

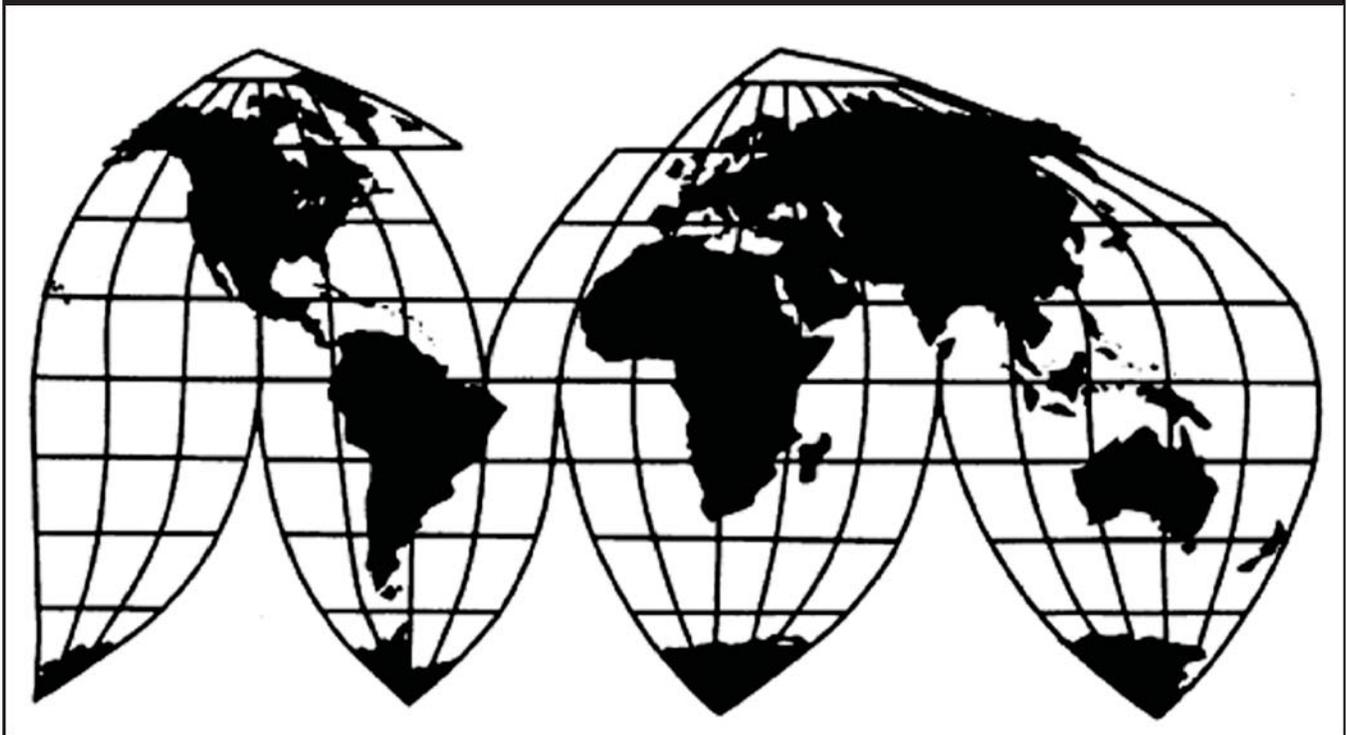
# Lined Paper School Supplies from China and India

Investigation Nos. 701-TA-442 and 731-TA-1095-1096 (Second Review)

Publication 4758

February 2018

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-442 and 731-TA-1095-1096 (Second Review)

Lined Paper School Supplies from China and India

### DETERMINATIONS

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

### BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on July 3, 2017 (82 F.R. 30902) and determined on October 6, 2017 that it would conduct expedited reviews (82 F.R. 49659, October 26, 2017).

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



## Views of the Commission

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

### I. Background

The original investigations resulted from petitions filed by the Association of American School Paper Suppliers (“AASPS”) on September 9, 2005 concerning LPSS imports from China, India, and Indonesia.<sup>1</sup> In September 2006, the Commission determined that a domestic industry was materially injured by reason of LPSS sold at less than fair value from China, India, and Indonesia, and subsidized by the governments of India and Indonesia.<sup>2</sup> Subsequently, the Department of Commerce (“Commerce”) issued antidumping duty orders on LPSS from China, India, and Indonesia, and countervailing duty orders on LPSS from India and Indonesia.<sup>3</sup>

In August 2012, after conducting full five-year reviews, the Commission determined that revocation of the antidumping duty orders on LPSS from China and India and the countervailing duty order on LPSS from India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>4</sup> The Commission also determined that revocation of the antidumping duty order and the countervailing duty order on LPSS from Indonesia would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably

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<sup>1</sup> *Certain Lined Paper School Supplies from China, India, and Indonesia*, Inv. Nos. 701-TA-442-443, 731-TA-1095-1097 (Final), USITC Pub. 3884 (Sept. 2006) at 3 (“*Original Determinations*”).

<sup>2</sup> *Original Determinations*, USITC Pub. 3884 at 3. The Commission made its original affirmative final determinations by a split vote. Commissioners Hillman, Okun, and Pearson determined that the domestic industry was not materially injured by reason of cumulated subject imports from China, India, and Indonesia. They further determined that the domestic industry was threatened with material injury by reason of subject imports from China, and determined that the domestic industry was not threatened with material injury by reason of subject imports from India and Indonesia. For purposes of the threat analysis, they did not cumulate subject imports from China with those from India and Indonesia, which they cumulated. *Id.* at 3, 51.

<sup>3</sup> *Notice of Amended Final Determination of Sales at Less Than Fair Value: Certain Lined Paper Products from the People’s Republic of China; Notice of Antidumping Duty Orders: Certain Lined Paper Products from India, Indonesia and the People’s Republic of China; and Notice of Countervailing Duty Orders: Certain Lined Paper Products from India and Indonesia*, 71 Fed. Reg. 56949 (Sept. 28, 2006).

<sup>4</sup> *Certain Lined Paper School Supplies from China, India, and Indonesia*, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Review), USITC Pub. 4344 (Aug. 2012) at 3 n.2 (“*First Review Determinations*”). Commissioners Okun, Pearson, and Johanson dissented and made negative determinations with respect to subject imports from India.

foreseeable time.<sup>5</sup> Commerce issued a notice of continuation of the antidumping duty orders on LPSS from China and India and the countervailing duty order on LPSS from India on August 31, 2012.<sup>6</sup>

The Commission instituted these second five-year reviews on July 3, 2017.<sup>7</sup> The Commission received a single response to the notice of institution filed by AASPS.<sup>8</sup> The Commission did not receive a response to the notice of institution from any respondent interested party. The Commission unanimously determined that the domestic interested party group response was adequate and that the respondent interested party group response was inadequate. It therefore determined that it would conduct expedited reviews pursuant to section 751(c)(3) of the Tariff Act.<sup>9</sup> AASPS filed final comments on January 9, 2018 pursuant to Commission Rule 207.62(c)(2).

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>10</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>11</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>12</sup>

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

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<sup>5</sup> *First Review Determinations*, USITC Pub. 4344 at 3. Commissioner Williamson dissented and made an affirmative determination with respect to subject imports from Indonesia.

<sup>6</sup> *Certain Lined Paper Products from India and the People’s Republic of China: Continuation of Antidumping and Countervailing Duty Orders*, 77 Fed. Reg. 53172 (Aug. 31, 2012).

<sup>7</sup> *Certain Lined Paper School Supplies from China and India; Institution of Five-Year Reviews*, 82 Fed. Reg. 30902 (July 3, 2017).

<sup>8</sup> Domestic Interested Parties’ Response to the Notice of Institution (“Response”) at 2-3, Exh.1.

<sup>9</sup> Explanation of Commission Determination of Adequacy, EDIS Doc. 625255 (Oct. 11, 2017).

<sup>10</sup> 19 U.S.C. § 1677(4)(A).

<sup>11</sup> 19 U.S.C. § 1677(10); see, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>12</sup> See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

. . . certain lined paper products, typically school supplies (for purposes of this scope definition, the actual use of or labeling these products as school supplies or non-school supplies is not a defining characteristic) composed of or including paper that incorporates straight horizontal and/or vertical lines on ten or more paper sheets (there shall be no minimum page requirement for looseleaf filler paper) including but not limited to such products as single- and multi-subject notebooks, composition books, wireless notebooks, looseleaf or glued filler paper, graph paper, and laboratory notebooks, and with the smaller dimension of the paper measuring 6 inches to 15 inches (inclusive) and the larger dimension of the paper measuring 8-3/4 inches to 15 inches (inclusive). Page dimensions are measured size (not advertised, stated, or "tear-out" size), and are measured as they appear in the product (i.e., stitched and folded pages in a notebook are measured by the size of the page as it appears in the notebook page, not the size of the unfolded paper). However, for measurement purposes, pages with tapered or rounded edges shall be measured at their longest and widest points. Subject lined paper products may be loose, packaged or bound using any binding method (other than case bound through the inclusion of binders board, a spine strip, and cover wrap). Subject merchandise may or may not contain any combination of a front cover, a rear cover, and/or backing of any composition, regardless of the inclusion of images or graphics on the cover, backing, or paper. Subject merchandise is within the scope of this order whether or not the lined paper and/or cover are hole punched, drilled, perforated, and/or reinforced. Subject merchandise may contain accessory or informational items including but not limited to pockets, tabs, dividers, closure devices, index cards, stencils, protractors, writing implements, reference materials such as mathematical tables, or printed items such as sticker sheets or miniature calendars, if such items are physically incorporated, included with, or attached to the product, cover and/or backing thereto.

Specifically excluded from the scope of this order are:

- unlined copy machine paper;
- writing pads with a backing (including but not limited to products commonly known as "tablets," "note pads," "legal pads," and "quadrille pads"), provided that they do not have a front cover (whether permanent or removable). This exclusion does not apply to such writing pads if they consist of hole-punched or drilled filler paper;

- three-ring or multiple-ring binders, or notebook organizers incorporating such a ring binder provided that they do not include subject paper;
- index cards;
- printed books and other books that are case bound through the inclusion of binders board, a spine strip, and cover wrap;
- newspapers;
- pictures and photographs;
- desk and wall calendars and organizers (including but not limited to such products generally known as “office planners,” “time books,” and “appointment books”);
- telephone logs;
- address books;
- columnar pads & tablets, with or without covers, primarily suited for the recording of written numerical business data;
- lined business or office forms, including but not limited to: pre-printed business forms, lined invoice pads and paper, mailing and address labels, manifests, and shipping log books;
- lined continuous computer paper;
- boxed or packaged writing stationery (including but not limited to products commonly known as “fine business paper,” “parchment paper”, and “letterhead”), whether or not containing a lined header or decorative lines;
- Stenographic pads (“steno pads”), Gregg ruled (“Gregg ruling” consists of a single- or double-margin vertical ruling line down the center of the page. For a six-inch by nine-inch stenographic pad, the ruling would be located approximately three inches from the left of the book.), measuring 6 inches by 9 inches.

Also excluded from the scope of this order are the following trademarked products:

- Fly™ lined paper products: A notebook, notebook organizer, loose or glued note paper, with papers that are printed with infrared reflective inks and readable only by a Fly™ pen-top computer. The product must bear the valid trademark Fly™ (products found to be bearing an invalidly licensed or used trademark are not excluded from the scope).
- Zwipes™: A notebook or notebook organizer made with a blended polyolefin writing surface as the cover and pocket surfaces of the notebook, suitable for writing using a specially-developed permanent marker and erase system (known as a Zwipes™ pen). This system allows the marker portion to mark the writing surface with a permanent ink. The eraser portion of the

marker dispenses a solvent capable of solubilizing the permanent ink allowing the ink to be removed. The product must bear the valid trademark Zwipes™ (products found to be bearing an invalidly licensed or used trademark are not excluded from the scope).

