information, the elasticity of substitution between U.S.-produced narrow woven ribbons from China and Taiwan is likely to be in the range of 2 to 4.⁴⁹

⁴⁸ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

⁴⁹ Petitioner asserted that the elasticity of substitution is higher than the staff estimate and proposed an estimate of 4 to 8. Hearing transcript, p. 64 (Kaplan). Staff notes that, as shown in table II-5, slightly more than half of responding importers reported that differences other than price between U.S.-produced narrow woven ribbons and subject imports are always or frequently a significant factor, which implies a moderate degree of substitution elasticity, as staff estimated. Taiwan respondents contend that the elasticity of substitution of 4 to 8 proposed by the petitioner is much too high. Taiwan respondents' posthearing brief, pp. A-75-76.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margins of dumping and subsidies was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of four firms that accounted for the vast majority of U.S. production of narrow woven ribbon over the period examined.

U.S. PRODUCERS

Table III-1 lists U.S. producers of narrow woven ribbons, their production locations, positions on the petitions, production, and shares of reported production over the period for which data were collected.

Table III-1
Narrow woven ribbons: U.S. producers, their positions on the petitions, production locations, production, and shares of reported production, January 2007 to December 2009

| Firm | Position on petitions ¹ | Production locations | Total production (1,000 square yards) | Share of production (percent) |
|---|------------------------------------|---------------------------------|---------------------------------------|-------------------------------|
| Berwick Offray, LLC | Support, petitioner | Hagerstown, MD Leesville, SC | *** | *** |
| L.A. Najarian, Inc. | *** | Greene, NY | *** | *** |
| Lawrence Schiff Silk Mills, Inc. | *** | Quakertown, PA | *** | *** |
| Trimtex Co., Inc. | *** | Williamsport, PA | *** | *** |
| Total | | | *** | *** |
| ¹ Position on all three petitions. Source: Compiled from data submitted in response to Commission questionnaires. | | | | |

The petitioner, Berwick Offray, was the largest U.S. producer of narrow woven ribbons over the period examined, accounting for more than *** of U.S. production. Lawrence Schiff was the second-largest producer of narrow woven ribbons, accounting for a little under *** of U.S. production. Two other U.S. producers, L.A. Najarian and Trimtex, had *** production of narrow woven ribbons over the period examined. One of the U.S. producers, Trimtex, ceased its production of narrow woven ribbons ***.

Historical Decline of the Industry

As the U.S. ribbons industry lost its apparel end-market (reflecting the fact that the vast majority of apparel production has left the United States), U.S. producers shifted to focusing on the smaller craft and retail markets for ribbons.¹ In the 1990s, Offray (prior to its merger with Berwick) had an approximate \$*** narrow woven ribbons business; by the time of the merger in 2002 this had declined to \$***, largely reflecting the loss of downstream apparel manufacturers in the United States according to

¹ Staff conversation with ***, April 8, 2010.

, but also reflecting a shift by some ribbon consumers (mainly retailers) to source narrow woven ribbons abroad.² *** estimated that by 2004-05, the vast majority of apparel manufacturers that had previously been purchasers of narrow woven ribbons no longer had U.S. operations, although U.S. producers indicated that this trend continues through the period examined.³ U.S. producer *** summarizes the trend of decreasing demand for narrow woven ribbons as follows, “.”⁴ U.S. producer ***⁵ also indicates that a major demand driver related to “***.”⁶ Finally, U.S. producer *** indicates that there has been a “***” over the period examined.⁷

Former U.S. producer *** ceased its U.S. production of ribbons due to the loss of the apparel market in the United States and currently supplies its remaining U.S. customers with imported merchandise.⁸ Likewise, the petitioner and other U.S. producers currently focus production and marketing of subject merchandise on the craft, packaging, and retail sectors due to the historical decline of the U.S. apparel industry.⁹ ***, on the other hand, a producer of narrow woven ribbons ***, exited the industry due to ***.¹⁰

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-2, figure III-1, and figure III-2 present U.S. producers’ production, capacity, and capacity utilization. Over the period examined, U.S. producers’ production declined by *** percent, with most of the decline occurring between 2008 and 2009. While all four responding U.S. producers reported a decrease in production between 2008 and 2009, *** decreased its 2009 production relative to its own 2008 production level to a *** larger extent than other firms in the industry, reflecting a management decision ***.¹¹ *** reported decrease in production between 2008 and 2009, which accounted for *** percent of the overall decrease reported by all producers, largely mirrored the *** in that year.¹²

Reported ribbon capacity relates to loom capacity; however, capacity to produce subject merchandise may also be constrained by capacity bottlenecks in other downstream finishing operations such as ribbon dyeing or spooling.¹³ Bottlenecks in dyeing and spooling capacity are addressed by U.S. producers on a case-by-case basis based on projected demand, and are not necessarily less capital intensive than addressing capacity constraints in weaving operations.¹⁴ To the degree that a producer supplies the more seasonal retail demand for narrow woven ribbons, additional constraints on capacity

² Staff telephone conversation with ***, July 16, 2010.

³ Ibid.

⁴ *** U.S. importers’ questionnaire response, question III-5.

⁵ As table III-1 indicated, *** accounted for *** percent of total production of narrow woven ribbons over the period examined, but *** is also focused more on supplying the industrial end user market which includes apparel manufacturing as well as packaging (*i.e.*, putting a “give away” ribbon on a box as part of its packaging). See staff telephone notes with ***, July 16, 2010. Within the industrial end use channel, *** accounted for *** percent of U.S. producers’ U.S. shipments.

⁶ *** U.S. producers’ questionnaire response, question IV-15.

⁷ *** U.S. producers’ questionnaire response, question IV-15.

⁸ Staff telephone conversation with ***, May 24, 2010.

⁹ Staff conversation with ***, April 8, 2010.

¹⁰ The closure of ***. ***. The narrow woven ribbons facility ceased its manufacturing activities ***. Staff conference call notes, ***, July 20, 2010.

¹¹ Staff telephone conversation, ***, July 16, 2010. *** accounted for *** percent of the overall decline in production reported by U.S. producers between 2008 and 2009, *** percent of production over the period examined.

¹² ***.

¹³ See table III-2 for a discussion of capacity reported by ***.

¹⁴ Staff conversation with ***.

may occur due to seasonal demand “crunches.”¹⁵ U.S. producer ***, given the proper demand conditions, could increase production of narrow woven ribbons without installing new looms.¹⁶

Table III-2
Narrow woven ribbons: U.S. producers’ production, capacity, and capacity utilization, 2007-09

* * * * *

Figure III-1
Narrow woven ribbons: U.S. producers’ production, average production capacity, and capacity utilization, 2007-09

* * * * *

Figure III-2
Narrow woven ribbons: U.S. producers’ production, hypothetical capacity, and capacity utilization, 2007-09

* * * * *

According to the petitioner, one of the effects of the industry’s re-orientation towards the craft, packaging, and retail end markets for ribbons is that U.S. producers now have developed more customized products (*e.g.*, unique dyes) and in quantities (*e.g.*, individual spools) marketable at the retail level.¹⁷ A portion of the U.S. industry’s capital expenditures in the recent past has gone into the development of new automated dyeing and spooling processes, and certain spooling processes that have not been successfully automated ***.¹⁸ In fact, according to the petitioner, constraints on the cost effectiveness of U.S. producers’ spooling operations has led some foreign sources to develop niche products not offered at competitive prices by U.S. producers (*e.g.*, micro-spools, trays of small 3-yard spools, et cetera).¹⁹

U.S. PRODUCERS’ U.S. SHIPMENTS AND EXPORTS

Table III-3 presents U.S. producers’ shipments over the period examined. U.S. producers primarily ship domestically-produced narrow woven ribbons to customers within the United States.²⁰ U.S. producers’ U.S. shipments of narrow woven ribbons were lowest in 2009 in terms of quantity, value, and average unit values. *** decision ***²¹ accounted for most of the decrease in the average unit value

¹⁵ Hearing transcript, pp. 237-239 (Ms. Dembski-Brandl, Mr. Lodge, Ms. Bucklin).

¹⁶ The difference between hypothetical capacity and average production capacity in table III-2 represents additional weaving capacity (*i.e.*, idled looms and looms operating at less than full capacity) at *** that could be brought online ***.

¹⁷ ***.

¹⁸ For example, in the 2006-07 period, ***.

¹⁹ ***.

²⁰ Canada and Mexico were the primary destination markets for U.S. producers’ exports.

²¹ Staff telephone conversation with ***, July 16, 2010. *** accounted for *** percent of the overall decline in production reported by U.S. producers between 2008 and 2009, despite accounting for only *** percent of production over the period examined.

of overall U.S. producers' U.S. shipments over the period examined.²² *** reporting U.S. producers indicated that they shipped narrow woven ribbons to all regions within the continental United States.²³

The vast majority (*** percent of the value) of U.S. producers' U.S. shipments in 2009 consisted of narrow woven ribbons of fabric made of primarily (>50%) polyester. *** percent of the value of U.S. producers' U.S. shipments was narrow woven ribbons of fabric made of primarily (>50%) nylon, *** percent was of fabric made of primarily (>50%) metallic fibers, and the remaining *** percent was everything else, *i.e.*, made of fabric in which polyester, nylon, or metallic fibers did not individually account for more than 50 percent of the input yarn.²⁴

Table III-3
Narrow woven ribbons: U.S. producers' U.S. shipments, export shipments, and total shipments, 2007-09

* * * * *

Seasonality of U.S. Shipments

Table III-4 and figure III-3 present U.S. producers' U.S. shipments by month. U.S. producers sold narrow woven ribbons
 ***.²⁵

Table III-4
Narrow woven ribbons: U.S. producers' U.S. shipments by month, 2008-09

* * * * *

Figure III-3
Narrow woven ribbons: U.S. producers' U.S. shipments by month, 2008-09

* * * * *

U.S. Shipments by Channel of Distribution

Table III-5 presents the value of U.S. producers' U.S. shipments by channel of distribution. The channels of distribution were defined as follows:

Wholesaler/Distributor.--Firms that purchase finished product for the purpose of re-selling the same finished product to either a retailer or an industrial user.

²² The average unit values of *** U.S. shipments decreased from \$*** per square yard in 2007 to \$*** per square yard. *** U.S. producers' questionnaire response, question II-8.

²³ U.S. producers' questionnaire responses, question IV-12. Additionally, the *** percent of U.S. producers' U.S. shipments over the 2007-09 period, indicated that they shipped to all locations within the United States, *i.e.*, including Hawaii and U.S. territories.

²⁴ U.S. producers' questionnaire responses, question II-17.

²⁵ In 2008, *** percent of the value of U.S. shipments occurred in the first half of the year and *** percent in the second half. In 2009, *** percent of the value of U.S. shipments occurred in the first half of the year and *** percent in the second half.

Industrial end user.--Firms that purchase (or imported directly) finished product for the purpose of consuming the finished product in the creation of a different finished product; examples include retail florists and retail stores that use the finished product to embellish their retail boxes.²⁶

Retailer.--Firms that resell the finished product to individual consumers.

Final consumer.--Customers purchasing from retail stores or internet sites.

Over the period examined, U.S. producers' U.S. shipments to retailers increased by *** percent, while U.S. producers' U.S. shipments to distributors and to industrial end users decreased by *** percent and by *** percent, respectively.

Table III-5
Narrow woven ribbons: U.S. producers' U.S. shipments by channel of distribution, 2007-09

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-6 presents U.S. producers' imports, production, and ratios of imports to production over the period examined.

Table III-6
Narrow woven ribbons: U.S. producers' imports, production, and ratios of imports to production, 2007-09

* * * * *

Both major U.S. producers also import *** subject merchandise from subject sources.²⁷ Additionally, ***, which ***, is an importer of subject merchandise from subject sources. U.S. producers provided the following reasons for importing:²⁸

- Berwick Offray: ***.
- Lawrence Schiff: ***.
- ***.

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratios of these inventories to U.S. producers' production, U.S. shipments, and total shipments over the period examined. ***

²⁶ This "industrial end use" would include sales of narrow woven ribbons to apparel manufacturers, but not exclusively. Narrow woven ribbons sold to distributors could also have gone to apparel manufacturers or to other end users. Further, some retailers holding narrow woven ribbons serve primarily the home apparel market.

²⁷ A definition and discussion of import facilitation by U.S. producers is included in Part IV of this report.

²⁸ Taken from firms' responses to question II-6 of the U.S. importers' questionnaire.

accounted for *** of reported U.S. producers' inventories.²⁹ According to a company official, these inventories represent years of accumulated inventory that ***. *** and this accounted for *** of the decrease in U.S. inventories by U.S. producers between 2008 and 2009.³⁰

Table III-7
Narrow woven ribbons: U.S. producers' end-of-period inventories, 2007-09

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-8 shows U.S. producers' employment-related data during the period examined.

Table III-8
Narrow woven ribbons: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2007-09

* * * * *

While ***, most of the decrease in PRWs caused by ***, and is therefore not reflected in the decline in PRWs reported during the period examined.³¹ The ***-percent reduction in PRWs over the period examined far outstripped the ***-percent decline in U.S. producers' U.S. shipments, but roughly paralleled the ***-percent decline in U.S. production.^{32 33} Aggregate hours worked by PRWs declined further than overall employment and U.S. production, *i.e.*, by *** percent, resulting in some increased productivity over the period. Gains in hourly wages remained low enough compared to aggregate hours worked and production that the unit labor cost per square yard decreased *** over the period examined.

²⁹ For example, in 2009, *** indicated that it maintained an inventory level that accounted for *** percent of its domestic production, while in that same year, *** reported inventories that accounted for over *** percent of its domestic production. According to a company official, ***.

³⁰ Staff telephone conversation with ***, July 16, 2010.

³¹ *** response to staff questions, May 12, 2010.

³² In other words, U.S. producers shipped relatively more product from inventory in 2009 as a share of total U.S. shipments than in previous years within the period.

³³ Also, *** reduction in PRWs accounted for *** percent of the decline between 2008 and 2009.

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

Data on imports of narrow woven ribbons are based on responses to Commission questionnaires except where noted.¹ Narrow woven ribbons are imported under a variety of HTS numbers, including but not limited to the specific statistical reporting numbers presented in Part I of this report.² Further, prior to 2008, imports under the primary HTS subheading (*i.e.*, 5806.32) were not broken out by statistical reporting numbers applicable to the merchandise subject to these investigations.³ Additionally, official Commerce statistics gathered quantity information on imports by weight (*i.e.*, in kilograms) which does not provide useful average unit value calculations given that the merchandise subject to these investigations is typically priced based on the surface area of ribbon sold (*i.e.*, by square yard). Finally, a number of U.S. importers apparently also re-export imported merchandise.⁴

Since Commerce indicated in its final LTFV determinations that several of the firms within the subject countries (*i.e.*, China and Taiwan) were not selling narrow woven ribbons at LTFV, this part of the report divides import data into imports from “subject sources” (*i.e.*, all imports from China⁵ or from Taiwan excluding imports from the zero-rate firms in Taiwan that Commerce identified) and from “nonsubject sources” (*i.e.*, imports from the zero-rate firms in Taiwan that Commerce identified as well as imports from all other countries except China). The Commission received questionnaire responses from 52 firms believed to account for the vast majority of imports of narrow woven ribbons from subject sources.^{6,7} As discussed in Part VII of this report, U.S. importer questionnaires also account for the vast majority of imports of narrow woven ribbons from nonsubject sources.

U.S. IMPORTERS

Table IV-1 presents data on the U.S. importers that cumulatively account for at least 85 percent of the imports from a given source (based on quantity).

¹ Proprietary Customs data on imports are used in the discussions on negligibility and cumulation where a break-out of monthly statistics was needed.

² U.S. importers, in their responses to the Commission’s U.S. importers’ questionnaire, reported on the imports and sales of all merchandise matching Commerce’s scope language regardless of the specific HTS number used.

³ This makes constructing a time-series dataset on imports from official Commerce statistics for the 2007-09 period impossible. In 2008, when the new statistical reporting numbers were instituted, imports under these numbers accounted for only approximately 40 percent of what had been reported under the overly broad statistical reporting number in 2007.

⁴ U.S. importers’ U.S. shipment data have therefore been used to construct apparent U.S. consumption data.

⁵ While Commerce determined that the Chinese producer Yama Ribbons and Bows Co., Ltd. was not selling its narrow woven ribbon at LTFV in the U.S. market, it did find that Yama Ribbons received a non *de minimis* net countervailable subsidy from the Government of China, and therefore for the purposes of this report U.S. imports from Yama are considered to be subject imports from China. In other words, all U.S. imports from China are subject.

⁶ Questionnaire data gathered on imports from subject sources represent 132 percent of the value reported under the subject merchandise’s specific statistical reporting numbers within subheading 5806.32 in 2008 for imports from subject sources, and 87 percent in 2009.

⁷ The Commission received 74 responses to its importers’ questionnaire in the preliminary phase of these investigations; however, most of the firms that did not respond in the final phase of these investigations were small importers. Data gathered in the final phase of these investigations on imports from China and Taiwan (both subject and nonsubject sources) amounted to \$64.2 million in 2008, while data reported in the preliminary phase amounted to \$65.0 million in that same year (*i.e.*, 99 percent of the data from the preliminary phase).

Table IV-1
Narrow woven ribbons: U.S. importers, by source, January 2007 to December 2009 aggregated

* * * * *

U.S. IMPORTERS' U.S. IMPORTS

Table IV-2 and figure IV-1 present information on U.S. imports of narrow woven ribbons over the period examined.

Table IV-2
Narrow woven ribbons: U.S. importers' U.S. imports, by source, 2007-09

| Source | Calendar year | | |
|---|---------------|--------|--------|
| | 2007 | 2008 | 2009 |
| Quantity (1,000 square yards) | | | |
| China | *** | *** | *** |
| Taiwan, subject | 12,694 | 11,264 | 8,904 |
| Subtotal, subject | *** | *** | *** |
| Taiwan, nonsubject | *** | *** | *** |
| All other sources | *** | *** | *** |
| Subtotal, nonsubject | *** | *** | *** |
| Total imports | 29,848 | 30,322 | 23,460 |
| Value (1,000 dollars) | | | |
| China | *** | *** | *** |
| Taiwan, subject | 27,389 | 27,402 | 21,882 |
| Subtotal, subject | *** | *** | *** |
| Taiwan, nonsubject | *** | *** | *** |
| All other sources | *** | *** | *** |
| Subtotal, nonsubject | *** | *** | *** |
| Total imports | 68,576 | 68,372 | 55,009 |
| Unit value (dollars per square yard) | | | |
| China | *** | *** | *** |
| Taiwan, subject | 2.16 | 2.43 | 2.46 |
| Average, subject | *** | *** | *** |
| Taiwan, nonsubject | *** | *** | *** |
| All other sources | *** | *** | *** |
| Average, nonsubject | *** | *** | *** |
| Average, all imports | 2.30 | 2.25 | 2.34 |

Table continued on next page

Table IV-2 --Continued
Narrow woven ribbons: U.S. importers' U.S. imports, by source, 2007-09

| Source | Calendar year | | |
|--|---------------|------|------|
| | 2007 | 2008 | 2009 |
| Share of quantity (percent) | | | |
| China | *** | *** | *** |
| Taiwan, subject | *** | *** | *** |
| Subtotal, subject | *** | *** | *** |
| Taiwan, nonsubject | *** | *** | *** |
| All other sources | *** | *** | *** |
| Subtotal, nonsubject | *** | *** | *** |
| Source: Compiled from data submitted in response to Commission questionnaires. | | | |

On a cumulated basis, the quantity of imports from subject sources first rose slightly in 2008 and then declined sharply in 2009. The slight rise in subject imports in 2008 reflects the fact that subject imports from China increased by more than the amount that subject imports from Taiwan decreased. Subject imports from both China and Taiwan decreased in 2009, although the decline of U.S. imports from China was greater, both absolutely and in percent, than the decline in U.S. imports from subject sources in Taiwan. Part of the decline in subject import volumes in 2009 may be attributed to the filing of the petition in these investigations (July 2009). *** indicated the following in relation to its narrow woven ribbon imports from China: “The 2009 imports decreased because of this trade remedies proceeding.”⁸ ***.⁹ Other firms primarily cited the weak economy, slowing sales, or weak demand for subject merchandise in the U.S. market as the reason for decreases in their imports in 2009.

Figure IV-1
Narrow woven ribbons: U.S. importers' U.S. imports, by source, 2007-09

* * * * * * *

U.S. Imports Controlled by U.S. Producers

Table IV-3 presents information on U.S. imports of narrow woven ribbons that U.S. producers control, either through direct import operations or through import facilitation¹⁰ activities.¹¹ Over the period examined, U.S. imports under U.S. producers' control decreased by *** percent for imports from subject sources and by *** percent for imports from nonsubject sources. Most of the imports under U.S. producers' control diminished between 2007 and 2008, as certain retailers, namely ***, began cutting out U.S. producers from their import sourcing and began importing directly. As a share of imports by each source, imports under U.S. producers' control were ***.

⁸ *** U.S. importers' questionnaire response, question II-6.

⁹ ***. *** posthearing brief, ***.

¹⁰ Facilitation is defined as any activity designed to, or having the effect of, helping to bring about either the import of narrow woven ribbons into the United States or the export of narrow woven ribbons to the United States. Such activities include, but are not limited to, promoting, advertising, negotiating contracts, arranging sales, brokering transactions, invoicing, financing, guaranteeing, collaborating, providing quality control, or performing other types of logistical or administrative support or assistance.

¹¹ Note that this table underestimates the true amount of U.S. imports controlled by U.S. producers to the degree that Berwick Offray was unable to provide complete data on its import facilitation activities. See appendix E for a further discussion of missing data from Berwick Offray.

Table IV-3
Narrow woven ribbons: U.S. imports controlled by U.S. producers, by source, 2007-09

* * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.¹² Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period (in this case, July 2008 through June 2009), then imports from such countries are deemed not to be negligible.¹³ U.S. imports from China accounted for *** percent of the value of total imports of narrow woven ribbons in the July 2008 to June 2009 period, while subject U.S. imports from Taiwan (Taiwan subject) accounted for 34.0 percent, or *** percent on a cumulated basis.¹⁴

U.S. IMPORTERS' SHIPMENTS OF IMPORTS

Table IV-4 presents data on U.S. importers' shipments of imports from China over the period examined.

Table IV-4
Narrow woven ribbons: U.S. importers' shipments of imports from China, 2007-09

* * * * *

Table IV-5 presents data on U.S. importers' shipments of subject imports from Taiwan over the period examined.

¹² Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

¹³ Section 771(24) of the Act (19 U.S.C. § 1677(24)).

¹⁴ Calculated from proprietary Customs data for imports under the new statistical reporting numbers detailed in Part I of this report. Value data were used as the quantity data gathered for Customs purposes was in kilograms, which does not provide a useful quantity measure for the subject merchandise.

Table IV-5
Narrow woven ribbons: U.S. importers' shipments of subject imports from Taiwan, 2007-09

| Source | Calendar year | | |
|--|---------------|--------|--------|
| | 2007 | 2008 | 2009 |
| Quantity (1,000 square yards) | | | |
| U.S. shipments: | | | |
| Commercial U.S. shipments | *** | *** | *** |
| Internal consumption | *** | *** | *** |
| Total U.S. shipments | 12,226 | 10,880 | 8,634 |
| Export shipments | 403 | 458 | 453 |
| Total shipments (Taiwan subject) | 12,629 | 11,338 | 9,087 |
| Value (1,000 dollars) | | | |
| U.S. shipments: | | | |
| Commercial U.S. shipments | *** | *** | *** |
| Internal consumption | *** | *** | *** |
| Total U.S. shipments | 33,210 | 33,762 | 28,301 |
| Export shipments | 959 | 1,420 | 1,414 |
| Total shipments (Taiwan subject) | 34,169 | 35,182 | 29,715 |
| Unit value (dollars per square yard) | | | |
| U.S. shipments: | | | |
| Commercial U.S. shipments | *** | *** | *** |
| Internal consumption | *** | *** | *** |
| Total U.S. shipments | 2.72 | 3.10 | 3.28 |
| Export shipments | 2.38 | 3.10 | 3.12 |
| Total shipments (Taiwan subject) | 2.71 | 3.10 | 3.27 |
| Share of quantity (percent) | | | |
| U.S. shipments: | | | |
| Commercial U.S. shipments | *** | *** | *** |
| Internal consumption | *** | *** | *** |
| Total U.S. shipments | 96.8 | 96.0 | 95.0 |
| Export shipments | 3.2 | 4.0 | 5.0 |
| Total shipments (Taiwan subject) | 100.0 | 100.0 | 100.0 |
| Source: Compiled from data submitted in response to Commission questionnaires. | | | |

Table IV-6 presents data on U.S. importers' shipments of nonsubject imports (*i.e.*, U.S. importers' shipments of nonsubject imports from Taiwan and imports from all other countries except China) over the period examined.

Table IV-6
Narrow woven ribbons: U.S. importers' shipments of imports from nonsubject sources, 2007-09

* * * * *

Figure IV-2 presents information on the quantity of importers' U.S. shipments of narrow woven ribbons and associated average unit values, by source.

Figure IV-2

Narrow woven ribbons: Quantity of U.S. importers' U.S. shipments and associated average unit values, by source, 2007-09

* * * * *

U.S. Importers' U.S. Shipments by Channel of Distribution

Table IV-7 presents value data on U.S. importers' U.S. shipments by channel of distribution.¹⁵

Table IV-7

Narrow woven ribbons: U.S. importers' U.S. shipments by channel, by source, 2007-09

* * * * *

CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.¹⁶

Fungibility

Table IV-8 presents data on the share of the value of U.S. shipments of narrow woven ribbons by sources and primary fiber content in 2009. Most narrow woven ribbons are made primarily of polyester fibers regardless of the source (domestically produced or imported). However, imported narrow woven ribbons from both subject and nonsubject sources each have greater shares of predominately nylon content than do domestically-produced narrow woven ribbons. While narrow woven ribbons made of metallic fibers command a price premium in the market, the overall share of such merchandise is relatively small, regardless of the source.

Table IV-8

Narrow woven ribbons: Share of the value of U.S. shipments by source and primary fiber content, 2009

* * * * *

¹⁵ Channel data were gathered by value in Commission questionnaires.

¹⁶ In the preliminary phase of these investigations, the Commission exercised its discretion to cumulate subject imports from China and Taiwan for purposes of determining whether there was a reasonable indication of a threat of material injury by reason of subject imports from China and Taiwan. *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Investigation Nos. 701-TA-467 and 731-TA-1164-1165*, USITC Publication 4099, August 2009, p. 18.

Geographic Overlap

Table IV-9 presents data on the presence of U.S. producers' and U.S. importers' U.S. shipments of narrow woven ribbons in the 2007-09 period. Domestically produced and imported narrow woven ribbons are sold throughout the United States.

Table IV-9

Narrow woven ribbons: Presence of U.S. producers' and U.S. importers' U.S. shipments, January 2007 to December 2009 aggregated

| Item | U.S. producers | Subject | | Nonsubject | |
|---|----------------|---------|--------|------------|-------------------|
| | | China | Taiwan | Taiwan | All other sources |
| Firm coverage for entire United States ¹ (number) | *** | *** | 28 | 14 | *** |
| Total firms with U.S. shipments over the period (number) | *** | *** | 33 | 20 | *** |
| Share of U.S. shipments ² (percent) | *** | *** | 95.4 | 79.1 | *** |
| Firm coverage for continental United States ³ (number) | 4 | *** | 27 | 14 | *** |
| Total firms with U.S. shipments over the period (number) | 4 | *** | 33 | 20 | *** |
| Share of U.S. shipments ² (percent) | 100.0 | *** | 95.3 | 79.1 | *** |

¹ Includes Hawaii, Alaska, and territories.
² This number indicates the share of U.S. shipments out of the total shipped throughout the indicated geographical area by source. For example, the data in this table indicate that *** percent of all U.S. shipments of imports from China in the 2007-09 period are sold by firms with shipments made to all geographical areas in the United States, or inversely only *** percent of U.S. importers' U.S. shipments of imports from China in the 2007-09 period are made to limited geographic areas within the United States.
³ Excludes Hawaii, Alaska, and territories.

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

Presence in the Market and Seasonality

Part V of this report presents information on the presence of specific pricing products on a quarterly basis over the period examined. Table IV-10 presents data on the presence of monthly imports, by source, in 2008 and 2009. Subject U.S. imports from Taiwan and China were present in each month over the 2008-09 period. Figure IV-3 presents data on monthly imports from subject sources over the 2008-09 period. As demonstrated in figure IV-3, subject U.S. imports are largely seasonal with approximately one-third of the imports occurring in the first half of the year and two-thirds of the imports occurring in the second half of the year.¹⁷

¹⁷ In 2008, *** percent of subject imports entered the United States during the first half of the year, and the remaining *** percent entered in the second half of the year. In 2009, *** percent of subject imports entered the United States during the first half of the year, and the remaining *** percent entered in the second half of the year.

Table IV-10**Narrow woven ribbons: Monthly presence of U.S. imports, by source, 2008-09**

* * * * *

Figure IV-3**Narrow woven ribbons: U.S. imports from subject sources, by month, 2008-09**

* * * * *

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Table IV-11 presents data on apparent U.S. consumption and U.S. market shares for narrow woven ribbons over the period examined.

Table IV-11**Narrow woven ribbons: Apparent U.S. consumption and U.S. market shares, 2007-09**

| Source | Calendar year | | |
|--------------------------------------|---------------|--------|--------|
| | 2007 | 2008 | 2009 |
| Quantity (1,000 square yards) | | | |
| U.S. producers' U.S. shipments | *** | *** | *** |
| U.S. shipments of imports from-- | | | |
| China | *** | *** | *** |
| Taiwan, subject | 12,226 | 10,880 | 8,634 |
| Subtotal, subject | *** | *** | *** |
| Taiwan, nonsubject | *** | *** | *** |
| All other sources | *** | *** | *** |
| Subtotal, nonsubject | *** | *** | *** |
| Total shipments of imports | 28,655 | 29,083 | 21,994 |
| Apparent U.S. consumption | *** | *** | *** |
| Value (1,000 dollars) | | | |
| U.S. producers' U.S. shipments | *** | *** | *** |
| U.S. shipments of imports from-- | | | |
| China | *** | *** | *** |
| Taiwan, subject | 33,210 | 33,762 | 28,301 |
| Subtotal, subject | *** | *** | *** |
| Taiwan, nonsubject | *** | *** | *** |
| All other sources | *** | *** | *** |
| Subtotal, nonsubject | *** | *** | *** |
| Total shipments of imports | 99,706 | 96,125 | 70,266 |
| Apparent U.S. consumption | *** | *** | *** |

Table continued on next page.

Table IV-11--Continued

Narrow woven ribbons: Apparent U.S. consumption and U.S. market shares, 2007-09

* * * * *

Figure IV-4 presents information on U.S. market shares, by source, over the period examined.

Figure IV-4

Narrow woven ribbons: U.S. market shares, by source, 2007-09

* * * * *

Apparent U.S. Consumption and Market Shares by Channel of Distribution

Table IV-12 presents data on apparent U.S. consumption and U.S. market shares for narrow woven ribbons during 2007-09 in the wholesale/distributor and industrial end user channels combined. Over the period examined, the value of apparent U.S. consumption in these channels declined by *** percent. U.S. producers accounted for *** percent of this market, while subject imports accounted for *** percent. The wholesale/distributor and industrial end user channels accounted for *** percent of overall consumption of narrow woven ribbons in 2007 and *** percent in 2009, reflecting a slightly sharper decline on a percentage basis in consumption in these channels over the period examined than in the retailer/final consumer channels as measured by the value of U.S. shipments.

Table IV-12

Narrow woven ribbons: Apparent U.S. consumption and U.S. market shares for the wholesale/distributor and industrial end users channels, 2007-09

* * * * *

Table IV-13 presents data on apparent U.S. consumption and U.S. market shares for narrow woven ribbons during 2007-09 in the retailer and final consumer channels combined. Over the period examined, the value of apparent U.S. consumption in these channels declined by *** percent. U.S. producers' U.S. shipments increased as a share of this market from *** to *** percent over the period examined, while U.S. importers' U.S. shipments of subject imports decreased as a share of this market from *** to *** percent.¹⁸ The retailer and final end user channels accounted for *** percent of overall consumption of narrow woven ribbons in 2007 and *** percent in 2009, reflecting a slightly lesser decline on a percentage basis in consumption in these channels over the period examined than in the wholesale/distributor and industrial end user channels as measured by the value of U.S. shipments.

Table IV-13

Narrow woven ribbons: Apparent U.S. consumption and U.S. market shares for the retailer and final end user channels, 2007-09

* * * * *

¹⁸ Most of the decline in subject import market share occurred between 2008 and 2009. Retailers testified that they decreased their overall holiday orders for narrow woven ribbons for 2009 based on a dismal holiday season in 2008.

RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-14 presents data on the ratios of U.S. imports to U.S. production.

Table IV-14

Narrow woven ribbons: Ratios of U.S. imports to U.S. production, 2007-09

* * * * *

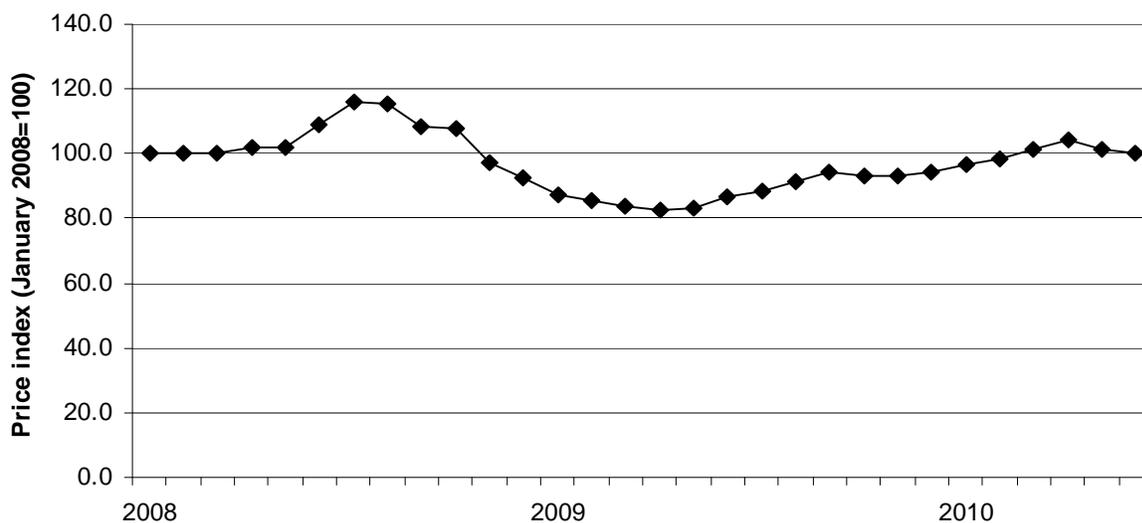
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

U.S. producers of narrow woven ribbons reported that polyester nylon, acetate, and rayon yarns are the principal raw materials used in producing narrow woven ribbons, with *** reporting that polyester yarn in particular accounts for *** percent of its total raw material costs. Other raw materials cited included dyes (reportedly accounting for *** percent of total raw material costs), corrugated packaging, and paper and plastic spools. U.S. producers reported that their raw material costs accounted for *** percent of COGS in 2007, *** percent in 2008, and *** percent in 2009. *** reported that the price of polyester yarn increased *** in 2007, remained stable in 2008 and 2009, increased *** in the first quarter of 2010 and is now expected ***.¹ U.S. producer *** reported that the prices of raw materials have increased since 2007 and it expects them to continue to increase.² Figure V-1 shows a monthly price index of a weighted basket of synthetic fibers (including acrylic, nylon, polyester, and polypropylene) in the United States since 2008. Figure V-2 shows a monthly price index of polyethylene, which is used to make polyester yarn, from 2007 to February 2010.