- FiveStar® Advance™: A notebook or notebook organizer bound by a continuous spiral, or helical, wire and with plastic front and rear covers made of a blended polyolefin plastic material joined by 300 denier polyester, coated on the backside with PVC (poly vinyl chloride) coating, and extending the entire length of the spiral or helical wire. The polyolefin plastic covers are of specific thickness; front cover is 0.019 inches (within normal manufacturing tolerances) and rear cover is 0.028 inches (within normal manufacturing tolerances). Integral with the stitching that attaches the polyester spine covering, is captured both ends of a 1" wide elastic fabric band. This band is located 2-3/8" from the top of the front plastic cover and provides pen or pencil storage. Both ends of the spiral wire are cut and then bent backwards to overlap with the previous coil but specifically outside the coil diameter but inside the polyester covering. During construction, the polyester covering is sewn to the front and rear covers face to face (outside to outside) so that when the book is closed, the stitching is concealed from the outside. Both free ends (the ends not sewn to the cover and back) are stitched with a turned edge construction. The flexible polyester material forms a covering over the spiral wire to protect it and provide a comfortable grip on the product. The product must bear the valid trademarks FiveStar® Advance™ (products found to be bearing an invalidly licensed or used trademark are not excluded from the scope);
- FiveStar Flex™: A notebook, a notebook organizer, or binder with plastic polyolefin front and rear covers joined by 300 denier polyester spine cover extending the entire length of the spine and bound by a 3-ring plastic fixture. The polyolefin plastic covers are of a specific thickness; front cover is 0.019 inches (within normal manufacturing tolerances) and rear cover is 0.028 inches (within normal manufacturing tolerances). During construction, the polyester covering is sewn to the front cover face to face (outside to outside) so that when the book is closed, the stitching is concealed from the outside. During construction, the polyester cover is sewn to the back cover with the outside of the polyester spine cover to the inside back cover. Both free ends (the ends not sewn to the cover and back) are stitched with a turned edge construction. Each ring within the fixture is comprised of a flexible strap portion that snaps into a stationary post which forms a

closed binding ring. The ring fixture is riveted with six metal rivets and sewn to the back plastic cover and is specifically positioned on the outside back cover. The product must bear the valid trademark FiveStar Flex™ (products found to be bearing an invalidly licensed or used trademark are not excluded from the scope).<sup>13</sup>

LPSS encompasses a range of products, including, but not limited to, looseleaf filler paper, composition books, and notebooks. Students primarily use LPSS to take notes, perform class assignments, and provide completed work to teachers for correction and grades. The physical characteristics of LPSS include elements of privacy, protection, and convenience, such as notebooks that include covers to shield written work from others. The manufacturing process for LPSS entails three basic processes: ruling, binding, and wrapping/packing. The nature of the pulp used to manufacture LPSS can affect the product's characteristics such as strength and texture.<sup>14</sup>

## 1. The Original Investigations

In the original preliminary determinations, the Commission defined the domestic like product to be lined paper products ("LPP") encompassing any lined paper or lined paper products with dimensions including and between five inches by seven inches and 15 inches by 15 inches. This definition is a broader category than the scope merchandise, LPSS. Although AASPS argued that the domestic like product should be defined as LPSS, the Commission found, for purposes of the preliminary determinations, that LPSS and other lined paper products share a basic use, namely note taking and other writing, and shared common channels of distribution and common manufacturing facilities, production processes, and production employees.<sup>15</sup>

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<sup>13</sup> *Certain Lined Paper Products from India: Final Results of Expedited Second Sunset Review of Countervailing Duty Order*, 82 Fed. Reg. 51390 (Nov. 6, 2017); *Certain Lined Paper Products from India and the People's Republic of China: Final Results of Expedited Second Sunset Reviews of Antidumping Duty Orders*, 82 Fed. Reg. 51812 (Nov. 8, 2017) (citing *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Antidumping Duty Orders on Certain Lined Paper Products from India and the People's Republic of China* at 6-8 (Oct. 31, 2017)). The written descriptions of the scope in Commerce's second review determinations for the countervailing duty order and antidumping duty orders are identical.

<sup>14</sup> Confidential Report ("CR"), Memorandum INV-PP-128, at I-10 to I-11; Public Report ("PR") at I-8 to I-9.

<sup>15</sup> *Certain Lined Paper School Supplies from China, India, and Indonesia*, Inv. Nos. 701-TA-442-443, 731-TA-1095-1097 (Preliminary), USITC Pub. 3811 at 11 (Oct. 2005). In the preliminary determinations, the Commission requested data for LPSS and "other lined paper products," which was defined as "any lined paper or lined paper product with dimensions between 5 {inches} x 7 {inches} and 15 {inches} by {15 inches} which are not included in the scope definition." *Id.* at 8 n.24.

In the final determinations, party arguments concerned whether the Commission should define the domestic like product as LPP with the dimensions specified in the preliminary determinations, or whether the Commission should instead define the domestic like product as LPP regardless of dimension.<sup>16</sup> The Commission adopted the latter definition because it found no clear dividing line between LPP with the dimensions defined in the preliminary determinations and outsized LPP. The Commission found that, apart from size difference, LPP had similar physical characteristics, were used for note taking and other types of writing, were used in both school and business applications, had common channels of distribution, and shared common manufacturing facilities, production processes, and employees.<sup>17</sup>

## **2. First Five-Year Reviews**

In the first five-year reviews, AASPS proposed that the domestic like product should be defined as LPSS and be coextensive with Commerce's scope. Respondents contended that the Commission should define the domestic like product in the same manner as it did in the original investigations as LPP.<sup>18</sup> The Commission once again defined the domestic like product as LPP because there was limited new information in the record to call into question the central findings the Commission made in the original determinations.<sup>19</sup>

## **3. The Current Reviews**

In these reviews, AASPS agrees with the domestic like product definition that the Commission adopted in the original investigations.<sup>20</sup> There is no new information in the record indicating that the characteristics of the product at issue have changed since the prior proceedings.<sup>21</sup> Consequently, for the reasons articulated in the original investigations and previous reviews, we again define the domestic like product as LPP.

### **B. Domestic Industry**

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."<sup>22</sup> In defining the domestic industry, the Commission's general practice has been

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<sup>16</sup> *Original Determinations*, USITC Pub. 3884 at 6-10.

<sup>17</sup> *Original Determinations*, USITC Pub. 3884 at 7-10.

<sup>18</sup> *First Review Determinations*, USITC Pub. 4344 at 6.

<sup>19</sup> *First Review Determinations*, USITC Pub. 4344 at 6-8.

<sup>20</sup> Response at 24.

<sup>21</sup> CR at I-10 to I-15; PR at I-8 to I-11.

<sup>22</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

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

## 1. Prior Proceedings

In the original investigations, the Commission found that eight domestic producers were related parties. The Commission found that appropriate circumstances existed to exclude from the domestic industry two of these producers, American Scholar and CPP International, LLP, both of which had ceased domestic production by the end of the period examined.<sup>23</sup>

In the first five-year reviews, the Commission found that five domestic producers were related parties because they imported subject merchandise: \*\*\*. The Commission found that appropriate circumstances did not exist to exclude any of these producers from the domestic industry.<sup>24</sup>

## 2. The Current Reviews

Based on the record in these current reviews, no domestic producer is a related party.<sup>25</sup> In light of the foregoing and our domestic like product definition, we define the domestic industry as consisting of all U.S. producers of LPP.

# III. Cumulation

## A. Legal Standard

With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in

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<sup>23</sup> *Original Determinations*, USITC Pub. 3884 at 12-16.

<sup>24</sup> *First Review Determinations*, USITC Pub. 4344 at 9-10; Confidential First Five-Year Review Commission Views, EDIS Doc. 620610, at 12-13.

<sup>25</sup> AASPS states that none of the domestic producers had actual imports of the subject merchandise during the period of review. See Response, Exh.3. However, AASPS indicates that domestic producer \*\*\* purchased a small amount of composition books from India in \*\*\* when the company needed to \*\*\*. *Id.* The Commission has previously concluded that a purchaser may be treated as a related party if it controls large volumes of subject imports. The Commission has found such control to exist when the domestic producer was responsible for a predominant proportion of an importer's purchases and these purchases were substantial. See *Iron Construction Castings from Brazil, Canada, and China*, Inv. Nos. 701-TA-249, 731-TA-262-263 and 265 (Fourth Review), USITC Pub. 4655 (Dec. 2016) at 11. The record contains no information that would suggest that \*\*\* purchases were a substantial portion of subject imports from India. Given this and the limited time frame of the purchases, we do not find that \*\*\* is a related party.

the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.<sup>26</sup>

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.<sup>27</sup> The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

## **B. Prior Proceedings**

In the original investigations, the Commission cumulated subject imports from the three subject countries for its material injury analysis. The Commission found that subject imports from all three subject countries were fungible with both the domestic like product and each other. The Commission also found that the domestic like product and subject imports from each subject source were sold nationwide, sold primarily to retailers, and were present in the U.S. market throughout the period of investigation. Accordingly, the Commission found a reasonable overlap of competition among subject imports and between the imports from each subject country and the domestic like product.<sup>28</sup>

In the first five-year reviews, the Commission cumulated subject imports from China and India, and did not cumulate subject imports from Indonesia.<sup>29</sup> The Commission plurality

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<sup>26</sup> 19 U.S.C. § 1675a(a)(7).

<sup>27</sup> 19 U.S.C. § 1677(7)(G)(i); *see also, e.g., Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

<sup>28</sup> *Original Determinations*, USITC Pub. 3884 at 22-23.

<sup>29</sup> *First Review Determinations*, USITC Pub. 4344 at 19. Commissioner Williamson cumulated subject imports from China, India, and Indonesia; Commissioner Aranoff cumulated subject imports from China and India and did not cumulate subject imports from Indonesia; and Commissioner Pinkert cumulated subject imports from China and India and found that revocation of the orders on subject imports from Indonesia would have no likely discernible adverse impact. *Id.* at 19. Commissioners Johanson, Okun, and Pearson did not cumulate subject imports from China, India, or Indonesia, respectively, with any other subject imports. *Id.* at 19, 51.

found that subject imports from each of the three subject countries would not be likely to have no discernible adverse impact on the domestic industry upon revocation of the orders.<sup>30</sup> The Commission plurality also found that there would likely be a reasonable overlap of competition among subject imports and between subject imports and the domestic like product upon revocation of the orders.<sup>31</sup> However, the Commission plurality found that only subject imports from China and India were likely to compete under similar conditions of competition.<sup>32</sup>

### C. Analysis

In these reviews, the statutory threshold for cumulation is satisfied as all reviews were initiated on the same day: July 3, 2017.<sup>33</sup> In addition, we consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports:

(1) whether imports from any of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among subject imports and the domestic like product; and (3) whether subject imports are likely to compete in the U.S. market under different conditions of competition.<sup>34</sup>

#### 1. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.<sup>35</sup> Neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic

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<sup>30</sup> *First Review Determinations*, USITC Pub. 4344 at 12-15. Commissioner Pinkert separately found that revocation of the orders on subject imports from Indonesia would have no likely discernible adverse impact. *Id.* at 19, 47.

<sup>31</sup> *First Review Determinations*, USITC Pub. 4344 at 15-17. Commissioner Pinkert joined the findings only with respect to subject imports from China and India. *Id.* at 15 n. 85.

<sup>32</sup> *First Review Determinations*, USITC Pub. 4344 at 18-19. Commissioner Pinkert did not join the findings with respect to the likely conditions of competition. *Id.* at 18 n.105. Commissioners Johanson, Okun, and Pearson did not join in this finding; they found significant differences in the likely conditions of competition that subject imports from China, India, and Indonesia would face in the U.S. market. *Id.* at 54.

<sup>33</sup> *Certain Lined Paper School Supplies from China and India; Institution of Five-Year Reviews*, 82 Fed. Reg. 30902 (July 3, 2017).

<sup>34</sup> In its response to the notice of institution, AASPS does not specifically address the statutory criteria for cumulation. Nevertheless, AASPS’s arguments are premised on a cumulated analysis. Response at 11-15, 21-24; Domestic Interested Parties’ Written Comments on the Commission’s Determination in the Expedited Review (“Final Comments”) at 5-12.

<sup>35</sup> 19 U.S.C. § 1675a(a)(7).

industry.<sup>36</sup> With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Based on the record, we do not find that imports from China or India are likely to have no discernible adverse impact on the domestic industry in the event of revocation of the antidumping or countervailing duty orders.

*China.* In the original investigations, subject imports from China were 186.3 million pieces in 2003, 220.7 million pieces in 2004, and 345.9 million pieces in 2005. These imports' market share increased in every year of the period of investigation, from \*\*\* percent of apparent U.S. consumption in 2003 to \*\*\* percent in 2005.<sup>37</sup> LPSS production capacity in China was \*\*\* pieces in 2003, \*\*\* pieces in 2004, and \*\*\* pieces in 2005; production was \*\*\* pieces in 2003, \*\*\* pieces in 2004, and \*\*\* pieces in 2005. Exports to the United States accounted for the \*\*\* of the responding producers' total shipments throughout the period of investigation.<sup>38</sup>

In the first five-year reviews, the volume of subject imports from China declined overall, and was at levels lower than that of the original investigations. These imports declined from a period high of 159.6 million pieces in 2006 to a period low of 120.2 million pieces in 2011, and their share of apparent U.S. consumption ranged from 10.5 percent to 14.0 percent during this period.<sup>39</sup> While the record contained little contemporaneous information concerning the LPSS industry in China, the Commission found that China's production of writing and printing paper (a broader product grouping than LPSS) had increased in recent years and that China was a net exporter of paper products.<sup>40</sup>

In the current reviews, the volume of LPSS imports from China declined from 11.7 million pieces in 2012 to 9.2 million pieces in 2014, increased to 11.7 million pieces in 2015, and subsequently declined to 11.2 million pieces in 2016.<sup>41</sup> In 2016, subject imports from China accounted for \*\*\* percent of apparent U.S. consumption.<sup>42</sup> The record contains no information on current LPSS production capacity in China. AASPS argues that subject producers in China continue to export significant volumes of out-of-scope LPP to the United States, which are produced using the same machinery that can be used to produce LPSS, and that these exporters from China have maintained business relationships with major U.S. purchasers of LPSS.<sup>43</sup> GTA data, which may include out-of-scope products, indicate that from 2012 to 2016, the United

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<sup>36</sup> SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

<sup>37</sup> CR/PR, App. C.

<sup>38</sup> Original Determinations Confidential Staff Report, Memorandum INV-DD-117 (August 15, 2006), EDIS Doc. 620536, at Table VII-1.

<sup>39</sup> CR/PR, App. C.

<sup>40</sup> *First Review Determinations*, USITC Pub. 4344 at 13.

<sup>41</sup> Revised Confidential Staff Report, Memorandum INV-PP-166 (Dec. 14, 2017) ("Revised CR") at Table I-3; Revised Public Report ("Revised PR") at Table I-3.

<sup>42</sup> Revised CR/PR at Table I-5.

<sup>43</sup> Response at 11-12.

States was by far the largest export market for lined paper school supply products from China in terms of value.<sup>44</sup> GTA data also show that, over the last half of the period of review, China was the world's second largest exporter of lined paper school supply products in terms of value.<sup>45</sup>

In light of the foregoing, including the significant exports of lined paper school supply products and the exporters' continuing interest in the U.S. market, we do not find that subject imports from China would likely have no discernible adverse impact on the domestic industry if the antidumping duty order covering these imports were to be revoked.

*India.* In the original investigations, subject imports from India were 37.2 million pieces in 2003, 36.0 million pieces in 2004, and 31.3 million pieces in 2005. These imports' market share declined in every year of the period of investigation, from \*\*\* percent of apparent U.S. consumption in 2003 to \*\*\* percent in 2005.<sup>46</sup> LPSS production capacity in India was \*\*\* pieces in 2003, \*\*\* pieces in 2004, and \*\*\* pieces in 2005; production was \*\*\* pieces in 2003, \*\*\* pieces in 2004, and \*\*\* pieces in 2005. Exports to the United States accounted for the \*\*\* of the responding producers' total shipments throughout the period of investigation.<sup>47</sup>

In the first five-year reviews, the volume of subject imports from India fluctuated irregularly over the period of review, ranging from a period low of 24.2 million pieces in 2006 and a period high of 43.9 million pieces in 2009. Their share of apparent U.S. consumption also fluctuated between 2.1 percent and 4.0 percent.<sup>48</sup> The Commission observed that subject producers in India increased their capacity in every year of the period of review, and production rose in all but one year while capacity utilization fluctuated. The Commission also observed that the United States was India's largest export market for LPSS.<sup>49</sup>

In the current reviews, the volume of imports of LPSS from India increased in every year of the period of review, from 23.0 million pieces in 2012 to 40.6 million pieces in 2016. In 2016, subject imports from India accounted for \*\*\* percent of apparent U.S. consumption.<sup>50</sup> AASPS argues that subject producers and exporters in India are export-oriented and have remained focused on the U.S. market since the imposition of the orders, while they also continue to maintain significant capacity and excess capacity.<sup>51</sup> GTA data, which may include out-of-scope products, indicate that from 2012 to 2016, the United States was by far the largest export market of lined paper school supply products from India in terms of value.<sup>52</sup>

For these reasons, including the continued interest in the U.S. market and the growing volume of imports during the period of review, we do not find that subject imports

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<sup>44</sup> CR/PR at Table I-6.

<sup>45</sup> CR/PR at Table I-8.

<sup>46</sup> CR/PR, App. C.

<sup>47</sup> Original Determinations Confidential Staff Report, Memorandum INV-DD-117 (August 15, 2006), EDIS Doc. 620536, at Table VII-2.

<sup>48</sup> CR/PR, App. C.

<sup>49</sup> *First Review Determinations*, USITC Pub. 4344 at 14.

<sup>50</sup> Revised CR/PR at Tables I-3 and I-5.

<sup>51</sup> Response at 14.

<sup>52</sup> CR/PR at Table I-7.

from India would likely have no discernible adverse impact on the domestic industry if the antidumping duty and countervailing duty orders covering these imports were to be revoked.

## 2. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.<sup>53</sup> Only a “reasonable overlap” of competition is required.<sup>54</sup> In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.<sup>55</sup>

*Fungibility.* In the original investigations, the Commission found that domestically produced LPP and subject imports from China, India, and Indonesia appeared to be fungible. It observed that the domestic product and subject imports were generally used for the same purpose and that purchasers reported that imports from each subject country were generally comparable with each other and the domestic product.<sup>56</sup> In the first five-year reviews, the Commission observed that there was a high degree of substitutability between and among subject imports from China, India, and Indonesia and the domestic like product.<sup>57</sup> There is no new information on the record in these second five-year reviews to indicate that the fungibility of subject imports from China and India has changed.

*Channels of Distribution.* In the original investigations, the Commission found that the domestic like product and subject imports were sold through common channels of distribution, primarily to retailers. The Commission also observed that some U.S. producers purchased or

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<sup>53</sup> The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject 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 geographical markets of 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 subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

<sup>54</sup> *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); *Wieland Werke*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); *United States Steel Group v. United States*, 873 F. Supp. 673, 685 (Ct. Int’l Trade 1994), *aff’d*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g., Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff’d sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int’l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

<sup>55</sup> *See generally, Cheflin Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int’l Trade 2002).

<sup>56</sup> *Original Determinations*, USITC Pub. 3884 at 22.

<sup>57</sup> *First Review Determinations*, USITC Pub. 4344 at 16.

sourced subject imports for retailers but these U.S. producers did not serve as the importer of record.<sup>58</sup> In the first five-year reviews, an \*\*\* percentage of shipments of domestically produced LPP were made to retailers.<sup>59</sup> The Commission also observed that a majority of subject imports from China were directed to retailers and at least \*\*\* percent of subject imports from India were directed to retailers for three of the six years of the period of review.<sup>60</sup> The Commission found that subject imports from Indonesia would likely be sold to retailers in the event of revocation, even though subject imports were extremely limited during the period of review.<sup>61</sup> There is no new information on the record in these second five-year reviews to indicate that the channels of distribution for subject imports from China and India have changed or are likely to do so upon revocation.

*Geographic Overlap.* In the original investigations, the Commission found that the subject imports satisfied the geographic overlap requirement. The Commission observed that the producers of the domestic like product were located across the country and that seven of nine responding U.S. producers reported that they sold LPP nationwide. The Commission also observed that the majority of responding importers of LPP from China and India reported that they sold nationally.<sup>62</sup> In the first five-year reviews, the Commission found that the domestic like product was sold nationwide. The Commission also observed that the majority of responding importers of subject imports from China and all responding importers of subject imports from India and Indonesia sold nationwide.<sup>63</sup> There is no new information on the record in these second five-year reviews to suggest that the geographic distribution of subject imports from China and India has changed or is likely to do so upon revocation. In 2016, the majority of subject imports from China and India entered through U.S. ports located in eastern and western coasts.<sup>64</sup>

*Simultaneous Presence in Market.* In the original investigations, the Commission found that subject imports from each subject country were present in the United States throughout the period of investigation.<sup>65</sup> In the first five-year reviews, the Commission also observed that the domestic like product and subject imports from each subject country were present in the U.S. market during the period of review.<sup>66</sup> During the current review period, imports from China and India were present in the U.S. market during each year from 2012 to 2016.<sup>67</sup>

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<sup>58</sup> *Original Determinations*, USITC Pub. 3884 at 23.

<sup>59</sup> *First Review Determinations*, USITC Pub. 4344 at 16; Confidential First Five-Year Review Commission Views, EDIS Doc. 620610, at 22.

<sup>60</sup> *First Review Determinations*, USITC Pub. 4344 at 17; Confidential First Five-Year Review Commission Views, EDIS Doc. 620610, at 22.

<sup>61</sup> *First Review Determinations*, USITC Pub. 4344 at 17.

<sup>62</sup> *Original Determinations*, USITC Pub. 3884 at 22.

<sup>63</sup> *Original Determinations*, USITC Pub. 4344 at 17.

<sup>64</sup> CR at I-29; PR at I-22.

<sup>65</sup> *Original Determinations*, USITC Pub. 3884 at 23.

<sup>66</sup> *First Review Determinations*, USITC Pub. 4344 at 17.

<sup>67</sup> CR/PR at Table I-3.

*Conclusion.* The record of these expedited reviews contains limited information concerning subject imports in the U.S. market during the period of review. The record contains no information suggesting a change in the considerations that led the Commission in the first reviews to conclude that there would be a likely reasonable overlap of competition among subject imports from China and India and between imports from each subject source and the domestic like product upon revocation. In light of this, and the absence of any contrary argument, we find a likely reasonable overlap of competition among subject imports from China and India and between the domestic like product and subject imports from each source.

### **3. Likely Conditions of Competition**

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether subject imports from the subject countries would compete under similar or different conditions in the U.S. market if the orders under review were revoked. In the first five-year reviews, the Commission found that subject imports from China and India were likely to compete under similar conditions of competition in the event of revocation. The Commission observed that subject producers from China and India maintained their presence in the U.S. market, and that these producers could use their existing business relationships in the U.S. market to expand their exports into the United States in the event of revocation.<sup>68</sup> The Commission also found that the LPSS industries in China and India were export oriented and had increased their capacity.<sup>69</sup> The record in these second five-year reviews does not indicate that there would likely be any significant difference in the conditions of competition among subject imports upon revocation.

Accordingly, we exercise our discretion to cumulate subject imports from China and India.

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

### **A. Legal Standards**

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>70</sup> The SAA states that “under the likelihood standard, the Commission will engage in a

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<sup>68</sup> *First Review Determinations*, USITC Pub. 4344 at 18.

<sup>69</sup> *First Review Determinations*, USITC Pub. 4344 at 19.

<sup>70</sup> 19 U.S.C. § 1675a(a).

counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>71</sup> Thus, the likelihood standard is prospective in nature.<sup>72</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>73</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>74</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>75</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>76</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or

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<sup>71</sup> SAA at 883-84. The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

<sup>72</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>73</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>74</sup> 19 U.S.C. § 1675a(a)(5).

<sup>75</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>76</sup> 19 U.S.C. § 1675a(a)(1).

the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>77</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.<sup>78</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>79</sup> In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>80</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>81</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or

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<sup>77</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the antidumping and countervailing duty orders on the subject imports China and India. CR at I-17; PR at I-12.

<sup>78</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>79</sup> 19 U.S.C. § 1675a(a)(2).

<sup>80</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>81</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

more advanced version of the domestic like product.<sup>82</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>83</sup>

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

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

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>84</sup> The following conditions of competition inform our determinations.

### **1. Demand Conditions**

In the original investigations, the Commission observed that apparent U.S. consumption of LPP increased over the period of investigation and that the parties agreed that U.S. demand for LPSS also increased. The Commission further observed that both the domestic like product and subject imports were primarily sold to retailers, which increasingly imported LPSS directly.<sup>85</sup> The Commission also found that a limited number of large retailers purchased substantial quantities of LPP, and that retailers placed orders during the fall season of the preceding year.<sup>86</sup> The parties agreed that demand for LPSS was seasonal, peaking during a four- to ten-week back-to-school shopping period beginning in July and ending no later than September.<sup>87</sup>

In the first five-year reviews, the Commission observed that apparent U.S. consumption of LPP fluctuated within a narrow range during the period of review and that market

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<sup>82</sup> 19 U.S.C. § 1675a(a)(4).

<sup>83</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>84</sup> 19 U.S.C. § 1675a(a)(4).

<sup>85</sup> *Original Determinations*, USITC Pub. 3884 at 27.

<sup>86</sup> *Original Determinations*, USITC Pub. 3884 at 25.