Figure V-1
Narrow woven ribbons: Monthly price index of synthetic fibers in the United States, by month, January 2008-June 2010

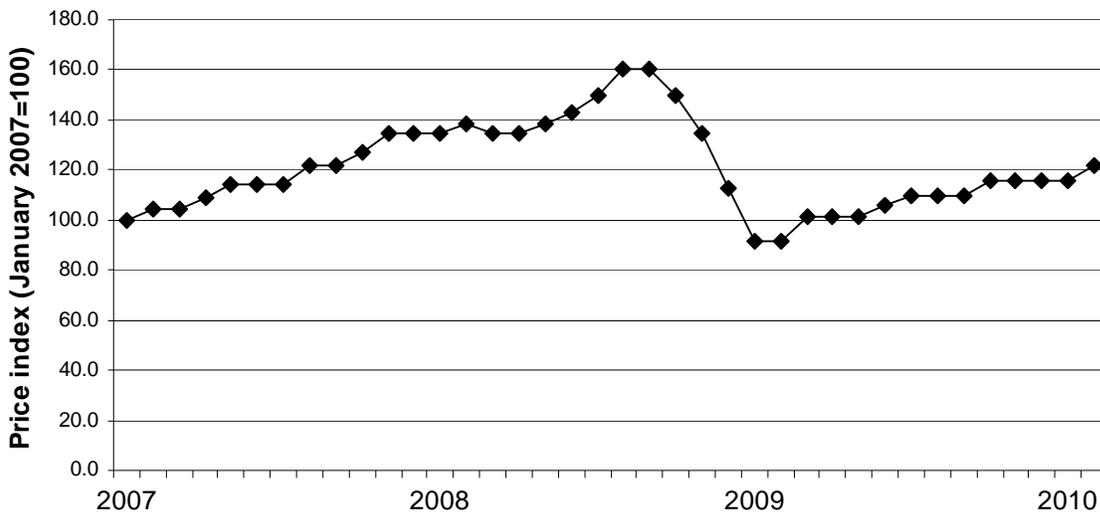


Source: PCI Fibres. <http://pcifibres.com/id4.html>.

¹ ***'s U.S. producers' questionnaire response, at question IV-19. It also reported increases in the price of corrugated packaging, dyes, nylon yarn, and metallic yarn in 2007 and 2008. *** reported that it had ***. It also reported that the prices of corrugated packaging, plastic, and paper have increased in the first quarter of 2010.

² ***'s U.S. producers' questionnaire response, at question IV-19.

Figure V-2
Narrow woven ribbons: Average monthly U.S. price index of polyethylene, by month, January 2007-February 2010



Source: Compiled from data published in *Plastics News* (as presented in USITC Publication 4160).

U.S. Inland Transportation Costs

U.S. producers reported that U.S. inland transportation costs of narrow woven ribbons range from *** to *** percent of the delivered price. Importers reported that U.S. inland transportation costs of narrow woven ribbons range from 1 to 10 percent of the delivered price, with the majority of importers reporting U.S. inland transportation costs of 5 percent or less.

U.S. inland shipping distances for U.S.-produced narrow woven ribbons and narrow woven ribbons produced in China and Taiwan were requested from both U.S. producers and U.S. importers. For the U.S. producers, *** percent of their U.S. sales in 2009 occurred within distances of 100 miles from their facilities, *** percent occurred within distances of 101 to 1,000 miles, and *** percent occurred at distances over 1,000 miles from their facilities. For importers of narrow woven ribbons from China, 14.2 percent of their U.S. commercial shipments in 2009 occurred within 100 miles of their storage facilities, 34.3 percent of sales occurred within 101 to 1,000 miles, and 51.4 percent occurred at distances over 1,000 miles. For importers of narrow woven ribbons from Taiwan, 10.1 percent of their U.S. commercial shipments in 2009 occurred within 100 miles of their storage facilities, 47.8 percent of sales occurred within 101 to 1,000 miles, and 42.1 percent occurred at distances over 1,000 miles.

PRICING PRACTICES

Pricing Methods

When questionnaire respondents were asked how they determined the prices that they charge for narrow woven ribbon, *** reported ***. *** reported the use of ***. Among importers of narrow woven ribbons from China and Taiwan, the majority reported the use of price lists, while the remainder reported the use of transaction-by-transaction negotiations or a combination of the two. Three of 31 responding importers reported the use of contracts for multiple shipments.

Prices of narrow woven ribbons are generally quoted on an f.o.b. rather than a delivered basis, for both U.S. producers and importers.

Contracts vs. Spot Sales

U.S. producers and importers of narrow woven ribbons from China and Taiwan were asked what shares of their sales were on a (1) long-term contract basis (multiple deliveries for more than 12 months), (2) short-term contract basis (up to and including 12 months), and (3) spot sales basis (for a single delivery) during 2009. *** reported that *** percent of their sales are on a short-term contract basis, with the remainder being spot sales. *** reported that *** percent of its sales are a short-term contract basis and *** percent are spot sales. *** reported that *** of its sales are on a short-term contract basis. ***'s contracts typically ***. ***' short-term contracts ***.

Among the importers that reported sales of imports from China and Taiwan, the majority reported that all or nearly all of their sales are on a spot basis. Specifically, 13 of 22 responding importers of narrow woven ribbons from China and 17 of 23 responding importers of narrow woven ribbons from Taiwan reported that all or nearly all of their sales are on a spot basis. Importers' short-term contracts last from 3 to 12 months, generally fix both price and quantity, and may or may not contain meet-or-release provisions, with deliveries occurring daily, weekly, monthly, or as needed.

Sales Terms and Discounts

*** offer some form of discount, with ***. ***.³ Twenty-two of the 33 responding importers reported the use of discounts, mostly citing discounts based on annual volume.

PRICE DATA

The Commission requested U.S. producers and importers of narrow woven ribbons from subject sources in China and Taiwan⁴ to provide quarterly data for the total quantity and f.o.b. value of selected products that were shipped to unrelated customers in the U.S. market.⁵ *** was also requested to provide sales price data of the six pricing products for which it facilitated the importation for its top five customers, but reported ***.⁶ As shown in appendix E, Berwick Offray also provided ***.⁷ Data were

³ Petitioner's postconference brief, exh. 1, p. 12.

⁴ Firms were also asked to report pricing data on sales of products imported from nonsubject sources in Taiwan and Mexico. Appendix D presents these nonsubject pricing data.

⁵ Firms were asked to report pricing data in square yards, linear yards, spools, and kilograms in order to maximize the likelihood of obtaining reliable weighted-average prices in comparable units of measure. The pricing data presented here include weighted-average prices based on square yards, as staff deemed these data to be most reliable because virtually all of the firms were able to report the data in square yards.

⁶ ***. Staff telephone notes with ***. ***. These data are presented in appendix E.

⁷ The average unit values of Berwick Offray's facilitated imports from *** were *** the average unit values of shipments of its domestic product and *** the average unit values of shipments of its imports from ***. The average unit values of Berwick Offray's facilitated imports from *** were *** the average unit values of shipments of its domestic product and *** the average unit values of shipments of its imports from ***. *See* appendix E.

requested for the period January 2007-December 2009. The products for which pricing data were requested are as follows:⁸

Product 1.—Single faced satin of solid color, without woven or applied embellishments,⁹ with a woven selvedge with *no wire*, with a width of 3/8”.

Product 2.— Single faced satin of non-solid color, with or without woven or applied embellishments, with a woven selvedge with *no wire*, with a width of 7/8”.

Product 3.—Double faced satin of solid color, without woven or applied embellishments, with a woven selvedge with *no wire*, with a width of 3/8”.

Product 4.—Sheers of solid color, without woven or applied embellishments, with a woven selvedge *with wire*, with a width of 1½”.

Product 5.—Sheers of non-solid color, with or without woven or applied embellishments, with a woven selvedge, *with wire*, with a width of 7/8”.

Product 6.—Grosgrain of non-solid color, with or without applied embellishments, with a woven selvedge, with *no wire*, with a width of 7/8”.

*** U.S. producers (***)¹⁰, 16 importers of product imported from China (***) , and 15 importers of product imported from Taiwan (***) provided pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹¹ Pricing data reported by these firms accounted for approximately *** percent of the value of U.S. producers’ U.S. commercial shipments of narrow woven ribbons during January 2007-December 2009, *** percent of U.S. shipments of imports from China over the same period, and *** percent of U.S. commercial shipments of imports from Taiwan.¹²

⁸ Petitioner contends that it had requested the Commission to collect data on 15 pricing products and that the 6 pricing products on the Commission questionnaires are too broadly defined and therefore contain product mixes that may affect the quality of the pricing data comparisons. Hearing transcript, pp. 145-146 (Kaplan). Staff notes that petitioner submitted 6 pricing products in the petition that closely match the pricing product descriptions for which the Commission collected data and that petitioner did not comment on the 6 pricing product descriptions presented here as proposed by staff in the draft questionnaires. See Petition, p. 65 and Petitioner’s Comments on Draft Questionnaires. See also fn. 12 on page V-7 for more discussion.

⁹ Woven or applied embellishments include, but are not limited to: woven embellishments using a jacquard mechanism, narrow woven ribbons made from differently colored yarns (yarns dyed before weaving), screen printed embellishments, flexography printed embellishments, transfer printed embellishments, and foil stamped embellishments.

¹⁰ ***.

¹¹ Importers *** submitted unusable pricing data on sales of their products imported from China and Taiwan and are unable to revise them.

¹² Staff notes that the pricing data accounted for relatively small shares of U.S. shipments, primarily because there is a vast number of specific product types covered by the scope of these investigations. The pricing product definitions presented here reflect the original six pricing product definitions that petitioner proposed in the petition, including some slight modifications. Specifically, in consultation with petitioner, staff narrowed the definitions of the pricing products in the final phase of these investigations in order to obtain more precise and accurate unit values

(continued...)

Price Trends

Weighted-average f.o.b. prices reported for U.S. producers and importers are presented in tables V-1 through V-6 and in figures V-3 through V-8 on a quarterly basis during January 2007-December 2009. For sales reported by U.S. producers, ***. For sales of products imported from China, ***. For sales of products imported from Taiwan, ***.

Table V-1

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2007-December 2009

* * * * *

Table V-2

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2007-December 2009

* * * * *

Table V-3

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2007-December 2009

* * * * *

Table V-4

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2007-December 2009

* * * * *

Table V-5

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2007-December 2009

* * * * *

Table V-6

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2007-December 2009

* * * * *

¹² (...continued)

from responding firms than were received in the preliminary phase of these investigations.

Staff also notes that the purchase prices paid by certain retailers that import directly are not included in the data presented here. ***. Staff requested that Berwick Offray report pricing data on an aggregate of all of its narrow woven ribbons products sold via facilitated imports to its largest customers in order to obtain some coverage of these retailers' import purchases. These data are presented in appendix E.

Figure V-3
Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and imported product 1, by quarters, January 2007-December 2009

* * * * *

Figure V-4
Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and imported product 2, by quarters, January 2007-December 2009

* * * * *

Figure V-5
Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and imported product 3, by quarters, January 2007-December 2009

* * * * *

Figure V-6
Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and imported product 4, by quarters, January 2007-December 2009

* * * * *

Figure V-7
Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and imported product 5, by quarters, January 2007-December 2009

* * * * *

Figure V-8
Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and imported product 6, by quarters, January 2007-December 2009

* * * * *

Table V-7
Narrow woven ribbons: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and China and Taiwan

* * * * *

U.S. weighted-average sales prices of pricing products fluctuated but generally increased, with the exceptions of the prices of products 3 and 4, which decreased *** overall. The prices of products imported from China fluctuated, with the prices of products 1 and 3 decreasing overall; the prices of products 4 and 6 increasing overall; and the prices of products 2 and 5 remaining stable or decreasing *** overall.¹³ The prices of products imported from Taiwan fluctuated and generally decreased, with the exception of product 6, which increased ***. Some producers and importers reported that the narrow

¹³ As explained in table V-7, one importer, ***, *** decreased its sales price of product 3 imported from China in ***. The change in price of product 3 imported from China from the ***.

woven ribbons industry is seasonal, with sales reportedly peaking in the second half of the year.¹⁴ Percent changes in the seasonally adjusted sales prices over the entire period are presented in table V-7; these data follow the same overall trend of the non-seasonally adjusted prices.¹⁵

The weighted-average sales prices of U.S.-produced product 1 increased steadily by *** percent from the first quarter of 2007 to the last quarter of 2009. The weighted-average sales prices of product 1 imported from China fluctuated and decreased by *** percent over the same period. The weighted-average sales prices of product 1 imported from Taiwan fluctuated and decreased by *** percent from the first quarter of 2007 to the last quarter of 2009.

The weighted-average sales prices of U.S.-produced product 2 fluctuated and increased by *** percent from the first quarter of 2007 to the last quarter of 2009. The weighted-average sales prices of product 2 imported from China fluctuated and decreased by *** percent over the same period. The weighted-average sales prices of product 2 imported from Taiwan fluctuated and decreased by *** percent from the first quarter of 2007 to the last quarter of 2009.¹⁶

The weighted-average sales prices of U.S.-produced product 3 fluctuated ***, decreasing *** by *** percent from the first quarter of 2007 to the last quarter of 2009. The weighted-average sales prices of product 3 imported from China fluctuated, decreasing by *** percent from the first quarter of 2007 to ***, after which it decreased by *** percent ***.¹⁷ The weighted-average sales prices of product 3 imported from Taiwan fluctuated and decreased by *** percent over the entire period, with most of the decrease occurring ***.

The weighted-average sales prices of U.S.-produced product 4 remained relatively flat from the first quarter of 2007 to the fourth quarter of 2009, decreasing *** percent over the entire period. The weighted-average sales prices of product 4 imported from China fluctuated but generally increased by *** percent over the same period.¹⁸ The weighted-average sales prices of product 4 imported from Taiwan fluctuated throughout the entire period, decreasing overall by *** percent from the first quarter of 2007 to the fourth quarter of 2009.¹⁹

The weighted-average sales prices of U.S.-produced product 5 fluctuated *** and increased overall by *** percent from the first quarter of 2007 to the last quarter of 2009. The weighted-average sales prices of product 5 imported from China fluctuated and decreased overall by *** percent from the

¹⁴ See the section entitled “Demand” in Part II. Petitioner has reported that there is some seasonality in the quantities sold during specific holiday seasons, but that there is no seasonal effect on prices. Hearing transcript, pp. 148-150 (Pajic, Sorenson).

¹⁵ See table V-7 for seasonally adjusted price increases over the period. Staff seasonally adjusted the pricing data by first detrending the series based on a linear regression, then deriving an average seasonal factor (or deviation from the detrended series) for each quarter of the year, and finally subtracting the quarterly seasonal factors from the original non-seasonally adjusted pricing data for each quarter.

¹⁶ U.S. producer ***’s reported sales of pricing product 2 imported from Taiwan accounted for *** percent of the total sales quantity of product 2 imported from Taiwan reported by importers. The weighted-average sales prices of product 2 imported from Taiwan are ***, due primarily to data reported by importer ***, which reported that its product 2 is a ***, which fits within the product 2 definition. Also, ***’s reported pricing data appear internally consistent with the shipment data it reported on its Importers’ questionnaire.

¹⁷ As explained in table V-7, one importer, ***, *** decreased its sales price of product 3 imported from China ***.

¹⁸ U.S. producer ***’s reported sales of pricing product 4 imported from China accounted for *** percent of the total sales quantity of product 4 imported from China reported by importers. Staff excluded *** of sales prices of product 4 imported from China reported by importer *** because staff deemed them to be outliers.

¹⁹ U.S. producer ***’s reported sales of pricing product 4 imported from Taiwan accounted for *** percent of the total sales quantity of product 4 imported from Taiwan reported by importers.

first quarter of 2007 to the *** quarter of 2009, the last period for which data were reported.²⁰ The weighted-average sales prices of product 5 imported from Taiwan fluctuated and decreased by *** percent from the first quarter of 2007 to the last quarter of 2009, remaining relatively flat from the *** to the ***.

The weighted-average sales prices of U.S.-produced product 6 fluctuated and increased by *** percent from the first quarter of 2007 to the last quarter of 2009. The weighted-average sales prices of product 6 imported from China fluctuated but generally increased overall by *** percent over the same period.²¹ The weighted-average sales prices of product 6 imported from Taiwan fluctuated *** and increased by *** percent from the first quarter of 2007 to the last quarter of 2009.²²

Price Comparisons

Margins of underselling and overselling for the period are presented by product category in table V-8 below. The data show that prices of imports from China were lower than the U.S. producers' prices in 65 out of 69 quarterly comparisons, by margins ranging from 1.7 percent to 83.3 percent, with an average margin of 49.2 percent. The prices of imports from China were higher than U.S. producers' prices in four quarterly comparisons, by margins ranging from 0.05 to 17.9 percent, with an average margin of 10.4 percent. The data show that prices of imports from Taiwan were lower than the U.S. producers' prices in 53 out of 72 quarterly comparisons, by margins ranging from 2.4 percent to 81.0 percent, and with an average margin of 42.5 percent. The prices of imports from Taiwan oversold U.S. producers' prices in 19 quarterly comparisons, by margins ranging from 4.0 to 132.7 percent, with an average margin of 43.2 percent.

Table V-8
Narrow woven ribbons: Instances of underselling/overselling and the range and average of margins for products 1-6, January 2007-December 2009

* * * * *

LOST SALES AND LOST REVENUES

The Commission requested that U.S. producers report any instances of lost sales or revenues that they experienced due to competition from imports of narrow woven ribbons from China and Taiwan. U.S. producers provided *** lost sales allegations totaling \$*** and *** lost revenues allegations totaling \$***.²³ Staff contacted the *** purchasers cited in the allegations; *** responded. *** purchasers confirmed lost sales allegations totaling \$*** and *** purchasers confirmed lost revenues allegations totaling \$***. *** purchasers disagreed with lost sales allegations totaling \$*** and *** purchasers

²⁰ Staff excluded sales prices of product 5 imported from China reported by importer *** because they were over *** percent higher than the weighted-average sales prices of the other importers' sales prices of product 5 and staff deemed them to be outliers. Staff also excluded *** of sales prices of product 5 imported from China reported by importer *** because staff deemed it to be an outlier.

²¹ U.S. producer ***'s reported sales of pricing product 6 imported from China accounted for *** percent of the total sales quantity of product 6 imported from China reported by importers. Importer ***. Staff excluded *** of sales prices of product 6 imported from China and reported by importer *** because staff deemed it to be an outlier.

²² Importer ***.

²³ Petitioner submitted additional documentation regarding price concessions that were requested by purchasers *** in 2008, 2009, and 2010. Petitioner's posthearing brief, exh. 3. It is unclear if the transactions cited in this additional documentation are already included in the lost sales and lost revenues allegations that petitioner previously submitted.

disagreed with lost revenues allegations totaling \$***.²⁴ The results are summarized in tables V-9 and V-10 and are discussed below.

Table V-9
Narrow woven ribbons: U.S. producers' lost sales allegations

* * * * *

Table V-10
Narrow woven ribbons: U.S. producers' lost revenue

* * * * *

*** was named in a lost revenues allegation valued at \$***. It disagreed with the allegation, stating that ***. It further reported that it has not switched from purchasing narrow woven ribbons from U.S. producers to suppliers of imports and that it is unaware of U.S. producers reducing their prices to compete with imports.

*** was named in a lost sales allegation valued at \$***. It disagreed with the allegation, stating that it only purchases from U.S. suppliers.

*** was named in a lost sales allegation valued at \$***. It disagreed with the allegation, stating that it has not purchased narrow woven ribbons from China or Taiwan.

*** was named in a lost sales allegation valued at \$***. It reported that it could not respond to the specific allegation, but stated that ***, nor is it aware of U.S. producers reducing their prices in order to compete with imports.

*** was named in ***. It disagreed with ***, stating that it ***. ***.²⁵

*** was named in a ***. It agreed with the ***, as the U.S. supplier had lowered its price from \$*** to \$*** per piece to compete with a price quote of \$*** per piece offered by the supplier of imports from China.

*** was named in a lost sales allegation valued at \$***. It disagreed with the allegation, stating that ***. Furthermore, it reported that ***.

*** was named in *** allegations valued at \$***. It disagreed with the allegations, stating that ***. It also reported that ***. It also reported that ***. Furthermore, ***. ***. In addition, it reported that ***. It also reported that the *** involving ***. ***.²⁶

*** was named in a lost sales allegation valued at \$***. It agreed with the allegation, stating it received *** price quotes from import suppliers that were higher than the competing U.S. producer's price, and *** price quotes from import suppliers that were lower than the U.S. producer's price. It further noted that while an import supplier was awarded the bid, it cannot say definitively that the U.S. producer was at a price disadvantage.

*** was named in ***. It ***.

*** was named in a lost sales allegation valued at \$***. It ***.

*** was named in a lost sales allegation valued at \$***. It ***.

*** was named in ***. It reported that ***.

*** was named in a lost sales allegation valued at \$***. It reported that it never purchased narrow woven ribbons.

²⁴ *** other purchasers responded and were unable to confirm or deny the specific allegation cited. See text for further information.

²⁵ ***.

²⁶ ***.

PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

INTRODUCTION

Four U.S. firms provided usable financial data on their operations on narrow woven ribbons.¹ These data are believed to account for the vast majority of U.S. operations on narrow woven ribbons in 2009. No firms reported toll production, and reported non-commercial sales were quite limited (and thus are not separately presented in this chapter).² Berwick Offray reported a fiscal year end of March 31, ***, and the other two firms reported a fiscal year end of December 31.

OPERATIONS ON NARROW WOVEN RIBBONS

Income-and-loss data for U.S. firms on their operations on narrow woven ribbons are presented in table VI-1, while selected financial data, by firm, are presented in table VI-2. The domestic producers collectively experienced a ***-percent decline in operating income from 2007 to 2009. Total net sales quantity declined irregularly during this time, and was *** lower in 2009 as compared to 2007, while total net sales value consistently declined, and was *** percent lower in 2009 as compared to 2007. The firms' operating costs – cost of goods sold (“COGS”) and selling, general, and administrative (“SG&A”) expenses, combined – decreased by *** percent from 2007 to 2009; however, revenue declined by a somewhat greater amount in terms of both absolute and per-unit values, and thus resulted in a reduction in operating income in both 2008 and 2009. Along with a decline in raw material costs, the domestic producers collectively reported a decline in non-raw material operating costs. These costs (direct labor, other factory costs, and SG&A expenses) decreased from \$*** per square yard in 2007 to \$*** per square yard in 2009, and helped moderate the decline in operating profits.

Table VI-1
Narrow woven ribbons: Results of operations of U.S. producers, 2007-09

* * * * *

Table VI-2
Narrow woven ribbons: Results of operations of U.S. producers, by firm, 2007-09

* * * * *

¹ The four firms are Berwick Offray, L.A. Najarian, Schiff, and Trimtex. Throughout the period for which data were requested, *** accounted for *** percent of total reported net sales (both quantity and value). In 2009, Berwick Offray accounted for *** percent of total net sales value, Schiff accounted for *** percent, L.A. Najarian accounted for *** percent, and Trimtex accounted for *** percent.

² ***.

While the four producers combined reported fairly stable operating margins from 2007 to 2009, the four firms reported *** financial data, with *** reporting *** financial results than *** during the period for which data were collected.^{3 4} While *** reported *** per-unit COGS, the firm's reported per-unit SG&A expenses were *** than such expenses as reported by ***, and resulted in ***.⁵ ***, which accounted for *** percent of overall sales value in 2007-09, reported the largest *** as a ratio to sales of the reporting firms. ***.⁶

VARIANCE ANALYSIS

A variance analysis for narrow woven ribbons is presented in table VI-3. The analysis shows that the decline in operating income from 2007 to 2009 is primarily due to the higher unfavorable price variance despite a favorable net cost/expense variance (that is, prices declined more than costs/expenses).⁷

Table VI-3
Narrow woven ribbons: Variance analysis on operations of U.S. producers, 2007-09

* * * * *

³ Throughout the period for which data were requested, *** accounted for *** percent of total reported net sales (both quantity and value). In 2009, Berwick Offray accounted for *** percent of total net sales value, Schiff accounted for *** percent, L.A. Najarian accounted for *** percent, and Trimtex accounted for *** percent. Thus, the financial data reported by ***.

⁴ A comparison of Berwick Offray's reported operating costs to the overall financial results for its parent company, CSS Industries, reveals that the data reported to the Commission are *** with CSS Industries' overall financial data for the last three fiscal years. Ratio-to-sales measures for COGS and SG&A expenses in the last three fiscal years generally *** between CSS Industries' audited financial data and Berwick Offray's reported financial data. CSS Industries' operating margins for the last three fiscal years, excluding all reported costs and expenses other than COGS and SG&A expenses, were 8.2, 6.1, and 3.3 percent, respectively. Narrow woven ribbons account for approximately *** percent of CSS Industries' overall sales in each reporting period. *See* CSS Industries' Form 10-K, June 1, 2010, p. 25. Berwick Offray stated that the primary components of its reported selling expenses were ***. Together, these costs accounted for approximately *** percent of reported selling expenses in 2009. In addition, the primary components of Berwick Offray's reported G&A expenses were ***. Together, these costs accounted for approximately *** percent of reported G&A expenses in 2009. E-mail correspondence from ***, June 21, 2010.

⁵ ***. Fax and telephone correspondence from ***, July 30, 2009, and June 10, 2010. Differences in per-unit SG&A expenses between *** may to some extent reflect ***. Telephone correspondence from ***, August 12, 2009. ***.

⁶ *See* Trimtex's U.S. producer questionnaire response, pp. 4 and 18.

⁷ A variance analysis is calculated in three parts, sales variance, cost of sales variance, and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the cost of sales and SG&A expense variance) and a volume variance. The sales or cost variance is calculated as the change in unit price times the new volume, while the volume variance is calculated as the change in volume times the old unit price. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively; and the volume variance is the sum of the lines under price and cost/expense variance. The net volume component is generally smaller than the price variance and the net cost/expense variance.

CAPITAL EXPENDITURES

The responding firms' aggregate data on capital expenditures are shown in table VI-4. Three firms provided capital expenditure data. Capital expenditures for narrow woven ribbons decreased from 2007 to 2009. *** accounted for *** percent of total capital expenditures in each requested period. According to ***, capital expenditures primarily reflect ***.⁸

Table VI-4
Narrow woven ribbons: Capital expenditures of U.S. producers, 2007-09

* * * * *

ASSETS AND RETURN ON INVESTMENT

The Commission's questionnaire requested data on assets used in the production, warehousing, and sale of narrow woven ribbons to compute return on investment ("ROI"). Data on the U.S. producers' total assets and their ROI are presented in table VI-5. From 2007 to 2009, the total assets for narrow woven ribbons decreased from \$*** in 2007 to \$*** in 2009, and the ROI declined from *** percent in 2007 to *** percent in 2009.

Table VI-5
Narrow woven ribbons: Asset values and return on investment of U.S. producers, 2007-09

* * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of narrow woven ribbons to describe any actual or potential negative effects since January 1, 2007, on their return on investment, growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of narrow woven ribbons from China and/or Taiwan. Their responses are as follows:

Actual Negative Effects

* * * * *

Anticipated Negative Effects

* * * * *

⁸ Petitioner's postconference brief, exh. 1, p. 14, and exh. 14, and e-mail correspondence from ***, August 7, 2009, and June 21, 2010.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²

Information in relation to subsidies in China is presented in Part I; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries and the global market.

BILATERAL AND MULTILATERAL TRADE RESTRICTIONS

The framework for global trade in textiles and apparel, in general, was liberalized on January 1, 2005, when the United States, the EU, and Canada agreed to gradually eliminate their remaining quotas on imports from WTO countries, as required by the Uruguay Round Agreement on Textiles and Clothing (ATC).³ Trade in the basket HTS category historically covering narrow woven ribbons⁴ was liberalized in the second round of quota phase-outs under the ATC during 1998-2002.⁵ Upon accession to the WTO, both China and Taiwan were eligible for quota-free exports of narrow woven ribbon to the United States.⁶

On November 8, 2005, the United States and China signed a Memorandum of Understanding (MOU) that established quotas on U.S. imports of selected textile and apparel products, including narrow woven ribbons, from China.⁷ The MOU went into effect on January 1, 2006, and extended through December 31, 2008, at which time the right of the United States to invoke safeguards under the textile provision of China's WTO Membership Accession Agreement expired.⁸ Narrow woven ribbons were

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

³ The ATC entered into force with the WTO agreements in 1995. It called for the gradual elimination of quotas established under the Multifiber Arrangement, an arrangement negotiated under the General Agreement on Tariffs and Trade (GATT) that had governed world textile and apparel trade since 1974. The ATC required countries both to increase the rate at which all quotas grow and to "integrate" textile and apparel articles into the GATT regime over a 10-year transition period, which ended on January 1, 2005; the articles were brought under GATT discipline and subject to the same rules as products of other sectors.

⁴ Addressed under tariff coverage in Part I of this report.

⁵ http://www.wto.org/english/docs_e/legal_e/16-tex_e.htm.

⁶ China joined the WTO on December 11, 2001; Taiwan joined on January 1, 2002.

⁷ USTR, "Memorandum of Understanding Between the Governments of the United States of America and the People's Republic of China."

⁸ Under China's Accession Agreement to the WTO, the United States and other WTO countries could impose temporary safeguards (or quotas) on imports of Chinese textiles and apparel under certain conditions. The textile safeguard provision permitted WTO countries that concluded that imports of Chinese textiles and apparel were, owing to market disruption, threatening to impede the orderly development of trade in these goods, to request

included in category 229.⁹ The quota fill rates for this from 2006-08 were 31.0, 26.3, and 39.0 percent, respectively. These fill rates were relatively low, and did not approach binding levels (typically 80 percent or greater). Unlike with China, no quantitative restrictions were placed on U.S. textile imports from Taiwan after the 2005 expiration of the ATC.

THE INDUSTRY IN CHINA

The petition identified 95 potential producers of narrow woven ribbons in China. Five firms provided the Commission with useable data in response to the foreign producers'/exporters' questionnaire: ***.¹⁰ Table VII-1 presents information on the narrow woven ribbons operations for the responding producers in China.¹¹

Table VII-1
Narrow woven ribbons: Data for responding producers in China, 2007-09 and projections for 2010-11

| Items | Actual experience | | | Projections | |
|--------------------------------------|-------------------|--------|-------|-------------|-------|
| | Calendar year | | | | |
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Quantity (1,000 square yards) | | | | | |
| Capacity | 9,856 | 10,687 | 9,103 | 9,099 | 9,099 |
| Production | 6,771 | 8,156 | 6,333 | 5,270 | 5,624 |
| End-of-period inventories | 4,399 | 4,267 | 4,245 | 3,855 | 3,591 |
| Shipments: | | | | | |
| Internal consumption/ transfers | 532 | 627 | 442 | 695 | 898 |
| Home market | 528 | 803 | 723 | 966 | 1,101 |
| Exports to: | | | | | |
| United States | 3,322 | 3,388 | 1,709 | 409 | 237 |
| All other markets | 2,806 | 3,469 | 3,506 | 3,565 | 3,653 |
| Total exports | 6,128 | 6,858 | 5,215 | 3,974 | 3,890 |
| Total shipments | 7,188 | 8,288 | 6,380 | 5,635 | 5,889 |

Table continued on next page.

consultations with China “with a view to easing or avoiding such market disruption.” No safeguards on narrow woven ribbons were enacted or petitioned for in the period between the final quota phase-out and the implementation of the MOU.

⁹ Category 229, which is special purpose fabric, covers a broad range of products of which narrow woven products are one component. <http://otexa.ita.doc.gov/correlat/cor229.htm>.

¹⁰ ***. These revisions are reflected in the data compiled in table VII-1.

¹¹ Reported exports of subject merchandise in table VII-1 appear to cover between *** and *** percent of U.S. importers' U.S. imports from China when compared to table IV-2.

Table VII-1 --Continued

Narrow woven ribbons: Data for responding producers in China, 2007-09 and projections for 2010-11

| Items | Actual experience | | | Projections | |
|---|-------------------|------|------|-------------|------|
| | Calendar year | | | | |
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Ratios and shares (percent) | | | | | |
| Capacity utilization | 68.7 | 76.3 | 69.6 | 57.9 | 61.8 |
| Inventories/production | 65.0 | 52.3 | 67.0 | 73.2 | 63.9 |
| Inventories/shipments | 61.2 | 51.5 | 66.5 | 68.4 | 61.0 |
| Share of total shipments: Internal consumption/ transfers | 7.4 | 7.6 | 6.9 | 12.3 | 15.2 |
| Home market | 7.3 | 9.7 | 11.3 | 17.1 | 18.7 |
| Exports to: United States | 46.2 | 40.9 | 26.8 | 7.3 | 4.0 |
| All other markets | 39.0 | 41.9 | 55.0 | 63.3 | 62.0 |
| Total exports | 85.3 | 82.7 | 81.7 | 70.5 | 66.1 |

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

***.¹² ***.¹³ ***.¹⁴ ***.¹⁵

THE INDUSTRY IN TAIWAN

The petition identified 39 potential producers of narrow woven ribbons in Taiwan. Seven firms provided the Commission with useable data in response to the foreign producers'/exporters' questionnaire: ***. Table VII-2 presents information on the narrow woven ribbons operations for the responding producers in Taiwan.^{16 17 18}

***.¹⁹ *** reported changes in their narrow woven ribbons operations.

¹² ***'s foreign producers' questionnaire response, question II-2.

¹³ ***'s foreign producers' questionnaire response, question II-2.

¹⁴ ***'s foreign producers' questionnaire response, question II-2.

¹⁵ ***'s foreign producers' questionnaire response, question II-3.

¹⁶ Data in table VII-2 do not include the data provided by Shienq Huong Enterprise Co., Ltd. due to Commerce's finding that that firm did not sell narrow woven ribbons in the U.S. market at LTFV (see Part I of this report).

¹⁷ *** is just a trading company and not a producer of narrow woven ribbons. It only reported shipment data of the subject merchandise.

¹⁸ Reported exports in table VII-2 appear to cover between 47 and 55 percent of U.S. importers' subject U.S. imports from Taiwan when compared to table IV-2.

¹⁹ Revision to ***'s foreign producers' questionnaire response, question II-2.

Table VII-2**Narrow woven ribbons: Data for responding producers in Taiwan, 2007-09 and projections for 2010-11**

| Items | Actual experience | | | Projections | |
|--|-------------------|--------|--------|-------------|--------|
| | Calendar year | | | | |
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Quantity (1,000 square yards) | | | | | |
| Capacity ¹ | 12,139 | 11,447 | 11,231 | 11,231 | 11,231 |
| Production | 11,493 | 10,032 | 8,485 | 8,305 | 8,295 |
| End-of-period inventories | 490 | 300 | 378 | 363 | 345 |
| Shipments: | | | | | |
| Internal consumption/ transfers | 99 | 74 | 71 | 82 | 82 |
| Home market | 811 | 936 | 879 | 994 | 1,002 |
| Exports to: | | | | | |
| United States | 6,012 | 5,589 | 4,892 | 4,694 | 4,669 |
| All other markets | 4,635 | 3,883 | 3,271 | 3,131 | 3,141 |
| Total exports | 10,647 | 9,472 | 8,163 | 7,825 | 7,810 |
| Total shipments | 11,557 | 10,482 | 9,112 | 8,900 | 8,893 |
| Ratios and shares (percent) | | | | | |
| Capacity utilization ² | 93.1 | 85.3 | 72.3 | 71.1 | 71.3 |
| Inventories/production | 4.3 | 3.0 | 4.5 | 4.4 | 4.2 |
| Inventories/shipments | 4.2 | 2.9 | 4.1 | 4.1 | 3.9 |
| Share of total shipments: | | | | | |
| Internal consumption/ transfers | 0.9 | 0.7 | 0.8 | 0.9 | 0.9 |
| Home market | 7.0 | 8.9 | 9.6 | 11.2 | 11.3 |
| Exports to: | | | | | |
| United States | 52.0 | 53.3 | 53.7 | 52.7 | 52.5 |
| All other markets | 40.1 | 37.0 | 35.9 | 35.2 | 35.3 |
| Total exports | 92.1 | 90.4 | 89.6 | 87.9 | 87.8 |
| ¹ *** did not provide useable capacity data, so reported capacity is understated. ² This calculation excludes the production reported by *** because that firm did not provide useable capacity data. | | | | | |
| Source: Compiled from data submitted in response to Commission questionnaires. | | | | | |

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-3 presents data on U.S. importers' reported inventories of narrow woven ribbons.

Table VII-3**Narrow woven ribbons: U.S. importers' inventories, 2007-09**

* * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

Table VII-4 presents data on imports arranged for importation after December 31, 2009, by quarter.

Table VII-4

Narrow woven ribbons: U.S. importers' arranged imports after December 31, 2009, by quarter

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known antidumping or countervailing duty orders on narrow woven ribbons in third-country markets.

INFORMATION ON NONSUBJECT SOURCES

The largest source of nonsubject imports in the U.S. market consisted of imports from ***.²⁰ The second-largest nonsubject source of narrow woven ribbons according to proprietary Customs data is ***; however, U.S. imports from *** are primarily ***.²¹ Nonsubject U.S. imports from *** account for the *** of imports of nonsubject narrow woven ribbons in the U.S. market.²²

Published information regarding worldwide production and sales of narrow woven ribbons is scarce. Table VII-5 presents data from *Global Trade Atlas* on the largest exporters of narrow woven fabrics of man-made fibers.²³ China and Hong Kong combined were the world's largest exporters in 2009, accounting for more than 25 percent of the world's total exports in this basket category. In 2009, Germany was the second-largest exporter, accounting for approximately 10 percent of global exports.²⁴ The United States was the world's third-largest exporter in 2009 with just under 10 percent of global exports, and Taiwan was fourth with roughly 8 percent of global exports of narrow woven fabrics of man-made fibers.