<sup>87</sup> *Original Determinations*, USITC Pub. 3884 at 34.

participants reported that U.S. demand for LPSS remained stable.<sup>88</sup> The Commission also found that most LPP was purchased by retailers, and the concentration of these purchases by a few large retailers had increased since the original investigations.<sup>89</sup> The Commission also observed that demand for LPP was highly seasonal, with purchases peaking in the second and third quarters of the year.<sup>90</sup>

In these second five-year reviews, apparent U.S. consumption of LPSS was \*\*\* pieces in 2016, which is \*\*\* percent lower than in 2011.<sup>91</sup> AASPS argues that the U.S. market for LPSS remains “mature and stable” with brick and mortar stores dominating purchases of LPSS, although online retailers have become larger participants in the market. AASPS also claims that the two most important retail events of the year are the Christmas holiday and back-to-school selling seasons.<sup>92</sup>

## 2. Supply Conditions

In the original investigations, the Commission found that the principal suppliers of LPP to the U.S. market were the domestic producers followed by subject imports and then by nonsubject imports. The Commission observed that over the period of investigation, the share of quantity of apparent U.S. consumption held by the domestic industry declined from \*\*\* percent to \*\*\* percent, while the share held by cumulated subject imports increased from \*\*\* percent to \*\*\* percent and the share held by nonsubject imports increased from \*\*\* percent to \*\*\* percent.<sup>93</sup> While recognizing that retailers generally place orders in the fall season of the preceding year, the Commission observed that U.S. production peaked in the winter and spring seasons and U.S. shipments peaked between April and June of the following year.<sup>94</sup>

In the first five-year reviews, the Commission observed that over the period of review, the domestic industry’s share of apparent U.S. consumption declined from 27.4 percent in 2006 percent to 25.3 percent in 2011.<sup>95</sup> Cumulated subject imports from China and India accounted

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<sup>88</sup> *First Review Determinations*, USITC Pub. 4344 at 24.

<sup>89</sup> *First Review Determinations*, USITC Pub. 4344 at 24.

<sup>90</sup> *First Review Determinations*, USITC Pub. 4344 at 24.

<sup>91</sup> Revised CR/PR at Table I-5. While AASPS agrees with the domestic like product definition in the original determinations, AASPS labels the domestic like product as “LPSS” when summarizing the prior proceedings and in its response to the notice of institution, including its reporting of production, capacity, shipment, and financial data. In light of this, the U.S. production, capacity, shipment, and financial data, as well as the computation of apparent U.S. consumption, reported may be understated.

<sup>92</sup> Response at 25.

<sup>93</sup> *Original Determinations*, USITC Pub. 3884 at 25-26; Confidential Original Investigations Commission Views, EDIS Doc. 620538, at 36-37.

<sup>94</sup> *Original Determinations*, USITC Pub. 3884 at 36.

<sup>95</sup> *First Review Determinations*, USITC Pub. 4344 at 24. The Commission observed that the pertinent HTS classifications changed during the period of review. In July 2009, a residual classification covering subject and nonsubject merchandise was subdivided into three separate classifications, two of which (4820.10.2030 and 4820.10.2040) contain subject merchandise while the third (4820.10.2060) (Continued...)

for between 13.9 and 16.1 percent of the quantity of apparent U.S. consumption during the period of review while nonsubject imports accounted for between 24.9 and 32.1 percent of apparent U.S. consumption.<sup>96</sup>

In these second five-year reviews, the domestic industry's share of apparent U.S. consumption was \*\*\* percent in 2016, which is higher than in 2011 at 25.3 percent. Cumulated subject imports accounted for \*\*\* percent of apparent U.S. consumption in 2016, which is lower than in 2011 at 13.9 percent.<sup>97</sup> Nonsubject imports accounted for \*\*\* percent of apparent U.S. consumption in 2016, which is lower than in 2011 at 25.3 percent.<sup>98</sup> AASPS asserts that the principal changes in supply have been decreased volumes of subject imports from China and a surge of nonsubject imports from Indonesia since the revocation of the orders on LPSS imports from Indonesia.<sup>99</sup>

### 3. Substitutability and Other Conditions

In the original investigations, the Commission found that the domestic like product, subject imports, and nonsubject imports were generally substitutable, and characterized the subject merchandise and the domestic like product as commodity products. The Commission also found that while price was an important factor in purchasing decisions, purchasers indicated that availability, delivery time, product consistency, quality, and reliability of supply were also important purchasing considerations.<sup>100</sup> The Commission observed that the cost of paper, the principle input in the production of LPP, increased during the period of investigation.<sup>101</sup>

In the first five-year reviews, the Commission found that there was a moderate-to-high degree of substitutability between subject imports from each source and the domestic like product, and that price was an important factor in purchasing decisions.<sup>102</sup> The Commission observed that retailers often sell LPP at a loss to attract customers and that the prevalence of auctions magnified the importance of price in purchasing decisions. Furthermore, the

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(...Continued)

contains only out of scope products. In light of this, the Commission analyzed subject import volume trends using the broader data category but relied on the narrower category for 2010 and 2011. *Id.* at 12. It stated that based on the narrower measure of import volume, the domestic industry's share of apparent U.S. consumption was 28.7 percent in 2010 and 31.4 percent in 2011. *Id.*

<sup>96</sup> *First Review Determinations*, USITC Pub. 4344 at 25, 35. The Commission observed that based on the narrower measure of import volume, cumulated subject imports from China and India accounted for 6.0 percent of apparent U.S. consumption in 2010 and 4.7 percent in 2011. *Id.* at 25. The Commission also observed that based on the narrower measure of import volume, nonsubject imports accounted for 18.4 percent in 2010 and 19.4 percent in 2011. *Id.* at 35.

<sup>97</sup> Revised CR/PR at Table I-5.

<sup>98</sup> Revised CR/PR at Table I-5.

<sup>99</sup> Response at 25-26.

<sup>100</sup> *Original Determinations*, USITC Pub. 3884 at 28.

<sup>101</sup> *Original Determinations*, USITC Pub. 3884 at 27.

<sup>102</sup> *First Review Determinations*, USITC Pub. 4344 at 26.

Commission found that direct imports of LPSS by retailers with offices in Asia heightened price competition.<sup>103</sup>

In these second five-year reviews, there is no new information to indicate that the substitutability between domestically produced LPSS and subject imports, regardless of source, or the importance of price has changed since the prior reviews.<sup>104</sup> Accordingly, we again find that subject imports and the domestic like product are moderately to highly substitutable, and that price is an important factor in purchasing decisions.

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

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

In the original investigations, the Commission found that subject imports increased significantly over the period of investigation, both in absolute terms and relative to consumption and production in the United States.<sup>105</sup> It further found that subject imports gained market share primarily at the expense of the domestic industry throughout the period of investigation. The Commission dismissed the respondents' argument that the increases in subject import volumes were the result of the domestic industry's outsourcing strategy to control the U.S. market. The Commission explained that the statute does not differentiate imports of subject merchandise by the identity of the imports, and that when domestic producers import subject merchandise to remain competitive and avoid losing customers, it may be evidence of material injury being sustained by the domestic industry.<sup>106</sup> The Commission also found that the increase in nonsubject imports did not diminish the significance of the much larger increase in subject imports.<sup>107</sup>

In the first five-year reviews, the Commission found that cumulated subject imports from China and India were likely to increase significantly in the event of revocation of the orders.<sup>108</sup> It observed that the cumulated subject imports had maintained a continuous presence in the U.S. market since the imposition of the orders, and that subject producers in China and India possessed significant excess capacity with which they could significantly increase exports to the United States.<sup>109</sup> The Commission also found that subject producers in China and India had the incentive to use their excess capacity to increase exports to the United

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<sup>103</sup> *First Review Determinations*, USITC Pub. 4344 at 26-27.

<sup>104</sup> AASPS argues that LPSS products manufactured by different companies are largely identical and that price remains the distinguishing factor, which has become even more so with the increased competition from online retailers. Response at 25-26.

<sup>105</sup> *Original Determinations*, USITC Pub. 3884 at 29.

<sup>106</sup> *Original Determinations*, USITC Pub. 3884 at 29-30.

<sup>107</sup> *Original Determinations*, USITC Pub. 3884 at 31.

<sup>108</sup> *First Review Determinations*, USITC Pub. 4344 at 27, 36.

<sup>109</sup> *First Review Determinations*, USITC Pub. 4344 at 27-28.

States in the event of revocation in light of their degree of export orientation and the attractiveness of the U.S. market.<sup>110</sup>

## 2. The Current Reviews

In these second five-year reviews, the limited information indicates that the orders continue to have a restraining effect on the volume of cumulated subject imports. The volume of cumulated subject imports ranged from 34.3 million pieces to 51.7 million pieces during the period of review, while the volume ranged from 154 million pieces to 184 million pieces during the first reviews, and 224 million pieces to 377 million pieces during the original investigations.<sup>111</sup> Similarly, the cumulated subject imports' share of the market was smaller in 2016, at \*\*\* percent of apparent U.S. consumption, than it was in 2011 or 2005, at 13.9 percent and \*\*\* percent, respectively.<sup>112</sup>

The record contains only limited data concerning the LPSS industries in the subject countries because no producer or exporter of subject merchandise participated in these reviews. The most contemporaneous information available about the subject industries is provided by AASPS, which indicates that these industries have maintained LPSS production capacity. Specifically, AASPS claims that that subject producers in China still export large quantities of out-of-scope products, which use the same machinery and production process as LPSS. AASPS further claims that subject producers in China have maintained business relationship with major U.S. purchasers, such as Office Max, Target, Staples, and Walgreens.<sup>113</sup> AASPS also argues that subject producers in India have continued to actively seek U.S. sales and have been successful in expanding their presence in the United States, and these producers have significant inventories of the subject merchandise or possess the ability to build them.<sup>114</sup>

The record also indicates that the industries that produce LPSS in China and India are export oriented and find the U.S. market attractive. GTA data, which may include out-of-scope products, indicate that from 2012 to 2016, the United States was by far the largest export market for lined paper school supply products for both China and India in terms of value.<sup>115</sup> GTA data also show that China was one of the top three global exporters of lined paper school supply products from 2012 to 2016.<sup>116</sup>

Accordingly, based on the information available regarding the subject producers' production capacity, business relationships in the U.S. market, export orientation, and the attractiveness of the U.S. market, we conclude that the volume of cumulated subject imports,

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<sup>110</sup> *First Review Determinations*, USITC Pub. 4344 at 29.

<sup>111</sup> Calculated from Revised CR/PR at Table I-3; CR/PR, App. C.

<sup>112</sup> Revised CR/PR at Table I-5.

<sup>113</sup> Response at 11-12; Final Comments at 7-8.

<sup>114</sup> Response at 14; Final Comments at 8-9.

<sup>115</sup> CR/PR at Tables I-6 and I-7.

<sup>116</sup> CR/PR at Table I-8.

both in absolute terms and relative to U.S. consumption, would likely be significant should the orders be revoked.<sup>117</sup>

## **D. Likely Price Effects**

### **1. Prior Proceedings**

In the original investigations, the Commission found that the domestic like product and subject imports were generally substitutable, and that most sales were made on the basis of price. It found significant underselling as cumulated subject imports undersold the domestic like product in 78 of 126 quarterly comparisons, with margins ranging from 0.5 percent to 55.5 percent.<sup>118</sup> The Commission also found that subject imports depressed domestic prices to a significant degree, especially in 2004.<sup>119</sup>

In the first five-year reviews, the Commission found that cumulated subject imports from China and India would likely undersell the domestic like product to a significant degree in the event of revocation, and would likely depress prices of the domestic like product to a significant degree. The Commission observed that domestic prices increased generally after the imposition of the orders, but cumulated subject imports from China and India still undersold the domestic like product to a significant degree as there was underselling in 28 of 41 quarterly comparisons. The Commission also considered the retailers' direct imports purchase cost data and observed that \*\*\* percent of the reported retailer purchases of subject imports from China and India were priced lower than the domestic like product, which supported the finding that subject imports from China and India were aggressively priced.<sup>120</sup>

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

The record in these expedited reviews does not contain recent pricing comparisons. As discussed above, cumulated subject import volume would likely increase to significant levels upon revocation. Moreover, there remains a moderate-to-high degree of substitutability between subject imports and the domestic like product, and price continues to be an important factor in purchasing decisions. Therefore, the likely significant volume of subject imports would likely undersell the domestic like product, as demonstrated by the subject imports pricing behavior prior to the imposition of the orders, and force the domestic industry either to lower sales prices or lose sales and cede market share. In light of these considerations and the record

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<sup>117</sup> Because of the expedited nature of these reviews, the record does not contain information about inventories of the subject merchandise or the potential for product shifting. There are no known antidumping or countervailing duty investigations or determinations on LPSS from China or India in any other country. CR at I-33, PR at I-25; Response at 15.

<sup>118</sup> *Original Determinations*, USITC Pub. 3884 at 31.

<sup>119</sup> *Original Determinations*, USITC Pub. 3884 at 34.

<sup>120</sup> *First Review Determinations*, USITC Pub. 4344 at 31-32; Confidential First Five-Year Review Commission Views, EDIS Doc. 620610, at 47.

before the Commission in these reviews, we conclude that, absent the disciplining effect of the orders, subject imports from China and India would likely have significant depressing or suppressing effects on prices for the domestic like product and/or result in the domestic industry losing market share.

## **E. Likely Impact**

### **1. Prior Proceedings**

In the original investigations, the Commission emphasized that nearly all the domestic industry's trade and financial indicators displayed negative trends that worsened as subject imports increased, notwithstanding increasing demand. The Commission found that the decline in the domestic industry's performance was caused by the increased volume of subject imports that significantly undersold the domestic like product and took market share away from the domestic industry. Although the domestic industry stabilized its financial condition at the end of the period of investigation, it was only able to do so by reducing domestic shipment quantities to maintain price levels as the subject import market penetration increase was particularly large during this period.<sup>121</sup> The Commission rejected the respondents' argument that the domestic industry's injury was self-inflicted due to its outsourcing strategy by observing that the statute's analysis of impact focuses exclusively on the domestic industry's domestic operations. Furthermore, the Commission found that subject imports were increasingly imported by entities other than the domestic producers.<sup>122</sup>

In the first five-year reviews, the Commission found that subject imports from China and India were likely to have a significant impact on the domestic industry in the event of revocation of the orders, notwithstanding the presence of nonsubject imports in the U.S. market. The Commission found that the domestic industry was not in a vulnerable condition.<sup>123</sup> The Commission observed that the domestic industry's capacity and production increased during the period of review and that the domestic industry's employment indicators also generally improved. Although the domestic industry's sales and market share had fluctuated, its financial performance remained strong, which enabled domestic producers to make significant investments in their operations.<sup>124</sup> The Commission found that the improved financial performance resulted from the higher prices permitted by the disciplining effect of the orders on subject imports from China and India.<sup>125</sup> While the Commission observed that nonsubject imports maintained a significant share of apparent U.S. consumption during the period of review, nonsubject imports did not weaken the causal nexus between cumulated

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<sup>121</sup> *Original Determinations*, USITC Pub. 3884 at 35-38.

<sup>122</sup> *Original Determinations*, USITC Pub. 3884 at 38-39.

<sup>123</sup> *First Review Determinations*, USITC Pub. 4344 at 33.

<sup>124</sup> *First Review Determinations*, USITC Pub. 4344 at 33-35.

<sup>125</sup> *First Review Determinations*, USITC Pub. 4344 at 35.

subject imports and the likelihood of continuation or recurrence of material injury to the domestic industry in the event of revocation.<sup>126</sup>

## 2. The Current Reviews

The information in the record indicates that in 2016, the domestic industry's capacity was \*\*\* pieces, its capacity utilization was \*\*\* percent, its production was \*\*\* pieces, and its U.S. commercial shipments were \*\*\* pieces.<sup>127</sup> The industry's net sales in 2016 were \$\*\*\*, its operating income was \$\*\*\*, and its ratio of operating income to net sales was \*\*\* percent.<sup>128</sup> Due to the expedited nature of these reviews, the available information concerning the recent performance of the domestic industry is limited. This limited information is insufficient for us to make a finding as to whether the domestic industry is vulnerable to continuation or recurrence of material injury in the event of revocation of the orders.

Nevertheless, as previously discussed, revocation of the orders would be likely to lead to a significant volume of subject imports that would undersell the domestic like product and have significant adverse effects on the domestic industry's prices. Consequently, the likely significant volume of cumulated subject imports would place pressure on domestic producers to cut prices or cede market share to subject imports. The likely significant volume of subject imports and their price effects would negatively affect the domestic industry's production capacity, production, capacity utilization, shipments, and market share, directly impacting the domestic industry's profitability and employment.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports.<sup>129</sup> Nonsubject imports' market share was slightly lower in 2016, at \*\*\* percent, than in 2011, when it was 25.3 percent.<sup>130</sup> Moreover, there is no indication on the record that the presence of nonsubject imports would prevent cumulated subject imports from re-entering the

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<sup>126</sup> *First Review Determinations*, USITC Pub. 4344 at 35-36.

<sup>127</sup> CR/PR at Table I-2. The domestic industry's production capacity in 2016 was below its 2011 capacity of 601 million pieces, while its capacity utilization was approximately \*\*\* percentage points lower. Its production in 2016 was lower than in 2011, when it was 330 million pieces. The domestic industry's U.S. commercial shipments in 2016 were also lower than in 2011, when they were \*\*\* pieces. *Id.*

<sup>128</sup> CR/PR at Table I-2. The net sales, operating income, and the ratio of operating income to net sales in 2016 were all lower than that of 2011. *Id.*

<sup>129</sup> AASPS argues that the revocation of the orders on Indonesia serves as an example of what would happen to subject imports from China and India in the event of revocation. AASPS claims that since the revocation of the orders on Indonesia, LPSS imports from Indonesia surged into the U.S. market for a 1,500 percent increase from 2012 to 2015. AASPS argues that this occurred notwithstanding that the largest producer of LPSS in Indonesia claimed during the first five-year review proceedings that the U.S. market was "no longer attractive" to producers in Indonesia. Response at 13; Final Comments at 8.

<sup>130</sup> Revised CR/PR at Table I-5.

U.S. market in significant quantities upon revocation of the orders. Given the substitutability of LPSS, regardless of source, any increase in cumulated subject import market share would likely come, at least in substantial proportion, at the expense of the domestic industry. In light of these considerations, we find that subject imports of LPSS from China and India would likely cause adverse effects on the domestic industry that are distinct from those of nonsubject imports in the event of revocation.

Accordingly, we conclude that if the orders were to be revoked, cumulated subject imports from China and India would likely have a significant impact on the domestic industry within a reasonably foreseeable time.

## **V. Conclusion**

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

## INFORMATION OBTAINED IN THESE REVIEWS

### BACKGROUND

On July 3 2017, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted reviews to determine whether revocation of antidumping and countervailing duty orders on lined paper school supplies from China and India would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
July 3, 2017	Notice of initiation and institution by Commerce and Commission
October 6, 2017	Commission vote on adequacy
October 31, 2017	Commerce results of its expedited reviews
February 2, 2018	Determination and views to Commerce

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

#### Individual responses

The Commission received one submission in response to its notice of institution in the subject reviews filed on behalf of the Association of American School Paper Suppliers

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

<sup>2</sup> *Certain Lined Paper School Supplies from China and India; Institution of Five-Year Reviews*, 82 FR 30902, July 3, 2017. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission’s notice of institution. *Initiation of Five-Year (Sunset) Reviews*, 82 FR 30844, July 3, 2017. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

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

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

(“AASPS”), an association comprised of three domestic producers of lined paper school supplies (“LPSS”) (collectively referred to herein as “domestic interested party”).<sup>5</sup>

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

**Table I-1**  
**LPSS: Summary of responses to the Commission’s notice of institution**

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	1	***% <sup>1</sup>
Respondent:		
U.S. importer	0	0
Foreign producer/exporter	0	0

Note – The “number of responses” is the number of physical responses received by the Commission not the number of firms contained in the submissions.

<sup>1</sup> In its response to the notice of institution, the domestic interested party estimated that it accounts for this share of total U.S. production of LPSS during 2016. *Domestic Interested Parties’ Response to the Notice of Institution*, August 2, 2017, p. 3.

### Party comments on adequacy

The Commission received one submission from the domestic interested party commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews.

The domestic interested party argued that the Commission should find the respondent interested party group response to be inadequate since there was no complete submission by any respondent interested party. Therefore, because of the inadequate response by the respondent interested parties and the fact that there have been no major changes in the conditions of competition in the market since the Commission’s last five-year reviews, the domestic interested party requests that the Commission conduct expedited reviews of the antidumping and countervailing duty orders on LPSS.

### RECENT DEVELOPMENTS IN THE INDUSTRY

Since the Commission’s last five-year reviews, the following developments have occurred in the LPSS industry.

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<sup>5</sup> These companies are ACCO Brands USA LLC, Norcom, Inc., and Top Flight, Inc. *Domestic Interested Parties’ Response to the Notice of Institution*, August 2, 2017, Exh. 1.

- Since the antidumping and countervailing duty orders on Indonesia were revoked after the first reviews, there has been an increase in imports of LPSS from Indonesia between 2012 and 2016.
- The U.S. LPSS market remained mature and stable. Office supply stores, drug stores, grocery stores and dollar stores continue to account for most of the purchases of LPSS and are increasing their online sales. Online retailers, such as Amazon, have begun establishing a larger presence in the market.
- In March 2014, R.R. Donnelley & Sons Company completed its acquisition of the North American operations of Esselte, a domestic producer of LPSS.<sup>6</sup>
- On October 1, 2016, R.R. Donnelley & Sons Company completed the spin-off of its publishing and retail-centric print services and office products business (TOPS Products and Esselte), LSC Communications, Inc., into a separate publicly-traded company.<sup>7</sup>

## THE ORIGINAL INVESTIGATIONS AND SUBSEQUENT REVIEWS

### The original investigations

The original investigations resulted from petitions filed on September 9, 2005 with Commerce and the Commission by MeadWestvaco Corp. (“MeadWestvaco”), Dayton, OH; Norcom, Inc. (“Norcom”), Norcross, GA; and Top Flight, Inc. (“Top Flight”), Chattanooga, TN. On August 8, 2006, Commerce determined that imports of LPSS from India were subsidized and sold at less than fair value (“LTFV”).<sup>8</sup> On August 16, 2006, Commerce determined that imports of LPSS from Indonesia were subsidized and sold at LTFV.<sup>9</sup> On September 8, 2006, Commerce determined that imports of LPSS from China were sold at LTFV.<sup>10</sup> The Commission determined on September 20, 2006 that the domestic industry was materially injured by reason of subsidized imports of LPSS from India and Indonesia and LTFV imports of LPSS from China,

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<sup>6</sup> R.R. Donnelley & Sons Company press release, <http://investor.rrd.com/news-releases/2014/03-25-2014>, retrieved August 8, 2017.

<sup>7</sup> R.R. Donnelley & Sons Company 2016 Annual Report, <http://investor.rrd.com/~media/Files/R/RRD-IR/Annual%20Reports/2016-ar.pdf>, retrieved August 8, 2017.

<sup>8</sup> *Notice of Final Determination of Sales at Less Than Fair Value, and Negative Determination of Critical Circumstances: Certain Lined Paper Products from India*, 71 FR 45012, August 8, 2006; *Notice of Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Lined Paper Products from India*, 71 FR 45034, August 8, 2006.

<sup>9</sup> *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Certain Lined Paper Products from Indonesia*, 71 FR 47171, August 16, 2006; *Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Lined Paper Products from Indonesia*, 71 FR 47174, August 16, 2006.

<sup>10</sup> *Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products from the People’s Republic of China*, 71 FR 53079, September 8, 2006.

India, and Indonesia.<sup>11</sup> On September 28, 2006, Commerce issued its antidumping orders on LPSS from India, Indonesia, and China with final weighted-average dumping margins ranging from 3.91 percent to 23.17 percent for India; 97.85 percent to 118.63 percent for Indonesia; and 76.70 percent to 258.21 percent for China.<sup>12</sup> Commerce also issued its countervailing duty orders on LPSS from India and Indonesia with the final weighted-average dumping margins ranging from 7.05 percent to 10.24 percent for India and 40.55 percent for Indonesia.<sup>13</sup>

### The first five-year reviews

On November 22, 2011, the Commission determined that it would conduct full reviews of the antidumping duty orders on LPSS from China, India, and Indonesia and of the countervailing duty orders on LPSS from India and Indonesia.<sup>14</sup> On August 24, 2012, the Commission notified Commerce that revocation of the countervailing duty order on LPSS from India and the antidumping duty orders on LPSS from China and India would likely lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.<sup>15</sup> The Commission also notified Commerce that revocation of the countervailing and antidumping duty orders on LPSS from Indonesia would not be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.<sup>16</sup> On August 31, 2012, Commerce published its determinations that revocation of the antidumping duty orders on LPSS from China and India and of the countervailing duty order on LPSS from India would likely lead to continuation or recurrence of dumping and a countervailable subsidy.<sup>17</sup> Commerce also published its determinations that revocation of the antidumping and countervailing duty orders on LPSS from Indonesia would not be likely to lead to the continuation or recurrence of material injury to the domestic industry.<sup>18</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective August 31,

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<sup>11</sup> *Certain Lined Paper School Supplies from China, India and Indonesia*, 71 FR 55804, September 25, 2006.