²⁰ Imports from *** accounted for *** percent of all nonsubject imports by quantity in 2009, reported in table IV-2. A calculation based on the value of imports of subject merchandise from nonsubject sources in proprietary Customs data confirms the predominance of *** as the most significant supplier of narrow woven ribbons from nonsubject sources at *** percent in the 2008-09 period.

²¹ *** U.S. imports from *** are reported as ***.

²² Data on the average unit values of such imports are reported in Part IV of this report, while App. D presents pricing data from these sources.

²³ The global balance trade data presented are derived from *Global Trade Atlas*, HS 5806.32. The products covered under this HS classification include all narrow woven fabrics of man-made fiber (which is significantly broader than subject merchandise). As a point of comparison, ribbons of narrow woven fabric of man-made fibers (itself a basket category that covers cut-edge ribbon and subject merchandise) accounted for 27.9 percent of the broader HS 5806.32 category exported by the United States in 2009.

²⁴ The top 10 export markets for Germany in 2009 were 9 European Union countries and Switzerland. Less than 3 percent of Germany's total exports of narrow woven fabrics of man-made fibers went to the United States in 2009.

Table VII-5
Narrow woven ribbons and other narrow woven fabrics of man-made fibers: World exports, by country, 2007-09

| Exporter | Calendar year | | |
|---|---------------|-----------|-----------|
| | 2007 | 2008 | 2009 |
| Value (1,000 dollars) | | | |
| China | 198,990 | 267,110 | 260,818 |
| Germany | 173,930 | 199,177 | 139,109 |
| United States | 194,200 | 156,987 | 132,154 |
| Taiwan | 130,577 | 134,575 | 113,471 |
| Hong Kong | 102,292 | 91,651 | 81,422 |
| France | 80,196 | 76,229 | 58,444 |
| Japan | 72,065 | 73,498 | 58,227 |
| Belgium | 60,000 | 65,859 | 56,289 |
| Italy | 55,263 | 53,999 | 44,355 |
| All other exporting nations | 598,511 | 554,309 | 415,430 |
| Total | 1,666,025 | 1,673,394 | 1,359,722 |
| Source: Compiled from Global Trade Atlas, HS 5806.32 (narrow woven fabrics of man-made fibers), accessed June 16, 2010. | | | |

APPENDIX A
***FEDERAL REGISTER* NOTICES**

FOR FURTHER INFORMATION CONTACT: For further information contact the Cottonwood Field Office, telephone (208) 962-3245; address 1 Butte Drive, Cottonwood, Idaho 83522.

SUPPLEMENTARY INFORMATION: The Cottonwood RMP was developed with broad public participation through a four-year collaborative planning process in accordance with the Federal Land Policy and Management Act of 1976, as amended, and the National Environmental Policy Act of 1969, as amended. This RMP addresses management on approximately 130,000 acres of public land in the Cottonwood Field Office. The Cottonwood RMP is designed to achieve or maintain desired future conditions developed through the planning process. It includes a series of management actions to meet the desired resource conditions for forest, upland, and riparian vegetation; wildlife habitats; cultural and visual resources; and recreation.

The BLM received five protest letters on the Proposed RMP/Final EIS. The BLM Director granted only those protest issues related to domestic sheep grazing within bighorn sheep habitat and remanded this specific portion of the RMP back to the BLM Idaho State Office for further analysis. No inconsistencies with State or local plans, policies, or programs were identified during the Governor's consistency review of the Proposed RMP/Final EIS. As a result, with the exception of decisions regarding domestic sheep and goat grazing, the approved Cottonwood RMP is essentially the same as Alternative B in the Proposed RMP/Final EIS published in June 2008, and only minor editorial modifications were made in preparing the ROD and Approved RMP.

By this Notice, the BLM, Cottonwood Field Office is announcing its intent to prepare a Draft Supplemental EIS to analyze the impacts of domestic sheep and goat grazing in four allotments that overlap or occur in the vicinity of bighorn sheep habitat along the Salmon River east of Riggins, Idaho. The area has been grazed historically by domestic sheep and goats and overlaps with bighorn sheep habitat. The BLM will be inviting other government entities (Federal, State, Tribal and local), with special expertise or jurisdiction, to be cooperators during preparation of the Supplemental EIS. Upon completion, this Draft Supplemental EIS will be

released for public review and comment.

Thomas H. Dyer,
Idaho State Director.

Authority: 40 CFR 1506.6, 1502.9, and 1508.22.

[FR Doc. 2010-5258 Filed 3-11-10; 8:45 am]

BILLING CODE 4310-GG-P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-467 (Final) and 731-TA-1164-1165 (Final)]

Narrow Woven Ribbons With Woven Selvage From China and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of countervailing duty and antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of countervailing duty investigation No. 701-TA-467 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) (the Act) and the final phase of antidumping investigation Nos. 731-TA-1164-1165 (Final) under section 735(b) of the Act (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of subsidized and less-than-fair-value imports from China and by less-than-fair-value imports from Taiwan of narrow woven ribbons with woven selvage ("narrow woven ribbons"), provided for in subheading 5806.32 of the Harmonized Tariff Schedule of the United States.¹

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and

¹ For purposes of these investigations, the Department of Commerce has defined the subject merchandise as " * * * narrow woven ribbons with woven selvage, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, manmade fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof." A full description and discussion of the merchandise subject to these investigations and of excluded products can be found in the Department of Commerce **Federal Register** notices 75 FR 7236 and 75 FR 7244 published February 18, 2010, and in materials posted on the U.S. International Trade Commission Web site, <http://www.usitc.gov>.

Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

DATES: *Effective Date:* February 17, 2010.

FOR FURTHER INFORMATION CONTACT: Russell Duncan (202-708-4727, russell.duncan@usitc.gov), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background. The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 703 of the Act (19 U.S.C. 1671b) are being provided to manufacturers, producers, or exporters in China of narrow woven ribbons, and that such products from China and Taiwan are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on July 9, 2009, by Berwick Offray LLC and its wholly-owned subsidiary Lion Ribbon Company, Inc., Berwick, PA.

Participation in the investigations and public service list. Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

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

Staff report. The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on June 25, 2010, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing. The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on July 15, 2010, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before July 8, 2010. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on July 9, 2010, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions. Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is July 7, 2010. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the

provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is July 22, 2010; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, on or before July 22, 2010. On August 6, 2010, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before August 10, 2010, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II(C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

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

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

Issued: March 8, 2010.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010-5416 Filed 3-11-10; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-664]

In the Matter of: Certain Flash Memory Chips and Products Containing Same; Notice of Commission Determination Not To Review an Initial Determination Granting Complainants' Unopposed Motion To Amend the Complaint and Notice of Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination ("ID") (Order No. 35) of the presiding administrative law judge ("ALJ") granting complainants' unopposed motion to amend the complaint and notice of investigation.

FOR FURTHER INFORMATION CONTACT: Panyin A. Hughes, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205-3042. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on December 18, 2008, based on a complaint filed by Spansion, Inc. of Sunnyvale, California and Spansion LLC of Sunnyvale, California (collectively, "Spansion"). The complaint alleges violations of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) in the importation into the United States, the sale for importation, and the

Dated: July 13, 2010.

Christopher Cassel,
Director, Subsidies Enforcement Office,
Import Administration.

[FR Doc. 2010-17535 Filed 7-16-10; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[Order No. 1692]

Expansion of Foreign-Trade Zone 163, Ponce, Puerto Rico, Area

Pursuant to its authority under the Foreign-Trade Zones Act of June 18, 1934, as amended (19 U.S.C. 81a-81u), the Foreign-Trade Zones Board (the Board) adopts the following Order:

Whereas, CODEZOL, C.D., grantee of Foreign-Trade Zone 163, submitted an application to the Board for authority to expand existing Site 1 to include additional acreage and to expand the zone to include a site at the ProCaribe Industrial Park (Site 11) in Penuelas, Puerto Rico, adjacent to the Ponce Customs and Border Protection port of entry (FTZ Docket 53-2009, filed 11/23/09);

Whereas, notice inviting public comment was given in the **Federal Register** (74 FR 62747, 12/1/09) and the application has been processed pursuant to the FTZ Act and the Board's regulations; and,

Whereas, the Board adopts the findings and recommendation of the examiner's report, and finds that the requirements of the FTZ Act and Board's regulations are satisfied, and that the proposal is in the public interest;

Now, therefore, the Board hereby orders:

The application to expand FTZ 163 is approved, subject to the FTZ Act and the Board's regulations, including Section 400.28, and subject to a sunset provision that would terminate authority on June 30, 2015, for Site 11 if no activity has occurred under FTZ procedures before that date.

Signed at Washington, DC, this 8 day of July 2010.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration, Alternate Chairman, Foreign-Trade Zones Board.

Attest:

Andrew McGilvray,
Executive Secretary.

[FR Doc. 2010-17542 Filed 7-16-10; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[Order No. 1693]

Expansion of Foreign-Trade Zone 163 Ponce, Puerto Rico, Area

Pursuant to its authority under the Foreign-Trade Zones Act of June 18, 1934, as amended (19 U.S.C. 81a-81u), the Foreign-Trade Zones Board (the Board) adopts the following Order:

Whereas, CODEZOL, C.D., grantee of Foreign-Trade Zone 163, submitted an application to the Board for authority to expand its zone to include a site at the Yaucono Industrial Park (Site 12) in Ponce, Puerto Rico, within the Ponce Customs and Border Protection port of entry (FTZ Docket 17-2010, filed 3/8/10);

Whereas, notice inviting public comment was given in the **Federal Register** (75 FR 12730-12731, 3/17/10) and the application has been processed pursuant to the FTZ Act and the Board's regulations; and,

Whereas, the Board adopts the findings and recommendation of the examiner's report (including the renumbering of Rio Piedras Distribution Center located within existing Site 3 as Site 13), and finds that the requirements of the FTZ Act and Board's regulations are satisfied, and that the proposal is in the public interest;

Now, therefore, the Board hereby orders:

The application to expand FTZ 163 is approved, subject to the FTZ Act and the Board's regulations, including § 400.28, and subject to a sunset provision that would terminate authority on June 30, 2015, for Site 12 if no activity has occurred under FTZ procedures before that date.

Signed at Washington, DC, this 8 day of July 2010.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration, Alternate Chairman, Foreign-Trade Zones Board.

Attest:

Andrew McGilvray,
Executive Secretary.

[FR Doc. 2010-17540 Filed 7-16-10; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

(C-570-953)

Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Final Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (the "Department") has determined that countervailable subsidies are being provided to producers and exporters of narrow woven ribbons with woven selvedge from the People's Republic of China ("PRC"). For information on the estimated countervailing duty rates, please see the "Suspension of Liquidation" section, below.

EFFECTIVE DATE: July 19, 2010.

FOR FURTHER INFORMATION CONTACT: Scott Holland and Anna Flaaten, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1279 and (202) 482-5156, respectively.

SUPPLEMENTARY INFORMATION:

Period of Investigation

The period for which we are measuring subsidies, or period of investigation, is January 1, 2008, through December 31, 2008.

Case History

The following events have occurred since the publication of the preliminary determination in the **Federal Register** on December 14, 2009. See *Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 74 FR 66090 (December 14, 2009) ("*Preliminary Determination*").

On December 16, 2009, the Department issued a supplemental questionnaire to the Government of China ("GOC") which responded on January 6, 2010. From January 18, 2010, to January 20, 2010, the Department conducted verification of the questionnaire responses submitted by the GOC and mandatory respondent Yama Ribbons and Bows Co., Ltd. ("Yama"). See Memoranda from Scott Holland and Anna Flaaten, International Trade Analysts, to Susan H. Kuhbach,

Office Director, AD/CVD Operations, Office 1, "Verification Report of the Xiamen Municipal Government of the People's Republic of China" (March 17, 2010) and "Verification Report: Yama Ribbons and Bows Co., Ltd." (March 17, 2010). On January 20, 2010, the Department issued a post-preliminary analysis regarding additional subsidy programs. See Memorandum from Scott Holland and Anna Flaaten, International Trade Analysts, to Ronald Lorentzen, Deputy Assistant Secretary for Import Administration, "Post-Preliminary Findings for Additional Subsidy Programs" (January 20, 2010). On February 18, 2010, the Department extended the due date for the final determination by 60 days in accordance with its alignment of the final countervailing duty (CVD) determination with the final determination in the companion antidumping duty investigation of narrow woven ribbon with woven selvage from the PRC. See *Preliminary Determination*, 74 FR at 66092; *Narrow Woven Ribbons with Woven Selvage from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 75 FR 7244, 7245-46 (February 18, 2010).

As explained in the memorandum from the Deputy Assistant Secretary for Import Administration, the Department exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from February 5, 2010, through February 12, 2010. Thus, all deadlines in this segment of the proceeding were extended by seven days. The revised deadline for the final determination of this investigation was thus extended to July 10, 2010. See Memorandum to the Record from Ronald Lorentzen, DAS for Import Administration, regarding "Tolling of Administrative Deadlines As a Result of the Government Closure During the Recent Snowstorms," dated February 12, 2010. However, July 10, 2010, falls on a Saturday, and it is the Department's long-standing practice to issue a determination the next business day when the statutory deadline falls on a weekend, federal holiday, or any other day when the Department is closed. See *Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005). Accordingly, the deadline for completion of the final determination became July 12, 2010.

On March 18, 2010, the Department postponed the briefing schedule as described in the *Preliminary*

Determination until further notice to allow the Department to consider an issue which may have required a post-preliminary analysis. On May 17, 2010, the Department set the Briefing and Hearing Schedule and invited interested parties to comment on the denominator used in the Department's calculation in the *Preliminary Determination* of this case.

The Department received case briefs from the GOC, Yama, and Bestpak Gifts & Crafts Co. Ltd., a Chinese producer and exporter of the subject merchandise, on June 1, 2010, and a rebuttal brief from the petitioner, Berwick Offray, LLC and its wholly-owned subsidiary Lion Ribbons Company, Inc. (collectively, "Petitioner"), on June 7, 2010. A public hearing was held on June 14, 2010, where the same parties presented their arguments.

Scope of the Investigation

The merchandise subject to the investigation is narrow woven ribbons with woven selvage, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof. Narrow woven ribbons subject to the investigation may:

- also include natural or other non-man-made fibers;
- be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;
- have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;
- have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;
- have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;
- have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or

may not be hemmed;

- have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;
- consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an "ornamental trimming;"
- be wound on spools; attached to a card; hanked (*i.e.*, coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or
- be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.

Narrow woven ribbons subject to the investigation include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of this investigation.

Excluded from the scope of the investigation are the following:

- (1) formed bows composed of narrow woven ribbons with woven selvage;
- (2) "pull-bows" (*i.e.*, an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;
- (3) narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (*i.e.*, filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the United States ("HTSUS"), Section XI, Note 13) or rubber thread;
- (4) narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;
- (5) narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding eight centimeters;
- (6) narrow woven ribbons with woven selvage attached to and forming the handle of a gift bag;
- (7) cut-edge narrow woven ribbons formed by cutting broad woven

- fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sono-bonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;
- (8) narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;
- (9) narrow woven ribbons constructed from pile fabrics (*i.e.*, fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric);
- (10) narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise;
- (11) narrow woven ribbon that is (a) affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to non-subject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such non-subject merchandise, such as a "belly band" around a pair of pajamas, a pair of socks or a blanket;
- (12) narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel; and
- (13) narrow woven ribbon(s) included with non-subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches, none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit.

The merchandise subject to this investigation is classifiable under the HTSUS statistical categories 5806.32.1020; 5806.32.1030;

5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS statistical categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise under investigation is dispositive.

Scope Comments

Prior to the *Preliminary Determination* in this case, we received a request from certain retailers of narrow woven ribbons that the Department modify the scope of the investigation to exclude narrow woven ribbons included in kits or sets in "*de minimis*" amounts. Because of concerns over whether the proposed scope exclusion language would be administrable, we declined to modify the scope in the companion antidumping duty preliminary determinations, and we did not use the language suggested by these retailers or the alternative language proposed by Petitioner. *See Narrow Woven Ribbons with Woven Selvedge from Taiwan: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 75 FR 7236, 7240 (February 18, 2010) and *Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 75 FR 7244, 7246 (February 18, 2010).

Following the preliminary determinations, on March 24, 2010, and June 3, 2010, Petitioner submitted additional language for this scope exclusion. Having determined that the language contained in Petitioner's June 3, 2010, submission is administrable, we have incorporated this language in exclusion 13. *See* the "Scope of Investigation" section, above.

Injury Test

Because the PRC is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Tariff Act of 1930, as amended (the "Act"), section 701(a)(2) of the Act applies to this investigation. Accordingly, the U.S. International Trade Commission ("ITC") must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to a U.S. industry. On September 8, 2009, the ITC issued its affirmative

preliminary determination that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly subsidized imports of narrow woven ribbons with woven selvedge from the PRC. *See Narrow Woven Ribbons With Woven Selvedge From China and Taiwan*, 74 FR 46224 (September 8, 2009) and *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan*, Investigation Nos. 701-TA-467 and 731-TA-1165, USITC Pub. 4099 (August 2009).

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the Memorandum from Edward C. Yang, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, entitled "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Narrow Woven Ribbons With Woven Selvedge from the People's Republic of China" (July 12, 2010) (hereafter "Decision Memorandum"), which is hereby adopted by this notice. Attached to this notice as an Appendix is a list of the issues that parties have raised and to which we have responded in the Decision Memorandum. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room 1117 in the main building of the Commerce Department. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at <http://ia.ita.doc.gov/frn/>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Use of Adverse Facts Available

For purposes of this final determination, we have continued to rely on facts available and have continued to use adverse inferences in accordance with sections 776(a) and (b) of the Act to determine the countervailable subsidy rates for Changtai Rongshu Co., Ltd. ("Changtai Rongshu"), which is one of the two companies selected to respond to our questionnaires. In addition, consistent with our findings in the post-preliminary analysis regarding additional subsidy programs, we have continued to rely on facts available and have continued to use adverse inferences in accordance with sections

776(a) and (b) of the Act to find a grant to Yama under the Xiamen Municipal Science and Technology Program to be specific under section 771(5A)(D)(iii) of the Act. A full discussion of our decision to apply adverse facts available is presented in the Decision Memorandum in the section "Use of Facts Otherwise Available and Adverse Facts Available."