<sup>12</sup> *Notice of Amended Final Determination of Sales at Less than Fair Value: Certain Lined Paper Products from the People's Republic of China; Notice of Antidumping Duty Orders: Certain Lined Paper Products from India, Indonesia, and the People's Republic of China; and Notice of Countervailing Duty Orders: Certain Lined Paper Products from India and Indonesia*, 71 FR 56949, September 28, 2016.

<sup>13</sup> *Ibid.*

<sup>14</sup> *Certain Lined Paper School Supplies from China, India, and Indonesia; Notice of Commission Determinations to Conduct Full Five-Year Reviews*, 76 FR 72213, November 22, 2011.

<sup>15</sup> *Certain Lined Paper School Supplies from China, India, and Indonesia*, 77 FR 51570, August 24, 2012.

<sup>16</sup> *Certain Lined Paper School Supplies from China, India, and Indonesia*, 77 FR 51570, August 24, 2012.

<sup>17</sup> *Certain Lined Paper Products from India and the People's Republic of China: Continuation of Antidumping and Countervailing Duty Orders*, 77 FR 53172, August 31, 2012.

<sup>18</sup> *Certain Lined Paper Products from Indonesia: Revocation of Antidumping and Countervailing Duty Orders*, 77 FR 53174, August 31, 2012.

2012, Commerce issued a continuation of the antidumping and countervailing duty orders on imports of LPSS from China and India.<sup>19</sup> Following negative determinations in the five-year reviews by the Commission, Commerce revoked the antidumping and countervailing duty orders with respect to LPSS from Indonesia, effective September 28, 2011.<sup>20</sup>

## PRIOR RELATED INVESTIGATIONS

LPSS has not been the subject of any prior related antidumping or countervailing duty investigations in the United States.

## THE PRODUCT

### Commerce's scope<sup>21</sup>

Commerce has defined the subject merchandise as:

*The products covered by these AD and CVD orders include certain lined paper products, typically school supplies, composed of or including paper that incorporates straight horizontal and/or vertical lines on ten or more paper sheets, including but not limited to such products as single- and multi-subject notebooks, composition books, wireless notebooks, looseleaf or glued filler paper, graph paper, and laboratory notebooks, and with the smaller dimension of the paper measuring 6 inches to 15 inches (inclusive) and the larger dimension of the paper measuring 8 3/4 inches to 15 inches (inclusive). Page dimensions are measured size (not advertised, stated, or "tear-out" size), and are measured as they appear in the product (i.e., stitched and folded pages in a notebook are measured by the size of the page as it appears in the notebook page, not the size of the unfolded paper). However, for measurement purposes, pages with tapered or rounded edges shall be measured at their longest and widest points. Subject lined paper products may be loose, packaged or bound using any binding method (other than case bound through the inclusion of binders board, a spine strip, and cover wrap). Subject merchandise may or may not contain any combination of a front cover, a rear cover, and/or backing of any composition, regardless of the inclusion of images or graphics on the cover, backing, or paper. Subject merchandise is within the scope of these orders whether or not the lined paper and/or cover are hole punched, drilled, perforated, and/or reinforced. Subject*

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<sup>19</sup> *Certain Lined Paper Products from India and the People's Republic of China: Continuation of Antidumping and Countervailing Duty Orders*, 77 FR 53172, August 31, 2012.

<sup>20</sup> *Ibid.*

<sup>21</sup> *Certain Lined Paper Products from India and the People's Republic of China: Continuation of Antidumping and Countervailing Duty Orders*, 77 FR 53172, August 31, 2012.

*merchandise may contain accessory or informational items including but not limited to pockets, tabs, dividers, closure devices, index cards, stencils, protractors, writing implements, reference materials such as mathematical tables, or printed items such as sticker sheets or miniature calendars, if such items are physically incorporated, included with, or attached to the product, cover and/or backing thereto.*

*Specifically excluded from the scope of these orders are:*

- *Unlined copy machine paper;*
- *Writing pads with a backing (including but not limited to products commonly known as “tablets,” “note pads,” “legal pads,” and “quadrille pads”), provided that they do not have a front cover (whether permanent or removable). This exclusion does not apply to such writing pads if they consist of hole-punched or drilled filler paper;*
- *Three-ring or multiple-ring binders, or notebook organizers incorporating such a ring binder provided that they do not include subject paper;*
- *Index cards;*
- *Printed books and other books that are case bound through the inclusion of binders board, a spine strip, and cover wrap;*
- *Newspapers;*
- *Pictures and photographs;*
- *Desk and wall calendars and organizers (including but not limited to such products generally known as “office planners,” “time books,” and “appointment books”);*
- *Telephone logs;*
- *Address books;*
- *Columnar pads & tablets, with or without covers, primarily suited for the recording of written numerical business data;*
- *Lined business or office forms, including but not limited to: preprinted business forms, lined invoice pads and paper, mailing and address labels, manifests, and shipping log books;*
- *Lined continuous computer paper;*
- *Boxed or packaged writing stationery (including but not limited to products commonly known as “fine business paper,” “parchment paper,” and “letterhead”), whether or not containing a lined header or decorative lines;*
- *Stenographic pads (steno pads), Gregg ruled, measuring 6 inches by 9 inches;*

*Also excluded from the scope of these orders are the following trademarked products:*

- *Fly<sup>TM</sup> lined paper products: A notebook, notebook organizer, loose or glued note paper, with papers that are printed with infrared reflective inks and readable only by a Fly<sup>TM</sup> pen-top computer. The product must bear the valid trademark Fly<sup>TM</sup>.*
- *Zwipes<sup>TM</sup>: A notebook or notebook organizer made with a blended polyolefin writing surface as the cover and pocket surfaces of the notebook, suitable for writing using a specially-developed permanent marker and erase system (known as a Zwipes<sup>TM</sup> pen). This system allows the marker portion to mark the writing surface with a permanent ink. The eraser portion of the marker dispenses a solvent capable of solubilizing the permanent ink allowing the ink to be removed. The product must bear the valid trademark Zwipes<sup>TM</sup>.*
- *FiveStar<sup>®</sup> Advance<sup>TM</sup>: A notebook or notebook organizer bound by a continuous spiral, or helical, wire and with plastic front and rear covers made of a blended polyolefin plastic material joined by 300 denier polyester, coated on the backside with PVC (poly vinyl chloride) coating, and extending the entire length of the spiral or helical wire. The polyolefin plastic covers are of specific thickness; front cover is 0.019 inches (within normal manufacturing tolerances) and rear cover is 0.028 inches (within normal manufacturing tolerances). Integral with the stitching that attaches the polyester spine covering, is captured both ends of a 1" wide elastic fabric band. This band is located 23/8" from the top of the front plastic cover and provides pen or pencil storage. Both ends of the spiral wire are cut and then bent backwards to overlap with the previous coil but specifically outside the coil diameter but inside the polyester covering. During construction, the polyester covering is sewn to the front and rear covers face to face (outside to outside) so that when the book is closed, the stitching is concealed from the outside. Both free ends (the ends not sewn to the cover and back) are stitched with a turned edge construction. The flexible polyester material forms a covering over the spiral wire to protect it and provide a comfortable grip on the product. The product must bear the valid trademarks FiveStar<sup>®</sup> Advance<sup>TM</sup>.*
- *FiveStar Flex<sup>TM</sup>: A notebook, a notebook organizer, or binder with plastic polyolefin front and rear covers joined by 300 denier polyester spine cover extending the entire length of the spine and bound by a 3-ring plastic fixture. The polyolefin plastic covers are of a specific thickness; front cover is 0.019 inches (within normal manufacturing tolerances) and rear cover is 0.028 inches (within normal manufacturing tolerances). During construction, the polyester covering is sewn to the front cover face to face (outside to outside) so that when the book is closed, the stitching is concealed from the outside. During construction, the polyester cover is*

*sewn to the back cover with the outside of the polyester spine cover to the inside back cover. Both free ends (the ends not sewn to the cover and back) are stitched with a turned edge construction. Each ring within the fixture is comprised of a flexible strap portion that snaps into a stationary post which forms a closed binding ring. The ring fixture is riveted with six metal rivets and sewn to the back plastic cover and is specifically positioned on the outside back cover. The product must bear the valid trademark FiveStar Flex™.*

*Currently, merchandise subject to these orders is typically imported under headings 4810.22.5044, 4811.90.9035, 4820.10.2010, 4820.10.2020, 4820.10.2030, 4820.10.2040, 4820.10.2060, and 4820.10.4000 of the Harmonized Tariff Schedule of the United States (HTSUS). The tariff classifications are provided for convenience and customs purposes; however, the written description of the scope of the orders is dispositive.*

*Since the issuance of the PRC AD order, the Department has clarified the scope of that order in response to numerous scope inquiries. In addition, on September 23, 2011, the Department revoked, in part, the PRC AD order with respect to FiveStar® Advance™ notebooks and notebook organizers without PVC coatings.*

### **Description and uses<sup>22</sup>**

LPSS encompass a range of products, including, but not limited to, looseleaf filler paper, composition books, and notebooks. Commerce's scope definition (above) provides information regarding the physical characteristics of products included within the scope of this review. Generally, subject merchandise comprises a group of paper products having "straight horizontal and/or vertical lines" and is broadly inclusive of lined filler paper and many types of bound notebooks, but excludes certain specific types of products enumerated in the scope definition. The primary use for LPSS is to take notes, perform class assignments, and provide completed work to teachers for correction and grades. In the original investigations, the petitioner noted that LPSS must conform to teacher and student expectations related to size, the presence of margins, and hole punches for storage.

The physical characteristics of LPSS include elements of privacy, protection, and convenience. Notebooks, for instance, include covers that shield written work from others, as well as protect pages from wear during transport, while looseleaf paper (when placed in a binder) performs a similar function. Notebooks may also contain enhancements such as

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<sup>22</sup> Unless otherwise noted, this information is based on *Certain Lined Paper School Supplies from China, India, and Indonesia, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Review)*, USITC Publication 4344, August 2012, p. I-20.

dividers, pockets, and reference materials that promote their core classroom and education use.

The nature of the pulp process utilized to make the paper that, in turn, is used for LPSS can affect product characteristics such as strength and texture. Paper can be manufactured from virgin pulp, pulp made from agricultural residues, recovered paper pulp, or a combination of furnish types. Chemical additives and bleaching will also influence paper characteristics such as brightness or whiteness. Industry standards for measuring brightness and/or whiteness vary and are not always comparable.

### **Manufacturing process<sup>23</sup>**

The domestic production of LPSS begins with rolls of unlined paper, purchased by U.S. producers at arm's length. Most of the paper used in the production of LPSS has a basis weight of 56 grams per square meter (15 pounds). The width of the rolls typically varies between 31 and 36 inches depending on the dimensions of the final product for which the paper is to be used. The most important performance specification is a smooth surface suitable for writing with either a pen or pencil.

Manufacturing entails three basic processes: ruling, binding, and wrapping/packing. These processes can be accomplished with highly automated "web-to-finish" machines that rule, bind, and wrap products in one continuous line of production, or with multiple machines for ruling and binding (and greater labor input) in a "step and repeat" process. Machines that produce LPSS such as filler paper can also produce other lined paper products such as index cards. However, not all LPSS use the same production machinery. For example, producing composition books requires different machinery than producing spiral notebooks. Pin-bound notebooks (that are not sold in the United States) also use different machinery for manufacturing (i.e., staple-pinning machines) than is used for other forms of LPSS.

#### **Ruling**

Ruling is typically done in the same manner whether on separate ruling machines or web-to-finish machines. Rolls of paper are mounted on a roll stand at the upstream end of the machine. The web of paper runs through a rotary flexographic press that has four cylinders. Two cylinders (one for red ink and one for blue) print the top of the paper, and two print the bottom of the paper. Given appropriate printing plates for their presses, ruling machines can be used to make products with any ruling pattern and of any dimension. Web-to-finish machines are generally dedicated to particular products but can be configured to make products with various dimensions and ruling patterns.

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<sup>23</sup> Unless otherwise noted, this information is based on *Certain Lined Paper School Supplies from China, India, and Indonesia, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Review)*, USITC Publication 4344, August 2012, pp. I-21-23.

After printing, the paper passes under a rotary sheeter, which cuts the web perpendicular to the direction of travel into large sheets depending on the dimensions of the finished product. The large sheets are counted, stacked to the desired page count, and, if necessary, covers, backing material, dividers and/or an inner liner are added to the stack. Perforations may also be made and holes may be punched, depending on the particular product being made. The compiled layers of large sheets are then either collected on a pallet at the end of the ruling machine to await further processing or moved to the binding operation in web-to-finish machines.

## **Binding**

Binding equipment differs depending on the type of binding required (e.g., spiral binding, double-wire binding, glue tape binding, center-stitch binding, or stapling). Web-to-finish machines are therefore configured to handle exclusively one particular type of binding. For wire-bound notebooks, compiled layers of large sheets resulting from the ruling process outlined above are cut into three rows representing the size of two notebooks each. These “two-on strips” are then punched with wire binding and ring holes, and cut into two notebooks each. Each notebook is then automatically wired, and passed along a conveyor for packing. The components of notebooks produced by web-to-finish machines must be of the same size and of a single consistency; the process does not allow for oversized covers or backs, or for pocketed dividers.

For spiral bound products made with the step and repeat process, pallets of large sheets are delivered by forklift to an automatic programmable paper cutter (“APPC”) that makes a series of cuts that reduce the large sheets into product-size pieces. The heart of an APPC is a large guillotine that is capable of cutting several layers at a time. The APPC also has various movable fences that corral the sheets as they are being cut. Because the position of the fences for each cut is computer controlled, APPCs are capable of cutting products of any dimension; cutting patterns can be changed at the touch of a button, with no set-up time in between. Once cut to the proper size, the notebooks are moved to a spiral binding machine. For single-subject notebooks, a binder operator may add a cover to each layer as it is fed into the binder. The machine then punches small holes into the edges of the completed stack and twists spiraled wire into the holes in a fraction of a second. For multi-subject notebooks, an operator adds pockets to the bottom and middle sections of the notebook, and a cover to the top section. The binder machine then hole-punches each section, assembles each section into a notebook, and finally twists a wire binding on. Some binder machines are capable of both single- or twin-wire binding. The same machines can be used to bind LPSS and out-of-scope lined paper products.

Composition books and exercise books that require stitch-binding are \*\*\*. Traditional composition books begin with \*\*\*.

## **Wrapping and Packing**

Finished LPSS is often wrapped in plastic before packing. Wrapping is an integral function of web-to-finish machines. For the step and repeat process, wrapping equipment is \*\*\*. Looseleaf paper requires wrapping in lieu of binding. Printed top sheets are inserted onto

finished paper stacks prior to cutting, and the requisite number of sheets are then passed through a plastic wrapper. Other products, such as notebooks, may be collected in multiples and also packaged in plastic wrap. Finished LPSS, wrapped or otherwise, passes along a conveyor to an employee for hand-packing in a corrugated shipping box. Corrugated boxes may be “display ready” to facilitate restocking on retailers’ shelves.

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

LPSS is currently imported under HTS statistical reporting numbers 4810.22.5044, 4811.90.9035, 4820.10.2010, 4820.10.2020, 4820.10.2030, 4820.10.2040, 4820.10.2060, and 4820.10.4000. These statistical reporting numbers also contain other products outside the scope of these reviews. LPSS imported from China and India enters the U.S. market at a column 1-general duty rate of “free.”

### **The definition of the domestic like product**

The domestic like product is defined as the domestically produced product or products, which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. In the original investigations, neither AASPS nor any other party argued that the domestic like product should be defined as LPSS. Party arguments focused on whether the Commission should define the domestic like product to be all lined paper with dimensions including and between 5 inches by 7 inches and 15 inches by 15 inches, which is a broader definition than what was presented in the scope. They also focused on whether the Commission should instead include all lined paper products regardless of dimension. The Commission determined that the domestic like product includes all lined paper products regardless of dimension because it found no clear dividing line between outsized lined paper products (“OLPP”) and other lined paper products.<sup>24</sup> In the first reviews, AASPS argued that the domestic like product should be defined as certain lined paper school supplies, co-extensive with the scope. However, the Commission again defined the domestic like product to include all lined paper products as the absence of new information did not warrant revising prior like product findings.<sup>25</sup>

In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definition of the domestic like product. In its response to the notice of institution, the domestic interested party agreed with the Commission’s definition of the domestic like product as stated in the original investigations.<sup>26</sup>

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<sup>24</sup> *Certain Lined Paper School Supplies from China, India, and Indonesia, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Review)*, USITC Publication 4344, August 2012, pp. 5-6.

<sup>25</sup> *Ibid.*, pp. 7-8.

<sup>26</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, August 2, 2017, p. 26.

## **ACTIONS AT COMMERCE**

### **Changed circumstances reviews**

On January 22, 2014, Commerce initiated a changed circumstances review to determine whether Navneet Education is the successor-in-interest of Navneet productions (India) Ltd., (“Navneet Publication”) a mandatory respondent in several prior administrative reviews of the antidumping duty order.<sup>27</sup> On June 24, 2014, Commerce published its determination that Navneet Education is the success-in-interest to Navneet Publications.<sup>28</sup>

On July 14, 2014, Commerce initiated a changed circumstance review to determine whether Kokuyo Riddhi Paper Products Private Limited (“Kokuyo Riddhi”) is the successor-in-interest of Riddhi and thus subject to the same antidumping duty order.<sup>29</sup> On April 6, 2015, Commerce published its determination that Kokuyo Riddhi is the successor-in-interest to Riddhi.<sup>30</sup>

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

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

Commerce is conducting expedited reviews with respect to LPSS from China and India and intends to issue the final result of these reviews based on the facts available not later than October 31, 2017.<sup>31</sup>

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

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

During the final phase of the original investigations, the Commission received U.S. producer questionnaires from 27 firms.<sup>32</sup> During the first five-year reviews, the Commission

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<sup>27</sup> *Certain lined Paper Products from India: Initiation of Changed Circumstance Review*, 79 FR 3567, January 22, 2014.

<sup>28</sup> *Certain Lined Paper Products from India: Final Results of Changed Circumstance Review*, 79 FR 35726, June 24, 2014.

<sup>29</sup> *Certain Lined Paper Products from India: Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review*, 79 FR 40709, July 14, 2014.

<sup>30</sup> *Certain Lined Paper Products from India: Notice of Final Results of Antidumping Duty Changed Circumstances Review*, 80 FR 18373, April 6, 2015.

<sup>31</sup> *Letter from Edward Yang, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Michael G. Anderson*, August 23, 2017.

<sup>32</sup> *Investigation Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final): Certain Lined Paper School Supplies from China, India, and Indonesia—Staff Report*, INV-DD-117, August 15, 2006, p. III-1. The

(continued...)

received U.S. producer questionnaires from eight firms.<sup>33</sup> In response to the Commission’s notice of institution in these current reviews, domestic interested parties provided a list of seven known and currently operating U.S. producers of LPSS.<sup>34</sup>

### **Definition of the domestic industry and related party issues**

The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a related party for purposes of its injury determination if “appropriate circumstances” exist.<sup>35</sup> In its original determinations, the Commission found that eight domestic producers were related parties, and that appropriate circumstances existed to exclude American Scholar and CPP from the domestic industry as they were prominent importers of in-scope merchandise from subject countries and accounted for a small percent of domestic production.<sup>36</sup> In its prior five-year review determinations, the Commission examined five U.S. producers that qualified as related parties and found that appropriate circumstances did not exist to exclude any of these producers from the domestic industry and thus defined the industry to include all domestic producers of LPSS.<sup>37</sup>

In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding the appropriate definition of the domestic industry and inquired as to whether any related parties issues existed. The domestic interested party did not cite any potential related parties issues and agreed with the Commission’s prior definition of the domestic industry.<sup>38</sup>

### **U.S. producers’ trade and financial data**

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year reviews.<sup>39</sup> Table I-2 presents a compilation of the data submitted from the domestic interested party as well as trade and

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(...continued)

report did not have an estimate of the percentage of total production for which the responding firms accounted.

<sup>33</sup> *Investigation Nos. 701-TA-442-443 and 731-TA-1095-1097 (Review): Certain Lined Paper School Supplies from China, India, and Indonesia—Staff Report*, INV-KK-072, July 16, 2012, p. III-1. The report did not have an estimate of the percentage of total production for which responding firms accounted.

<sup>34</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, August 2, 2017, exh. 3.

<sup>35</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>36</sup> *Certain Lined Paper School Supplies from China, India, and Indonesia, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final)*, USITC Publication 3884, September 2006, pp. 12-16.

<sup>37</sup> *Certain Lined Paper School Supplies from China, India, and Indonesia, Inv. Nos. 701-TA-442-443 and 731-TA-1095-1097 (Review)*, USITC Publication 4344, December 2003, p. 9.

<sup>38</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, April 2, 2014, p. 24.

<sup>39</sup> Individual company trade and financial data are presented in app. B.

financial data submitted by U.S. producers in the original investigations and the prior five-year reviews.

The domestic interested party also reported data regarding capacity, production, shipments, net sales, and gross profit. Production capacity decreased by \*\*\* percent between 2005 and 2016, from 977.9 million pieces in 2005 to 601.3 million pieces in 2011 to \*\*\* pieces in 2016. Production also decreased throughout 2005-11 from 476.3 million pieces in 2005 to 330.5 million pieces in 2011 to \*\*\* pieces in 2016, a decrease of \*\*\* percent. As a result, capacity utilization declined from 48.7 percent in 2005 to \*\*\* percent in 2016.

From 2005 to 2016, U.S. commercial shipments fell from \*\*\* pieces to \*\*\* pieces, equivalent to a decrease of \*\*\* percent. The majority of this decrease occurred from 2005 to 2011 during which U.S. commercial shipments fell from \*\*\* pieces to \*\*\* pieces. U.S. commercial shipments, by value, also decreased between 2005 and 2016, but at a lower rate than the volume U.S. commercial shipments. Consequently, the average unit value of U.S. producers' U.S. shipments increased from \$\*\*\* per piece in 2005 to \$\*\*\* per piece in 2016.

From 2011 to 2016, U.S. producers' net sales decreased by \*\*\* percent from \$243.3 million to \$\*\*\* dollars, but were still \*\*\* percent greater compared to 2005. Gross profit exhibited the same trend as net sales, decreasing by \*\*\* percent between 2011 and 2016. Gross profit in 2016 was nearly \*\*\* the level achieved in 2005. Table I-2 presents U.S. producers' trade and financial data for 2005, 2011, and 2016.

**Table I-2****LPSS: Trade and financial data submitted by U.S. producers, 2005, 2011, and 2016**

Item	2005	2011	2016
Capacity (1,000 pieces)	977,936	601,280	***
Production (1,000 pieces)	476,307	330,475	***
Capacity utilization (percent)	48.7	55.0	***
U.S. commercial shipments:			
Quantity (1,000 pieces)	***	***	***
Value (\$1,000)	***	***	***
Unit value (per piece)	\$***	\$***	\$***
Internal consumption/company transfers:			
Quantity (1,000 pounds)	***	***	***
Value (\$1,000)	***	***	***
Unit value (per pound)	\$***	\$***	\$***
Total U.S. shipments:			
Quantity (1,000 pieces)	***	281,308	***
Value (\$1,000)	***	235,657	***
Unit value (per piece)	\$***	\$0.84	\$***
Net sales (\$1,000)	***	243,276	***
COGS (\$1,000)	***	179,048	***
COGS/net sales	***	73.6	***
Gross profit or (loss) (\$1,000)	***	64,228	***
SG&A expenses (loss) (\$1,000)	***	26,842	***
Operating income/(loss) (\$1,000)	***	37,386	***
Operating income (loss)/net sales (percent)	***	15.4	***

Source: For 2005 and 2011, data are compiled using data submitted in the Commission's original investigations and first five-year reviews, respectively. See app. C. For 2016, data are compiled using data submitted by the domestic interested party. See app. B. *Domestic Interested Party's Response to the Notice of Institution*, August 2, 2017, exh. 7.