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we have calculated individual rates for Yama and Changtai Rongshu. Section 705(c)(5)(A)(i) of the Act states that for companies not investigated, we will determine an "all others" rate equal to the weighted-average countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and de minimis countervailable subsidy rates, and any rates determined entirely under section 776 of the Act. In this case, the all others rate is based on Yama's calculated rate.

| Exporter/manufacturer | Net subsidy rate |
|---|------------------|
| Yama Ribbons and Bows Co., Ltd. | 1.56 |
| Changtai Rongshu Textile Co., Ltd. | 117.95 |
| All Others | 1.56 |

Also, in accordance with section 703(d) of the Act, we instructed U.S. Customs and Border Protection to discontinue the suspension of liquidation for countervailing duty purposes for subject merchandise entered on or after April 13, 2010, but to continue the suspension of liquidation of entries made from December 14, 2010, through April 12, 2010.

We will issue a countervailing duty order if the ITC issues a final affirmative injury determination, and will require a cash deposit of estimated countervailing duties for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated deposits or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our final determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all

privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an Administrative Protective Order ("APO"), without the written consent of the Assistant Secretary for Import Administration.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/ destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Dated: July 12, 2010.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

APPENDIX

List of Comments and Issues in the Decision Memorandum

General Issues

Comment 1: Double Counting/ Overlapping Remedies

Company-Specific Issues

Comment 2: Xiamen Municipal Science and Technology Grant Program - Specificity

Comment 3: International Market Developing Fund Grants for SMEs - Specificity

Comment 4: Calculation of Yama's Sales Denominator

AFA

Comment 5: Inclusion of Terminated Programs in the AFA Rate Calculation

All-Others Rate

Comment 6: All-Others Rate Calculation

[FR Doc. 2010-17541 Filed 7-16-10; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

A-583-844

Notice of Final Determination of Sales at Less Than Fair Value: Narrow Woven Ribbons with Woven Selvedge from Taiwan

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

SUMMARY: We determine that imports of narrow woven ribbons with woven selvedge (NWR) from Taiwan are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act).

Based on our analysis of the comments received, we have made changes in the margin calculations. Therefore, the final determination differs from the preliminary determination. The final weighted-average dumping margins for the investigated companies are listed below in the section entitled "Final Determination Margins."

EFFECTIVE DATE: July 19, 2010.

FOR FURTHER INFORMATION CONTACT: Hector Rodriguez or Holly Phelps, AD/CVD Operations, Office 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0629 and (202) 482-0656, respectively.

SUPPLEMENTARY INFORMATION:

Background

On February 18, 2010, the Department published in the **Federal Register** the preliminary determination of sales at LTFV in the antidumping duty investigation of NWR from Taiwan. See *Narrow Woven Ribbons with Woven Selvedge from Taiwan: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 75 FR 7236 (Feb. 18, 2010) (*Preliminary Determination*). Since the preliminary determination, the following events have occurred.

In February 2010, the Department selected certain unaffiliated companies which supplied ribbon to Dear Year Brothers Mfg. Co., Ltd. (Dear Year) and Shienq Houng Group (*i.e.*, Hsien Chan Enterprise Co., Ltd., Novelty Handicrafts Co., Ltd., and Shienq Huong Enterprise Co., Ltd. (collectively "Shienq Huong")), and we requested that these unaffiliated suppliers respond to section D of the questionnaire (*i.e.*, the section relating to cost of production (COP) and

constructed value) with respect to the merchandise supplied to Dear Year and Shienq Huong. In February and March 2010, Dear Year's unaffiliated supplier informed the Department that it did not produce NWR but merely purchased and resold it, while Shienq Huong's unaffiliated ribbon suppliers provided responses to section D of the questionnaire.

In March 2010, we verified the questionnaire responses of three respondents in this case, Dear Year, Rong Shu Industry Corporation (Rong Shu), and Shienq Huong, in accordance with section 782(i) of the Act. Also in this month, we received additional comments on the scope of this investigation from the petitioner.¹ Finally in March 2010, we issued supplemental questionnaires to Shienq Huong's unaffiliated suppliers, and we received responses to these supplemental questionnaires in April 2010.

Also in April 2010, Dear Year, Rong Shu, and the petitioner submitted their main case briefs (*i.e.*, related to all issues except those associated with the responses received from the unaffiliated suppliers noted above). We also received rebuttal briefs in April 2010 from the petitioner and the three respondents. In April 2010, we issued additional supplemental questionnaires to Shienq Huong's unaffiliated suppliers. We received responses to these supplemental questionnaires in April and May 2010.

In May and June 2010, the petitioner, Dear Year, and Shienq Huong submitted supplemental case and rebuttal briefs specifically raising issues with regards Dear Year's and Shienq Huong's unaffiliated suppliers of NWR.

In June 2010, the petitioner provided revised scope exclusion language relating to NWR included in kits. For further discussion, see the "Scope Comments" section, below. Also in June 2010, the Department held a public hearing at the request of the petitioner, Dear Year, and Shienq Huong.

Period of Investigation

The period of investigation (POI) is July 1, 2008, through June 30, 2009.

Scope of Investigation

The merchandise subject to the investigation is narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole

or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof. Narrow woven ribbons subject to the investigation may:

- also include natural or other non-man-made fibers;
- be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;
- have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;
- have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;
- have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;
- have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;
- have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;
- consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an "ornamental trimming;"
- be wound on spools; attached to a card; hanked (*i.e.*, coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or
- be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.

Narrow woven ribbons subject to the investigation include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of this investigation.

Excluded from the scope of the investigation are the following:

- (1) formed bows composed of narrow woven ribbons with woven selvedge;

- (2) "pull-bows" (*i.e.*, an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;

- (3) narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (*i.e.*, filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the United States (HTSUS), Section XI, Note 13) or rubber thread;

- (4) narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;

- (5) narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding 8 centimeters;

- (6) narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag;

- (7) cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrrowing, lamination, sono-bonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;

- (8) narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;

- (9) narrow woven ribbons constructed from pile fabrics (*i.e.*, fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric);

- (10) narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise;

- (11) narrow woven ribbon that is (a) affixed to non-subject merchandise as a working component of such

¹ The petitioner in this investigation is Berwick Offray LLC and its wholly-owned subsidiary Lion Ribbon Company, Inc.

non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to non-subject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such non-subject merchandise, such as a "belly band" around a pair of pajamas, a pair of socks or a blanket;

- (12) narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel; and
- (13) narrow woven ribbon(s) included with non-subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches, none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit.

The merchandise subject to this investigation is classifiable under the HTSUS statistical categories 5806.32.1020; 5806.32.1030; 5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS statistical categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise under investigation is dispositive.

Scope Comments

Prior to the preliminary determination in this case, we received a request from certain retailers of NWR that the Department modify the scope of the investigation to exclude NWR included in kits or sets in "*de minimis*" amounts. Because of concerns over whether the proposed scope exclusion language would be administrable, we declined to modify the scope in the *Preliminary Determination*, and we did not use the language suggested by these retailers or the alternative language proposed by the

petitioner. See *Preliminary Determination*, 75 FR at 7240.

Following the preliminary determination, on March 24, 2010, and June 3, 2010, the petitioner submitted additional language for this scope exclusion. Having determined that the language contained in the petitioner's June 3, 2010, submission is administrable, we have incorporated this language in exclusion 13. See the "Scope of Investigation" section, above.

Unaffiliated Supplier Costs

In our *Preliminary Determination*, we determined that the companies weaving the ribbon are the producers of the NWR subject to this investigation. See *Preliminary Determination*, 75 FR at 7242. After analyzing the information on the record with respect to this issue, as well as the comments received from interested parties, we continue to find that the weaver is the producer of NWR. See the "Issues and Decision Memorandum" (Decision Memorandum) from Edward C. Yang, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, Import Administration, to Ronald K. Lorentzen, Deputy Secretary for Import Administration, dated July 12, 2010, at Comments 19 and 20 for further discussion regarding this determination.

As noted above, from February through May 2010, we received responses to our requests for cost information from certain of Dear Year and Shienq Huong's unaffiliated suppliers of purchased ribbon. With respect to Dear Year, the response from Dear Year's supplier revealed that the supplier did not weave the merchandise under consideration, but rather it merely purchased the ribbon from another company and then resold it to Dear Year. Because insufficient time existed to request additional information from the upstream supplier prior to the final determination, as facts available for purposes of the final determination, we are relying on Dear Year's costs of acquisition for the purchased NWR in lieu of actual production costs from the weavers as such information is not contained in the record of this proceeding. For further discussion, see Comment 19 in the Decision Memorandum.

With respect to Shienq Huong's unaffiliated suppliers, these companies provided certain cost information but informed the Department that they did not maintain records at a sufficient level of detail to provide POI product-specific costs. Because the submitted costs are not POI product-specific costs, we are unable to use them in our analysis for the final determination.

Therefore, as with Dear Year, as facts available for purposes of the final determination, we are relying on Shienq Huong's costs of acquisition for the purchased NWR ribbon costs in lieu of actual costs of production from the weaver, as the weaver is unable to provide such costs on a sufficiently specific basis for use in the Department's calculations. For further discussion, see Comment 20 in the Decision Memorandum.

Section 776(a) of the Act provides that the Department shall apply "facts otherwise available" if (1) necessary information is not on the record, or (2) an interested party or any other person (A) withholds information that has been requested, (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified as provided by section 782(i) of the Act. Here, we lack information necessary to determine the unaffiliated suppliers' actual costs and must, therefore, rely upon facts available. Although we appropriately requested the unaffiliated suppliers' costs, the suppliers did not maintain records at a sufficient level of detail to provide such costs in a manner sufficiently detailed for use in the Department's margin calculations; therefore, we are relying on the acquisition prices for purchased ribbon as facts available because they are product-specific and constitute the only useable data available with respect to purchased ribbon. However, if an antidumping duty order is issued in this proceeding, we will require product-specific costs from unaffiliated suppliers, if requested. This constitutes notice to the weavers of NWR that information must be maintained to allow the reporting of costs on a product-specific basis.

Cost of Production

As discussed in the preliminary determination, we conducted an investigation to determine whether the respondents made comparison market sales of the foreign like product during the POI at prices below their COP within the meaning of section 773(b) of the Act. See *Preliminary Determination*, 75 FR 7236 (Feb. 18, 2010). For this final determination, we performed the cost test following the same methodology as in the *Preliminary Determination*.

We found that 20 percent or more of each respondent's sales of a given product during the POI were at prices

less than the weighted-average COP for this period. Thus, we determined that these below-cost sales were made in "substantial quantities" within an extended period of time and at prices which did not permit the recovery of all costs within a reasonable period of time in the normal course of trade. See sections 773(b)(1)-(2) of the Act.

Therefore, for purposes of this final determination, we found that each respondent made below-cost sales not in the ordinary course of trade. Consequently, we disregarded these sales and used the remaining sales as the basis for determining normal value for each respondent pursuant to section 773(b)(1) of the Act.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Decision Memorandum, which is adopted by this notice. Parties can find a complete discussion of the issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room 1117 of the main Department building.

In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn/index.html>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Changes Since the Preliminary Determination

Based on our analysis of the comments received and our findings at verification, we have made certain changes to the margin calculations. For a discussion of these changes, see the "Margin Calculations" section of the Decision Memorandum.

Verification

As provided in section 782(i) of the Act, we verified the sales and cost information submitted by the respondents for use in our final determination. We used standard verification procedures including an examination of relevant accounting and production records, and original source documents provided by the respondents.

Continuation of Suspension of Liquidation

Pursuant to 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of subject merchandise from Taiwan, entered, or withdrawn from warehouse, for

consumption on or after February 18, 2010, the date of publication of the preliminary determination in the **Federal Register**. CBP shall require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown below. These instructions suspending liquidation will remain in effect until further notice. For Dear Year and Shienq Huong, because their estimated weighted-average final dumping margins are zero, we are not directing CBP to suspend liquidation of entries of NWR produced and exported by these companies.

Finally, we note that neither Dear Year nor Shienq Huong has disclosed for the public record the names of their unaffiliated suppliers. Therefore, upon public disclosure of this information to the Department, we will notify CBP that Dear Year's and Shienq Huong's exports of merchandise produced by these unaffiliated suppliers have LTFV investigation margins of zero and thus are excluded from any order resulting from this investigation. Until and unless such public disclosure is made, we will notify CBP that all entries of merchandise produced by Dear Year's and Shienq Huong's unaffiliated suppliers will be subject to the "all others" rate established in this proceeding.

Final Determination Margins

The weighted-average dumping margins are as follows:

| Manufacturer/Exporter | Weighted-Average Margin (percent) |
|--|-----------------------------------|
| Dear Year Brothers Mfg. Co., Ltd. | 0.00 |
| Roung Shu Industry Corporation | 4.37 |
| Shienq Huong Enterprise Co., Ltd./Hsien Chan Enterprise Co., Ltd./Novelty Handicrafts Co., Ltd. | 0.00 |
| All Others | 4.37 |

"All Others" Rate

In accordance with section 735(c)(5)(A) of the Act, we have based the "All Others" rate on the weighted average of the dumping margins calculated for the exporters/manufacturers investigated in this proceeding. The "All Others" rate is calculated exclusive of all de minimis margins and margins based entirely on AFA.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in

this proceeding in accordance with 19 CFR 351.224(b).

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our final determination. As our final determination is affirmative, the ITC will determine within 45 days whether imports of the subject merchandise are causing material injury, or threat of material injury, to an industry in the United States. If the ITC determines that material injury or threat of injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Return or Destruction of Proprietary Information

This notice will serve as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing this determination and notice in accordance with sections 735(d) and 777(i) of the Act.

Dated: July 12, 2010.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

Appendix Issues in Decision Memorandum

General Issues

1. Targeted Dumping
2. The Appropriate Unit of Measure On Which to Base Sales and Cost Data
3. How to Define the Product Characteristic "Color"
4. Display Unit Costs

Company-Specific Issues

5. Date of Shipment for Dear Year
6. Dear Year's Sales of Traded Goods
7. The Treatment of a Relabeling Billing Adjustment for Dear Year
8. The Treatment of Dear Year's "Combination" Ribbons

9. Clerical Error in Dear Year's Preliminary Dumping Margin
 10. Dear Year's Sample Sales
 11. Reallocation of Variable Overhead for Dear Year
 12. Variables Names in Dear Year's Cost Database
 13. The Treatment of the Product Characteristic "Width" for Rong Shu
 14. Warranty Expenses for Rong Shu
 15. Rong Shu's Reporting of the Costs Associated with Different Colors of NWR

16. Financial Expenses for Rong Shu
 17. Financial Expenses for Shienq Huong

18. Depreciation Expense for Shienq Huong

Issues Related to Unaffiliated Suppliers

19. Dear Year's Unaffiliated Suppliers' Cost of Production (COP)
 20. Shienq Huong's Unaffiliated Suppliers' COP
 21. Assigning Combination Rates to Dear Year and Shienq Huong

[FR Doc. 2010-17538 Filed 7-16-10; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-952]

Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Determination of Sales at Less Than Fair Value

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

DATES: *Effective Date:* July 19, 2010.

SUMMARY: On February 18, 2010, the Department of Commerce (the "Department") published its preliminary determination of sales at less than fair value ("LTFV") in the antidumping duty investigation of narrow woven ribbons with woven selvedge ("narrow woven ribbons") from the People's Republic of China ("PRC").¹ We invited interested parties to comment on our *Preliminary Determination*. Based on our analysis of the comments we received, we have made changes from the *Preliminary Determination*. We determine that narrow woven ribbons from the PRC are being, or are likely to be, sold in the United States at LTFV as provided in

¹ See *Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 75 FR 7244 (February 18, 2010) ("*Preliminary Determination*").

section 735 of the Tariff Act of 1930, as amended ("Act"). The final dumping margins for this investigation are listed in the "Final Determination Margins" section below.

FOR FURTHER INFORMATION CONTACT: Zhulietta Willbrand or Karine Gziryan, AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-3147 and (202) 482-4081, respectively.

SUPPLEMENTARY INFORMATION:

Case History

The period of investigation is January 1, 2009, through June 30, 2009. The Department published its preliminary determination of sales at LTFV and postponement of the final determination on February 18, 2010.² As explained in the memorandum from the Deputy Assistant Secretary for Import Administration, the Department has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from February 5, through February 12, 2010. Thus, all deadlines in this segment of the proceeding have been extended by seven days. The revised deadline for the final determination of this investigation is now July 12, 2010.³

Between March 8, 2010 and March 12, 2010, the Department conducted verification of mandatory respondent Yama Ribbons and Bows Co., Ltd. ("Yama").⁴

On April 20, 2010, the Department received case briefs from: Berwick Offray LLC and its wholly owned subsidiary Lion Ribbon Company, Inc. ("Petitioner"); Yama; and Yangzhou Bestpak Gifts & Crafts Co., Ltd. ("Bestpak"). On April 26, 2010, the Department received rebuttal briefs from Petitioner, Yama, and Bestpak.

On June 14, 2010, the Department issued a memorandum to all interested parties requesting comment on two possible Harmonized Tariff Schedule ("HTS") numbers (*i.e.*, 6310.10.90 and 6310.90.90) that could be used as the surrogate value for scrap ribbon and scrap yarn.⁵ On June 18, 2010, we

² See *Preliminary Determination*.

³ See Memorandum to the Record from Ronald Lorentzen, DAS for Import Administration, regarding "Tolling of Administrative Deadlines As a Result of the Government Closure During the Recent Snowstorm," dated February 12, 2010.

⁴ See the "Verification" section below for additional information.

⁵ See Memorandum to The File, Antidumping Investigation of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Surrogate Value for Scrap Yarn and Scrap Ribbon, dated June 14, 2010.

received comments from Yama and Petitioner.

On June 14, 2010, in response to the U.S. Court of Appeals for the Federal Circuit's decision in *Dorbest Limited et al. v. United States*, 2009-1257, -1266 (May 14, 2010) ("*Dorbest*"), the Department issued a memorandum to inform all interested parties that the Department would reconsider its valuation of the labor wage rate, and to permit parties to comment on this issue.⁶ On June 21, 2010, we received comments from Yama and Petitioner. Additionally, on June 15 and 22, 2010, the Department issued a memorandum adding additional export data to the record related to the Department's determination of the surrogate value for labor.⁷ On June 21, 2010, Petitioner and Yama submitted comments regarding the wage rate issue. Further, on June 22, 2010, the Department issued another memorandum adding additional export data to the record related to the Department's determination of the surrogate value for labor.⁸ We received no additional comments. On July 1, 2010, the Department placed further data on the record regarding the wage rate issue.⁹ No party submitted comments.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation, as well as comments received pursuant to the Department's requests, are addressed in the "Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Issues and Decision Memorandum for the Final Determination" ("*Issues and Decision Memorandum*"), dated concurrently with this notice and which is hereby adopted by this notice. A list of the issues which parties raised and to which we respond in the *Issues and Decision Memorandum* is attached to this notice as Appendix I. The *Issues and Decision Memorandum* is a public document and is on file in the Central Records Unit, Room 1117 of the main Commerce building, and is accessible on the World Wide Web at <http://>

⁶ See Memorandum to The File, Antidumping Duty Investigation of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Export Data, dated June 14, 2010.

⁷ See Memorandum to The File, Antidumping Duty Investigation of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Additional Export Data, dated June 15, 2010.

⁸ See Memorandum to The File, Antidumping Duty Investigation of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Additional Export Data, dated June 22, 2010.

⁹ See Memorandum to The File, Antidumping Duty Investigation of Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Data on Labor Wage, dated July 1, 2010.

trade.gov/ia/index.asp. The paper copy and electronic version of the memorandum are identical in content.

Changes Since the Preliminary Determination

1. For the final determination, we have included a freight expense to transport liquid petroleum gas from the supplier to Yama's factory.¹⁰

2. In the *Preliminary Determination*, 75 FR at 7249–50, we stated that for certain misreported packing materials' factors of production ("FOPs") as facts available, we applied a simple average consumption rate for certain packing materials. At verification, we examined these packing materials. For the final determination, we have determined to use Yama's reported consumption rates for all its packing materials.¹¹

3. We have recalculated the surrogate value for scrap using World Trade Atlas data for HTS number 6310.90.90.¹²

4. Pursuant to a recent decision by the U.S. Court of Appeals for the Federal Circuit, we have calculated a revised hourly wage rate to use in valuing Yama's reported labor input by averaging earnings and/or wages in countries that are economically comparable to the PRC and that are significant producers of comparable merchandise.¹³

5. For the final determination, we have included a new exclusion (*i.e.*, exclusion 13) in the scope of investigation. See "Scope of Investigation" section, below.

Scope of Investigation

The merchandise subject to the investigation is narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof. Narrow woven ribbons subject to the investigation may:

- Also include natural or other non-man-made fibers;
- Be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two

or more colors, styles, patterns, and/or weave constructions;

- Have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;
- Have embellishments, including but not limited to appliqué, fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;
- Have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;
- Have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;
- Have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;
- Consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an "ornamental trimming;"
- Be wound on spools; attached to a card; hanked (*i.e.*, coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or
- Be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.

Narrow woven ribbons subject to the investigation include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of this investigation.

Excluded from the scope of the investigation are the following:

- (1) Formed bows composed of narrow woven ribbons with woven selvedge;
- (2) "Pull-bows" (*i.e.*, an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;
- (3) Narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (*i.e.*, filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the

United States ("HTSUS"), Section XI, Note 13) or rubber thread;

(4) Narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;

(5) Narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding eight centimeters;

(6) Narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag;

(7) Cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sonobonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;

(8) Narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;

(9) Narrow woven ribbons constructed from pile fabrics (*i.e.*, fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric);

(10) Narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise;

(11) Narrow woven ribbon that is (a) affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to non-subject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such non-subject merchandise, such as a "belly band" around a pair of pajamas, a pair of socks or a blanket;

(12) Narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel; and

(13) Narrow woven ribbon(s) included with non-subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches,

¹⁰ See Final Analysis Memorandum for Yama Ribbons and Bows Co. Ltd., dated July 12, 2010 ("Yama's Analysis Memo").

¹¹ See Yama's Analysis Memo.

¹² See Yama's Analysis Memo.

¹³ See Issues and Decision Memorandum at Comment 8.

none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit.

The merchandise subject to this investigation is classifiable under the HTSUS categories 5806.32.1020; 5806.32.1030; 5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise under investigation is dispositive.

Scope Comments

Prior to the preliminary determination in this case, we received a request from certain retailers of narrow woven ribbons that the Department modify the scope of the investigation to exclude narrow woven ribbons included in kits or sets in “*de minimis*” amounts. Because of concerns over whether the proposed scope exclusion language would be administrable, we declined to modify the scope in the *Preliminary Determination*, and we did not use the language suggested by these retailers or the alternative language proposed by the petitioner. See *Preliminary Determination*, 75 FR at 7240.

Following the preliminary determination, on March 24, 2010, and June 3, 2010, the petitioner submitted additional language for this scope exclusion. Having determined that the language contained in the petitioner’s June 3, 2010, submission is administrable, we have incorporated this language in exclusion 13.¹⁴

Verification

As provided in section 782(i) of the Act, we verified the information submitted by Yama for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records, and original source documents provided by the respondent.¹⁵

¹⁴ See “the Scope of Investigation” section, above.

¹⁵ See April 13, 2010 Memorandum to the File from Karine Gziryan and Zhulietta Willbrand, International Trade Compliance Specialists, AD/CVD Operations, Office 4, “Verification of the Sales and Factors Responses of Yama Ribbons and Bows Co., Ltd. in the Antidumping Investigation of Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China” at 34 and Exhibit 22.

Surrogate Country

In the *Preliminary Determination*, we stated that we selected India as the appropriate surrogate country to use in this investigation for the following reasons: (1) It is a significant producer of comparable merchandise; (2) it is at a similar level of economic development pursuant to section 773(c)(4) of the Act; and (3) we have reliable data from India that we can use to value the FOPs.¹⁶ We received no comments on this issue after the *Preliminary Determination*, and we have made no changes to our findings with respect to the selection of a surrogate country for the final determination.

Separate Rates

In proceedings involving non-market economy (“NME”) countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department’s policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.¹⁷

In the *Preliminary Determination*, we found that the following companies demonstrated eligibility for separate-rate status: Beauty Horn Investment Limited; Fujian Rongshu Industry Co., Ltd.; Guangzhou Complacent Weaving Co., Ltd.; Ningbo MH Industry Co., Ltd.; Ningbo V.K. Industry & Trading Co., Ltd.; Stribbons (Guangzhou) Ltd.; Sun Rich (Asia) Limited; Tianjin Sun Ribbon Co., Ltd.; Weifang Dongfang Ribbon Weaving Co., Ltd.; Weifang Yu Yuan Textile Co., Ltd.; Xiamen Yi He Textile Co., Ltd; and Bestpak (collectively, the “Separate Rate Applicants”). Since the publication of the *Preliminary Determination*, no party has commented on the eligibility of the Separate Rate Applicants for separate-rate status. For the final determination, we continue to find that the evidence placed on the record of this investigation by the Separate Rate Applicants demonstrates both *de jure* and *de facto* absence of government control with respect to each company’s respective exports of the merchandise under investigation. Thus, we continue to find that the Separate

¹⁶ See *Preliminary Determination*.

¹⁷ See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588 (May 6, 1991), as amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People’s Republic of China*, 59 FR 22585 (May 2, 1994), and 19 CFR 351.107(d).

Rate Applicants are eligible for separate-rate status.

Normally the separate rate is determined based on the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding zero and *de minimis* margins or margins based entirely on adverse facts available (“AFA”).¹⁸ In this case, because there are no rates other than *de minimis* or those based on AFA, we have determined to take a simple average of the AFA rate assigned to the PRC-wide entity and the *de minimis* rate calculated for Yama as a reasonable method for purposes of determining the rate assigned to the Separate Rate Applicants.¹⁹ We note that this methodology is consistent with the Department’s past practice.²⁰

The PRC-Wide Rate

In the *Preliminary Determination*, we found that certain PRC exporters/producers did not demonstrate that they operate free of government control over their export activities and did not respond to the Department’s request for information.²¹ Thus, we treated these PRC exporters/producers as part of the PRC-wide entity and found that the PRC-wide entity did not respond to our requests for information.²² No additional information was placed on the record with respect to any of these companies after the *Preliminary Determination*. Additionally, in the *Preliminary Determination*, we determined that because Ningbo Jintian Import & Export Co., Ltd. (“Ningbo Jintian”) (*i.e.*, a mandatory respondent) failed to submit responses to the Department’s questionnaires, the Department has no basis upon which to grant Ningbo Jintian a separate rate. Accordingly, in the *Preliminary Determination*, we determined to treat Ningbo Jintian as part of the PRC-wide entity.²³ We received no comments on this determination.

Section 776(a)(2) of the Act provides that, if an interested party (A) Withholds information requested by the Department, (B) fails to provide such information by the deadline, or in the form or manner requested, (C)

¹⁸ See section 735(c)(5)(A) of the Act.

¹⁹ See section 735(c)(5)(B) of the Act.

²⁰ See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination; Light-Walled Rectangular Pipe and Tube From the Republic of Korea*, 73 FR 5794, 5800 (January 31, 2008), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Light-Walled Rectangular Pipe and Tube from the Republic of Korea*, 73 FR 35655 (June 24, 2008); see also “Corroboration” section below.

²¹ See *Preliminary Determination*, 75 FR at 7250.

²² See *id.*

²³ See *id.*

significantly impedes a proceeding, or (D) provides information that cannot be verified, the Department shall use, subject to section 782(d) of the Act, facts otherwise available in reaching the applicable determination. Since the PRC-wide entity did not provide the Department with requested information, pursuant to section 776(a)(2)(A) of the Act, we continue to find it appropriate to base the PRC-wide rate on facts available. Therefore, pursuant to section 776(a)(2)(A) of the Act, the Department continues to find that the use of facts available is appropriate to determine the PRC-wide rate.

Section 776(b) of the Act provides that, in selecting from among the facts otherwise available, the Department may employ an adverse inference if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information.²⁴ We determine that, because the PRC-wide entity did not respond to our requests for information, the PRC-wide entity has failed to cooperate to the best of its ability. Therefore, the Department finds that, in selecting from among the facts otherwise available, an adverse inference is appropriate for the PRC-wide entity.

Because we begin with the presumption that all companies within an NME country are subject to government control, and because only Separate Rate Applicants have overcome that presumption, we are applying a single antidumping rate (*i.e.*, the PRC-wide entity rate) to all other exporters of subject merchandise from the PRC. Such companies did not demonstrate entitlement to a separate rate.²⁵ The PRC-wide entity rate applies to all entries of subject merchandise

except for entries from Yama and the Separate Rate Applicants.

Corroboration

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation as facts available, it must, to the extent practicable, corroborate that information from independent sources reasonably at its disposal. Secondary information is described as “information derived from the petition that gave rise to the investigation or review, the final determination concerning merchandise subject to this investigation, or any previous review under section 751 concerning the merchandise subject to this investigation.”²⁶ To “corroborate” means that the Department will satisfy itself that the secondary information to be used has probative value. Independent sources used to corroborate may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation. To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information used.²⁷

The AFA rate that the Department used is drawn from the petition, as adjusted to reflect the CAFC’s decision in *Dorbest*. See Issues and Decision Memorandum at Comment 1. Petitioner’s methodology for calculating the United States price and normal value (“NV”) in the petition is discussed in the *Initiation Notice*.²⁸ In the *Preliminary Determination*, we assigned

²⁶ See *Final Determination of Sales at Less Than Fair Value: Sodium Hexametaphosphate From the People’s Republic of China*, 73 FR 6479, 6481 (February 4, 2008), quoting SAA at 870.

²⁷ See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

²⁸ See *Narrow Woven Ribbons with Woven Selvage from the People’s Republic of China and Taiwan: Initiation of Antidumping Duty Investigations*, 74 FR 39291 (August 6, 2009) (“Initiation Notice”).

to the PRC-wide entity the margin alleged in the petition, *i.e.*, 247.65 percent.²⁹ For the final determination, we have continued to assign to the PRC-wide entity the rate of 247.65 percent. To corroborate the AFA margin that we have selected, we compared it to the model-specific margins we found for the participating mandatory respondent, Yama. We found that the margin of 247.65 percent has probative value because it is in the range of Yama’s model-specific margins.³⁰ Accordingly, we find that the rate of 247.65 percent is corroborated within the meaning of section 776(c) of the Act.³¹

Combination Rates

In the *Initiation Notice*, the Department stated that it would calculate combination rates for respondents that are eligible for a separate rate in this investigation.³² This practice is described in *Policy Bulletin 05.1*, available at <http://ia.ita.doc.gov/>.

While continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of “combination rates” because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation. (Emphasis in original).

Final Determination Margins

The Department determines that the following dumping margins exist for the period January 1, 2009, through June 30, 2009:

²⁹ See *Preliminary Determination*, 75 FR at 7251.

³⁰ See Yama’s Analysis Memo.

³¹ See Issues and Decision Memorandum at Comment 12; see also July 12, 2010 Memorandum to the File from Karine Gziryan, International Trade Analyst, AD/CVD Operations, Office 4, “Antidumping Investigation of Narrow Woven Ribbons with Woven Selvage from the People’s Republic of China: Proprietary Memorandum regarding Corroboration”.

³² See *Initiation Notice*, 74 FR at 39297.

²⁴ See *Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Notice of Rescission in Part and Intent to Rescind in Part*, 72 FR 14078, 14079 (March 26, 2007), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from the People’s Republic of China: Final Results of 2005–2006 Administrative Review and Partial Rescission of Review*, 72 FR 56724 (October 4, 2007) and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People’s Republic of China: Amended Final Results of 2005–2006 Administrative Review*, 72 FR 70302 (December 11, 2007). See also Statement of Administrative Action accompanying the Uruguay Round Agreements Act (“SAA”), H.R. Doc. No. 103–316, Vol. 1 (1994), at 870.

²⁵ See, e.g., *Synthetic Indigo From the People’s Republic of China; Notice of Final Determination of Sales at Less Than Fair Value*, 65 FR 25706 (May 3, 2000).

| Exporter | Producer | Weighted-average percent margin |
|--|--|---------------------------------|
| Yama Ribbons and Bows Co., Ltd | Yama Ribbons and Bows Co., Ltd | 0 |
| Beauty Horn Investment Limited | Tianjin Sun Ribbon Co., Ltd | 123.83 |
| Fujian Rongshu Industry Co., Ltd | Fujian Rongshu Industry Co., Ltd | 123.83 |
| Guangzhou Complacent Weaving Co., Ltd | Guangzhou Complacent Weaving Co., Ltd | 123.83 |
| Ningbo MH Industry Co., Ltd | Hangzhou City Linghu Jiacheng Silk Ribbon Co., Ltd | 123.83 |
| Ningbo V.K. Industry & Trading Co., Ltd | Ningbo Yinzhou Jinfeng Knitting Factory | 123.83 |
| Stribbons (Guangzhou) Ltd | Stribbons (Guangzhou) Ltd | 123.83 |
| Stribbons (Guangzhou) Ltd | Stribbons (Nanyang) MNC Ltd | 123.83 |
| Sun Rich (Asia) Limited | Dongguan Yi Sheng Decoration Co., Ltd | 123.83 |
| Tianjin Sun Ribbon Co., Ltd | Tianjin Sun Ribbon Co., Ltd | 123.83 |
| Weifang Dongfang Ribbon Weaving Co., Ltd | Weifang Dongfang Ribbon Weaving Co., Ltd | 123.83 |
| Weifang Yu Yuan Textile Co., Ltd | Weifang Yu Yuan Textile Co., Ltd | 123.83 |
| Xiamen Yi He Textile Co., Ltd | Xiamen Yi He Textile Co., Ltd | 123.83 |
| Yangzhou Bestpak Gifts & Crafts Co., Ltd | Yangzhou Bestpak Gifts & Crafts Co., Ltd | 123.83 |
| PRC-wide Entity* | | 247.65 |

*(Including Ningbo Jintian Import & Export Co., Ltd.).

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, the Department will instruct U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all entries of narrow woven ribbons from the PRC, as described in the “Scope of Investigation” section, above, entered, or withdrawn from warehouse, for consumption on or after February 18, 2010, the date of publication of the *Preliminary Determination* in the **Federal Register**. The Department will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average dumping margin amount by which the NV exceeds U.S. price, as follows: (1) The rate for the exporter/producer combinations listed in the chart above will be the rate the Department has determined in this final determination; (2) for all PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the PRC-wide entity rate; and (3) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter.

Additionally, as the Department has determined in its companion countervailing duty (“CVD”) final determination of narrow woven ribbons from the PRC (dated concurrently with this notice) that the product under investigation, exported and produced by Yama, benefitted from an export subsidy, we will instruct CBP to require an antidumping cash deposit or posting of a bond equal to the weighted-average amount by which the NV exceeds the export price, as indicated above, minus the amount determined to constitute an export subsidy. *See, e.g., Notice of Final*

Determination of Sales at Less Than Fair Value: Carbazole Violet Pigment 23 From India, 69 FR 67306, 67307 (November 17, 2004). Therefore, for the separate rate respondents, we will instruct CBP to require an antidumping duty cash deposit or the posting of a bond for each entry equal to the weighted-average margin indicated above adjusted for the export subsidy rate determined in the CVD final determination (*i.e.*, International Market Development Fund Grants for Small and Medium Enterprises). The adjusted cash deposit rate for the separate rate respondents (as listed above in the “Final Determination Margins” section, above) is 123.44 percent. These suspension-of-liquidation instructions will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, the Department notified the U.S. International Trade Commission (“ITC”) of its final determination of sales at LTFV. As the Department’s final determination is affirmative, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse,

for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: July 12, 2010.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

Appendix I

Issues for Final Determination

- Comment 1: Whether the Department should recalculate the petition margin with the preliminary surrogate value for labor
- Comment 2: Whether to apply a scrap offset in deriving Yama’s normal value
- Comment 3: Whether to set additional processing revenue to zero for all sales and cap freight revenue
- Comment 4: Whether to include freight expenses for the input Liquid Petroleum Gas (“LPG”)
- Comment 5: Whether to deduct Yama’s bank charges from U.S. price
- Comment 6: Whether to apply Adverse Facts Available for some of Yama’s sales
- Comment 7: Whether to apply Facts Available to estimate commissions on Yama’s U.S. Sales
- Comment 8: Whether the Department should revise its labor rate calculation
- Comment 9: Whether to assign Bestpak the calculated margin assigned to Yama as its separate rate
- Comment 10: Whether to select an additional

respondent
 Comment 11: Whether to calculate Bestpak's separate rate using its quantity and value information
 Comment 12: Whether the AFA rate was sufficiently corroborated

[FR Doc. 2010-17568 Filed 7-16-10; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-533-840]

Certain Frozen Warmwater Shrimp From India: Final Results of Antidumping Duty Administrative Review, Partial Rescission of Review, and Notice of Revocation of Order in Part

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

SUMMARY: On March 15, 2010, the Department of Commerce (the Department) published the preliminary results of the administrative review of the antidumping duty order on certain frozen warmwater shrimp (shrimp) from India. This review covers 159 producers/exporters¹ of the subject merchandise to the United States. The period of review (POR) is February 1, 2008, through January 31, 2009.

After analyzing the comments received, we have made no changes in the margin calculations. Therefore, these final results do not differ from the preliminary results. The final weighted-average dumping margins for the reviewed firms are listed below in the section entitled "Final Results of Review."

Finally, we have determined to revoke the antidumping duty order with respect to shrimp from India produced and exported by Devi Sea Foods Limited (Devi) and to rescind the review with respect to 41 firms.

DATES: *Effective Date:* July 19, 2010.

FOR FURTHER INFORMATION CONTACT: Elizabeth Eastwood or Henry Almond, AD/CVD Operations, Office 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-3874 or (202) 482-0049, respectively.

SUPPLEMENTARY INFORMATION:

Background

This review covers 159 producers/exporters. The respondents which the

Department selected for individual examination are Devi, Falcon Marine Exports Limited (Falcon), and the Liberty Group.² The respondents which were not selected for individual review are listed in the "Final Results of Review" section of this notice.

On March 15, 2010, the Department published in the **Federal Register** the preliminary results of administrative review of the antidumping duty order on shrimp from India. *See Certain Frozen Warmwater Shrimp from India: Preliminary Results of Antidumping Duty Administrative Review, Partial Rescission of Review, Notice of Intent to Rescind Review in Part, and Notice of Intent to Revoke Order in Part*, 75 FR 12175 (Mar. 15, 2010) (*Preliminary Results*).

We invited parties to comment on the *Preliminary Results* of review. In April 2009, we received case and rebuttal briefs from the Ad Hoc Shrimp Trade Action Committee (the Petitioner) and the American Shrimp Processors Association (ASPA)/the Louisiana Shrimp Association (LSA). We also received a case brief from the Liberty Group and a rebuttal brief from Devi.

The Department has conducted this administrative review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Scope of the Order

The scope of this order includes certain frozen warmwater shrimp and prawns, whether wild-caught (ocean harvested) or farm-raised (produced by aquaculture), head-on or head-off, shell-on or peeled, tail-on or tail-off,³ deveined or not deveined, cooked or raw, or otherwise processed in frozen form.

The frozen warmwater shrimp and prawn products included in the scope of this order, regardless of definitions in the Harmonized Tariff Schedule of the United States (HTSUS), are products which are processed from warmwater shrimp and prawns through freezing and which are sold in any count size.

The products described above may be processed from any species of warmwater shrimp and prawns. Warmwater shrimp and prawns are generally classified in, but are not limited to, the *Penaeidae* family. Some examples of the farmed and wild-caught

warmwater species include, but are not limited to, whiteleg shrimp (*Penaeus vannamei*), banana prawn (*Penaeus merguensis*), fleshy prawn (*Penaeus chinensis*), giant river prawn (*Macrobrachium rosenbergii*), giant tiger prawn (*Penaeus monodon*), redspotted shrimp (*Penaeus brasiliensis*), southern brown shrimp (*Penaeus subtilis*), southern pink shrimp (*Penaeus notialis*), southern rough shrimp (*Trachypenaeus curvirostris*), southern white shrimp (*Penaeus schmitti*), blue shrimp (*Penaeus stylirostris*), western white shrimp (*Penaeus occidentalis*), and Indian white prawn (*Penaeus indicus*).

Frozen shrimp and prawns that are packed with marinade, spices or sauce are included in the scope of this order. In addition, food preparations, which are not "prepared meals," that contain more than 20 percent by weight of shrimp or prawn are also included in the scope of this order.

Excluded from the scope are: (1) Breaded shrimp and prawns (HTSUS subheading 1605.20.10.20); (2) shrimp and prawns generally classified in the *Pandalidae* family and commonly referred to as coldwater shrimp, in any state of processing; (3) fresh shrimp and prawns whether shell-on or peeled (HTSUS subheadings 0306.23.00.20 and 0306.23.00.40); (4) shrimp and prawns in prepared meals (HTSUS subheading 1605.20.05.10); (5) dried shrimp and prawns; (6) canned warmwater shrimp and prawns (HTSUS subheading 1605.20.10.40); (7) certain dusted shrimp; and (8) certain battered shrimp. Dusted shrimp is a shrimp-based product: (1) That is produced from fresh (or thawed-from-frozen) and peeled shrimp; (2) to which a "dusting" layer of rice or wheat flour of at least 95 percent purity has been applied; (3) with the entire surface of the shrimp flesh thoroughly and evenly coated with the flour; (4) with the non-shrimp content of the end product constituting between four and ten percent of the product's total weight after being dusted, but prior to being frozen; and (5) that is subjected to IQF freezing immediately after application of the dusting layer. Battered shrimp is a shrimp-based product that, when dusted in accordance with the definition of dusting above, is coated with a wet viscous layer containing egg and/or milk, and par-fried.

The products covered by this order are currently classified under the following HTSUS subheadings: 0306.13.00.03, 0306.13.00.06, 0306.13.00.09, 0306.13.00.12, 0306.13.00.15, 0306.13.00.18, 0306.13.00.21, 0306.13.00.24,

² The Liberty Group consists of the following companies: Devi Marine Food Exports Private Limited, Kader Exports Private Limited, Kader Investment and Trading Company Private Limited, Liberty Frozen Foods Private Limited, Liberty Oil Mills Ltd., Premier Marine Products, and Universal Cold Storage Private Limited (collectively, "the Liberty Group").

³ "Tails" in this context means the tail fan, which includes the telson and the uropods.

¹ Collapsed entities are treated as one producer/exporter.

APPENDIX B
HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Narrow Woven Ribbons with Woven Selvedge from China and Taiwan
Inv. Nos.: 701-TA-467 and 731-TA-1164-1165 (Final)
Date and Time: July 15, 2010 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

OPENING REMARKS:

Petitioner (**Gregory C. Dorris**, Pepper Hamilton LLP)
Respondents (**James R. Cannon, Jr.**, Williams Mullen)

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

Pepper Hamilton LLP
Washington, DC
on behalf of

Berwick Offray LLC

Julie Pajic, Senior Vice President, Sales and Marketing, Berwick Offray LLC
Owen Deese, Senior Industrial Engineer, Berwick Offray LLC
Richard Lee, Hagerstown Plant Manager, Berwick Offray LLC
Christian A. Sorensen, Executive Vice President and General Manager,
BOC Design
Dr. Seth T. Kaplan, Principal, The Brattle Group

Gregory C. Dorris -- OF COUNSEL

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Williams Mullen
Washington, DC
on behalf of

Ribbon Importers

Joseph Duffey, CEO, Compass Designs, LLC
Charles Vaughn, President, MNC Stribbons, Inc.
Thomas Lodge, President, Liberty Ribbon & Packaging
Vinci Wong, President, Papillon Ribbon & Bow Inc.

James R. Cannon, Jr.)
) – OF COUNSEL
J. Forbes Thompson)

Akin Gump Strauss Hauer & Feld LLP
Washington, DC
on behalf of

Taiwan Silk & Filament Weaving Industrial Association and its individual members:

King Young Enterprise Co., Ltd.
Roung Shu Industry Corporation
Shienq Huong Enterprise Co., Ltd.

Yu Pi-Lan, President, King Young Enterprise Co., Ltd.
Liao Chia-Chi, Sales Manager, King Young Enterprise Co., Ltd.
Doris Lin, Counsel, Lee & Li

J. David Park)
Jarrod M. Goldfeder) – OF COUNSEL
Sally S. Laing)

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:—Continued

Sidley Austin LLP
Washington, DC
on behalf of

Costco Wholesale Corporation
Hobby Lobby Stores, Inc.
Jo-Ann Stores, Inc.
Michaels Stores, Inc
Target Corporation

Shelly Bucklin, Assistant General Merchandise, Costco Wholesale Corporation
John L. Graham, Assistant General Counsel, Hobby Lobby Stores, Inc.
Melissa Freebern, Soft Lines Merchandise Manager, Hobby Lobby Stores, Inc.
Robert D. Icsman, Senior Legal Counsel, Jo-Ann Stores, Inc.
Garth Pauley, Director, Product Development, Jo-Ann Stores, Inc.
Heather Morschauer, Associate General Counsel, Michaels Stores, Inc.
David Mitchell, Business Unit Divisional Manager – Celebrations, Michaels Stores, Inc.
Toni Dembski-Brandl, Senior Counsel, Target Corporation

Brenda A. Jacobs)
) – OF COUNSEL
Neil R. Ellis)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Gregory C. Dorris**, Pepper Hamilton LLP *and*
Dr. Seth T. Kaplan, The Brattle Group)
Respondents (**Brenda A. Jacobs**, Sidley Austin LLP)

APPENDIX C
SUMMARY TABLE

Table C-1
Narrow woven ribbons: Summary data concerning the U.S. market, 2007-09

| Item | Reported data ¹ | | | Period changes ² | | |
|-------------------------------------|----------------------------|------|------|-----------------------------|---------|---------|
| | 2007 | 2008 | 2009 | 2007-09 | 2007-08 | 2008-09 |
| U.S. consumption quantity | | | | | | |
| Amount (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Market shares by quantity (percent) | | | | | | |
| U.S. producers' share | *** | *** | *** | *** | *** | *** |
| U.S. importers' share | | | | | | |
| China | *** | *** | *** | *** | *** | *** |
| Taiwan, subject | *** | *** | *** | *** | *** | *** |
| Subtotal, subject | *** | *** | *** | *** | *** | *** |
| Taiwan, nonsubject | *** | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** | *** |
| Subtotal, nonsubject | *** | *** | *** | *** | *** | *** |
| Total imports | *** | *** | *** | *** | *** | *** |
| U.S. consumption value | | | | | | |
| Amount (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Market shares by value (percent) | | | | | | |
| U.S. producers' share | *** | *** | *** | *** | *** | *** |
| U.S. importers' share | | | | | | |
| China | *** | *** | *** | *** | *** | *** |
| Taiwan, subject | *** | *** | *** | *** | *** | *** |
| Subtotal, subject | *** | *** | *** | *** | *** | *** |
| Taiwan, nonsubject | *** | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** | *** |
| Subtotal, nonsubject | *** | *** | *** | *** | *** | *** |
| Total imports | *** | *** | *** | *** | *** | *** |
| U.S. shipments of imports from-- | | | | | | |
| China | | | | | | |
| Quantity (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Value (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Unit value (per sq. yard) | *** | *** | *** | *** | *** | *** |
| Inventory (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |

Table continued on next page.

Table C-1--Continued

Narrow woven ribbons: Summary data concerning the U.S. market, 2007-09

| Item | Reported data ¹ | | | Period changes ² | | |
|----------------------------------|----------------------------|--------|--------|-----------------------------|---------|---------|
| | 2007 | 2008 | 2009 | 2007-09 | 2007-08 | 2008-09 |
| U.S. shipments of imports from-- | | | | | | |
| Taiwan, subject | | | | | | |
| Quantity (1,000 sq. yards) | 12,226 | 10,880 | 8,634 | -29.4 | -11.0 | -20.6 |
| Value (1,000 dollars) | 33,210 | 33,762 | 28,301 | -14.8 | 1.7 | -16.2 |
| Unit value (per sq. yard) | \$2.72 | \$3.10 | \$3.28 | 20.7 | 14.2 | 5.6 |
| Inventory (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Subtotal, subject | | | | | | |
| Quantity (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Value (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Unit value (per sq. yard) | *** | *** | *** | *** | *** | *** |
| Inventory (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Taiwan, nonsubject | | | | | | |
| Quantity (1,000 sq. yds) | *** | *** | *** | *** | *** | *** |
| Value (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Unit value (per sq. yard) | *** | *** | *** | *** | *** | *** |
| Inventory (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| All other sources | | | | | | |
| Quantity (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Value (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Unit value (per sq. yard) | *** | *** | *** | *** | *** | *** |
| Inventory (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Subtotal, nonsubject | | | | | | |
| Quantity (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Value (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Unit value (per sq. yard) | *** | *** | *** | *** | *** | *** |
| Inventory (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Total import shipments | | | | | | |
| Quantity (1,000 sq. yards) | 28,655 | 29,083 | 21,994 | -23.2 | 1.5 | -24.4 |
| Value (1,000 dollars) | 99,706 | 96,125 | 70,266 | -29.5 | -3.6 | -26.9 |
| Unit value (per sq. yard) | \$3.48 | \$3.31 | \$3.19 | -8.2 | -5.0 | -3.3 |
| Inventory (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |

Table continued on next page.

Table C-1--Continued

Narrow woven ribbons: Summary data concerning the U.S. market, 2007-09

| Item | Reported data ¹ | | | Period changes ² | | |
|---|----------------------------|------|------|-----------------------------|---------|---------|
| | 2007 | 2008 | 2009 | 2007-09 | 2007-08 | 2008-09 |
| U.S. producers ¹ : | | | | | | |
| Total hypothetical capacity (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Production (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Capacity utilization (percent) | *** | *** | *** | *** | *** | *** |
| Average production capacity (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Production (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Capacity utilization (percent) | *** | *** | *** | *** | *** | *** |
| U.S. shipments: | | | | | | |
| Quantity (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Value (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Unit value (per sq. yard) | *** | *** | *** | *** | *** | *** |
| Export shipments: | | | | | | |
| Quantity (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Value (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Unit value (per sq. yard) | *** | *** | *** | *** | *** | *** |
| Ending inventory (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Inventories/total shipments (percent) | *** | *** | *** | *** | *** | *** |
| Production workers (number) | *** | *** | *** | *** | *** | *** |
| Hours worked (1,000s) | *** | *** | *** | *** | *** | *** |
| Wages paid (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Hourly wages | *** | *** | *** | *** | *** | *** |
| Productivity (yards per hour) | *** | *** | *** | *** | *** | *** |
| Unit labor costs (per sq. yard) | *** | *** | *** | *** | *** | *** |

Table continued on next page.

Table C-1--Continued

Narrow woven ribbons: Summary data concerning the U.S. market, 2007-09

| Item | Reported data ¹ | | | Period changes ² | | |
|--|----------------------------|------|------|-----------------------------|---------|---------|
| | 2007 | 2008 | 2009 | 2007-09 | 2007-08 | 2008-09 |
| U.S. producers ¹ : | | | | | | |
| Net sales: | | | | | | |
| Quantity (1,000 sq. yards) | *** | *** | *** | *** | *** | *** |
| Value (1,000 dollars) | *** | *** | *** | *** | *** | *** |
| Unit value (per sq. yard) | *** | *** | *** | *** | *** | *** |
| Cost of goods sold (COGS) | *** | *** | *** | *** | *** | *** |
| Gross profit or (loss) | *** | *** | *** | *** | *** | *** |
| SG&A expenses | *** | *** | *** | *** | *** | *** |
| Operating income or (loss) | *** | *** | *** | *** | *** | *** |
| Capital expenditures | *** | *** | *** | *** | *** | *** |
| Unit COGS | *** | *** | *** | *** | *** | *** |
| Unit SG&A expenses | *** | *** | *** | *** | *** | *** |
| Unit operating income or (loss) | *** | *** | *** | *** | *** | *** |
| COGS/Sales | *** | *** | *** | *** | *** | *** |
| Operating income or (loss)/sales | *** | *** | *** | *** | *** | *** |
| ¹ Reported data are as follows (unless otherwise indicated): quantity data in 1,000 square yards; value data in 1,000 dollars; unit data in "per square yard" measures, share and ratio data in percent with specificity of one decimal point. ² Period change data in percent or in percentage points off of share and ratio data. | | | | | | |
| Source: Compiled from data submitted in response to Commission questionnaires. | | | | | | |

APPENDIX D
NONSUBJECT PRICING DATA

Weighted-average sales prices of products imported from nonsubject sources in Taiwan undersold the U.S. producers in all 33 quarterly comparisons. Prices of imports from nonsubject sources in Taiwan oversold imports from China in 24 of 33 quarterly comparisons and undersold imports from China in the remaining 9 quarterly instances. Prices of imports from nonsubject sources in Taiwan undersold imports from subject sources in Taiwan in 17 of 33 quarterly comparisons and oversold them in the remaining 16 instances.

Weighted-average sales prices of products imported from nonsubject sources in Mexico undersold the U.S. producers in both quarterly comparisons. Prices of imports from nonsubject sources in Mexico undersold imports from China in one quarterly comparison and oversold them in the other. Prices of imports from nonsubject sources in Mexico undersold imports from subject sources in Taiwan in both quarterly comparisons.

Figure D-1

Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and subject and nonsubject imported product 1, by quarters, January 2007-December 2009

* * * * *

Figure D-2

Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and subject and nonsubject imported product 2, by quarters, January 2007-December 2009

* * * * *

Figure D-3

Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and subject and nonsubject imported product 3, by quarters, January 2007-December 2009

* * * * *

Figure D-4

Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and subject and nonsubject imported product 4, by quarters, January 2007-December 2009

* * * * *

Figure D-5

Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and subject and nonsubject imported product 5, by quarters, January 2007-December 2009

* * * * *

Figure D-6

Narrow woven ribbons: Weighted-average f.o.b prices and quantities of domestic and subject and nonsubject imported product 6, by quarters, January 2007-December 2009

* * * * *

APPENDIX E

**DATA ON FACILITATED IMPORTS REPORTED BY BERWICK OFFRAY,
BY TOP CUSTOMERS**

***¹ ***²

***³

Table E-1
Narrow woven ribbons: Quantities and average unit values (AUVs) of commercial shipments of Berwick Offray's domestic product, imports from *, and facilitated imports from ***, to its top customers, 2007-09**

* * * * *

Table E-2
Narrow woven ribbons: Quantities and average unit values (AUVs) of commercial shipments of Berwick Offray's domestic product, imports from *, and facilitated imports from ***, to its top customers, 2007-09**

* * * * *

Table E-3
Narrow woven ribbons: Quantities and average unit values (AUVs) of commercial shipments of Berwick Offray's domestic product, imports from *, and facilitated imports from ***, to its top customers, 2007-09**

* * * * *

¹ See section entitled "Price Data" and fn. 7 in Part V.

² Supplemental data submission from ***, e-mail to staff, June 29, 2010.

³ ***.