## U.S. IMPORTS AND APPARENT CONSUMPTION

### U.S. importers

During the final phase of the original investigations, the Commission received U.S. importer questionnaires from 49 firms, which accounted for approximately 39 percent of total U.S. imports of LPSS, by value, in 2005.<sup>40</sup> During the first five-year reviews, the Commission received U.S. importer questionnaires from 25 firms, which accounted for approximately 29.7 percent of total U.S. imports of LPSS in 2011.<sup>41</sup>

Although the Commission did not receive responses from any respondent interested parties in these current reviews, in its response to the Commission's notice of institution, the domestic interested parties provided a list of 44 potential U.S. importers of LPSS.<sup>42 43</sup>

### U.S. imports

Table I-3 presents the quantity, value, and unit value for imports from China as well as the other top sources of U.S. imports (shown in descending order of 2016 imports by quantity). U.S. imports from China fell by 21.4 percent between 2012 and 2014 but then grew by 20.8 percent from 2014 to 2016, resulting in a 5.1 percent decrease between 2012 and 2016. As the volume of U.S. imports from China fluctuated, so too did its value, decreasing by 36.2 percent from 2012 to 2014 and then increasing by 19.1 percent from 2014 to 2016, ending 24.1 percent lower in 2016 relative to 2012. Consequently, the unit value of U.S. imports from China fell from \$2.65 in 2012 to \$2.12 in 2016. Conversely, U.S. imports from India increased by 76.4 percent between 2012 and 2016. The value of those imports grew at a slower rate of 56.9 percent over the same period. Consequently, the unit value of U.S. imports from India fell from \$0.47 per piece in 2012 to \$0.42 per piece in 2016.

The leading nonsubject sources of imports in 2016 were Vietnam and Egypt, accounting for 34.8 percent and 14.9 percent of total U.S. imports by quantity, respectively. U.S. imports from Vietnam decreased by 10.9 percent from 2012 to 2016. The value of those imports increased by 4.6 percent from 2012 to 2014 and then fell by 1.0 percent from 2014 to 2016, ending 3.6 percent greater in 2016 relative to 2012. As a result, the unit value of U.S. imports from Vietnam grew from \$0.71 per piece in 2012 to \$0.82 per piece in 2016.

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<sup>40</sup> *Investigation Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final): Certain Lined Paper School Supplies from China, India, and Indonesia—Staff Report*, INV-DD-117, August 15, 2006, p. IV-1.

<sup>41</sup> *Investigation Nos. 701-TA-442-443 and 731-TA-1095-1097 (Review): Certain Lined Paper School Supplies from China, India, and Indonesia—Staff Report*, INV-KK-072, July 16, 2012, p. IV-1.

<sup>42</sup> *Domestic Interested Parties' Response to the Notice of Institution*, August 2, 2017, exh. 4.

<sup>43</sup> The list of possible U.S. importers submitted by domestic interested parties likely overstates the actual number of U.S. importers of LPSS because it includes numerous freight forwarding and logistics firms as well as a number of duplicate entities.

U.S. imports from Egypt fluctuated during 2012-16. It increased by 77.3 percent from 2012 to 2014 and then decreased by 3.7 percent from 2014 to 2016, ending 70.7 percent higher in 2012 than in 2016. The value of those imports exhibited the same trend, increasing by 49.9 percent from 2012 to 2014 and then decreasing by 8.6 percent from 2014 to 2016 for an overall increase of 37.0 percent. Consequently, the unit value of U.S imports from Egypt fell from \$0.85 per piece in 2012 to \$0.68 per piece in 2016.

Total U.S. imports increased by 13.9 percent from 2012 to 2015 and then decreased by 2.4 percent from 2015 to 2016, ending 11.1 percent higher in 2016 than in 2012. This growth can be attributed to increases in U.S. imports from India and Egypt. Increased import volume from those two sources more than offset the decreases in U.S. imports from Vietnam, Brazil, and Taiwan. The value of all U.S. imports remained largely unchanged from 2012 to 2016 since the increase from 2012 to 2014 was followed by a corresponding decrease from 2014 to 2016. As a result, the average unit value of all U.S. imports fell from \$0.81 in 2012 to \$0.73 in 2016. The unit value of U.S. imports from China was larger than the average unit values of U.S. imports from all other sources, except for Korea in 2015. Conversely, the unit value of U.S. imports from India was lower than the average unit values of U.S. imports from all other sources except for Mexico.

**Table I-3**  
**LPSS: U.S. imports, 2012-16**

Item	2012	2013	2014	2015	2016
	<b>Quantity (1,000 pieces)</b>				
China (subject)	11,747	10,106	9,229	11,657	11,153
India (subject)	23,014	24,937	25,132	40,006	40,596
Vietnam	96,447	90,776	92,663	91,668	85,906
Egypt	21,466	26,576	38,056	27,469	36,642
Mexico	21,858	43,899	29,143	30,824	25,258
Brazil	24,582	18,697	27,642	20,293	19,362
Taiwan	7,175	5,277	6,320	7,218	4,285
Korea	116	101	99	175	365
All other imports (nonsubject)	15,598	11,055	17,427	23,461	23,091
Total imports	222,001	231,425	245,712	252,771	246,659
	<b>Landed, duty-paid value (\$1,000)</b>				
China (subject)	31,125	23,421	19,849	24,189	23,632
India (subject)	10,743	12,178	11,686	16,771	16,856
Vietnam	68,188	68,896	71,323	71,303	70,643
Egypt	18,190	20,908	27,263	20,622	24,923
Mexico	8,772	15,813	13,368	11,911	9,941
Brazil	17,327	12,358	16,331	11,964	10,857
Taiwan	7,488	6,406	7,708	9,099	5,918
Korea	152	190	245	307	216
All other imports (nonsubject)	17,141	12,469	15,206	18,720	16,622
Total imports	179,126	172,638	182,978	184,886	179,608
	<b>Unit value (dollars per piece)</b>				
China (subject)	2.65	2.32	2.15	2.07	2.12
India (subject)	0.47	0.49	0.46	0.42	0.42
Vietnam	0.71	0.76	0.77	0.78	0.82
Egypt	0.85	0.79	0.72	0.75	0.68
Mexico	0.40	0.36	0.46	0.39	0.39
Brazil	0.70	0.66	0.59	0.59	0.56
Taiwan	1.04	1.21	1.22	1.26	1.38
Korea	1.31	1.88	2.47	1.76	0.59
All other imports (nonsubject)	1.10	1.13	0.87	0.80	0.72
Total imports	0.81	0.75	0.75	0.73	0.73

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

Source: Official import statistics for HTS reporting numbers 4810.22.5044, 4811.90.9035, 4820.10.2030, and 4820.10.2040. Quantity data for HTS reporting numbers 4810.22.5044 and 4811.90.9035 have been converted from kilograms to pieces using the following conversion rate: 1 piece = 0.491262 kg.

## Apparent U.S. consumption and market shares

Table I-4 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-5 presents data on U.S. market shares of U.S. apparent consumption. Apparent U.S. consumption decreased by \*\*\* percent from 2005 to 2011 and by \*\*\* percent from 2011 to 2016, ending \*\*\* percent lower in 2016 than in 2005.

Between 2005 and 2011, U.S. imports from China fell by 65.2 percent. It then fell by 90.7 percent from 2011 to 2016, ending 96.8 percent lower in 2016 than in 2005. U.S. imports from India, conversely, increased by 29.6 percent from 2005 to 2016; the majority of the increase occurring from 2011 to 2016. U.S. imports from nonsubject sources fluctuated, increasing by 53.9 percent from 2005 to 2011 and then decreasing by 30.8 percent from 2011 to 2016 for an overall increase of 6.5 percent.

U.S. producers' market share, by quantity, decreased by \*\*\* percentage points from 2005 to 2011 and then increased by \*\*\* percentage points from 2011 to 2016, ending \*\*\* percentage points lower in 2016 relative to 2005. Much of the market share lost by the U.S. producers was taken by nonsubject imports, whose share increased by \*\*\* percentage points from 2005 to 2016. The market share held by China decreased by \*\*\* percentage points from 2005 to 2016. Conversely, the market share of U.S. imports from India grew by \*\*\* percentage points.

**Table I-4**

**LPSS: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 2005, 2011 and 2016**

Item	2005	2011	2016
	<b>Quantity (1,000 pieces)</b>		
U.S. producers' U.S. shipments	***	281,308	***
U.S. imports of LPSS from—			
China	345,897	120,247	11,153
India	31,312	33,994	40,596
All others	183,099	281,705	194,910
U.S. imports of oversized lined paper products (OLPP) <sup>1</sup>	297,775	396,623	341,034
Total imports	858,083	832,570	587,693
Apparent U.S. consumption	***	1,113,877	***
	<b>Value (1,000 dollars)</b>		
U.S. producers' U.S. shipments	***	235,657	***
U.S. imports of LPSS from—			
China	191,063	111,941	23,632
India	11,929	17,774	16,856
All others	153,045	197,631	139,120
U.S. Imports of oversized lined paper products (OLPP) <sup>1</sup>	165,348	173,099	174,429
Total imports	521,386	500,446	354,037
Apparent U.S. consumption	***	736,103	***

Note – Due to rounding, figures may not add to totals shown.

<sup>1</sup> Import data for OLPP are based on HTS reporting number 4820.10.2020 (reported in pieces).

Source: For 2005 and 2011 data are compiled using data submitted in the Commission's original investigation and first five-year reviews, respectively. *See app. C.* For the year 2016, U.S. producers' U.S. shipments are compiled from the domestic interested party's response to the Commission's notice of institution and U.S. imports are compiled using official import statistics under HTS numbers 4810.22.5044, 4811.90.9035, 4820.10.2020, 4820.10.2030, and 4820.10.2040. Quantity data for HTS reporting numbers 4810.22.5044 and 4811.90.9035 have been converted from kilograms to pieces using the following conversion rate: 1 piece = 0.491262 kg. *Domestic Interested Party's Response to the Notice of Institution*, August 2, 2017, exh. 7.

**Table I-5**

**LPSS: Apparent U.S. consumption and U.S. market shares, 2005, 2011, and 2016**

Item	2005	2011	2016
	<b>Quantity (1,000 pieces)</b>		
Apparent U.S. consumption	***	1,113,877	***
	<b>Value (1,000 dollars)</b>		
Apparent U.S. consumption	***	736,103	***
	<b>Share of consumption based on quantity (percent)</b>		
U.S. producers' share	***	25.3	***
U.S. imports of LPSS from--			
China	***	10.8	***
India	***	3.1	***
All other sources	***	25.3	***
U.S. Imports of outsized lined paper products (OLPP) <sup>1</sup>	***	35.6	***
Total imports	***	74.7	***
Apparent consumption	100.0	100.0	100.0
	<b>Share of consumption based on value (percent)</b>		
U.S. producers' share	***	32.0	***
U.S. imports of LPSS from--			
China	***	15.2	***
India	***	2.4	***
All other sources	***	26.8	***
U.S. Imports of outsized lined paper products (OLPP) <sup>1</sup>	***	23.5	***
Total imports	***	68.0	***
Apparent Consumption	100.0	100.0	100.0

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

<sup>1</sup> Import data for OLPP are based on HTS reporting number 4820.10.2020 (reported in pieces).

Source: For 2005 and 2011, data are compiled using data submitted in the Commission's original investigation and first five-year reviews, respectively. See *app. C*. For 2016, U.S. producers' U.S. shipment data are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. import data are compiled using official import statistics under HTS numbers 4810.22.5044, 4811.90.9035, 4820.10.2010, 4820.10.2020, 4820.10.2030, and 4820.10.2040. *Domestic Interested Party's Response to the Notice of Institution*, August 2, 2017, exh. 7.

## CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning geographical markets and simultaneous presence in the market is presented below.<sup>44</sup>

U.S. imports of LPSS from China and India were present in each month from January 2011 to December 2016. U.S. imports from China and India peaked in May 2011 and June 2016, respectively.<sup>45</sup> In 2016, the majority of subject imports from China and India entered through U.S. ports located in the eastern and western coasts.

## THE INDUSTRY IN CHINA

During the final phase of the original investigations, the Commission received foreign producer/exporter questionnaires from three firms, which accounted for approximately \*\*\* percent of production of LPSS from China during 2004, and approximately \*\*\* percent of exports from China to the United States of LPSS during 2004.<sup>46</sup> Although the Commission did not receive responses from any respondent interested parties in its first five-year review, the domestic interested parties issued foreign producer/exporter questionnaires to 17 firms that they believe produced LPSS in China.<sup>47</sup>

In its response to the notice of institution for these reviews, AASPS notes that Chinese producers continue to export to the United States significant volumes of out-of-scope lined paper goods, such as oversized notebooks and legal pads. Chinese producers also have maintained business relationships with major U.S. purchasers of LPSS. According to AASPS, Shanghai Lian Li Paper Products Co., Ltd, a “mandatory” respondent in Commerce’s antidumping duty investigation, reported exporting 70 percent to 80 percent of its product to the United States. Table I-6 presents export data for LPSS from China in descending order of value for 2016.

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<sup>44</sup> In addition, available information concerning subject country producers and the global market is presented in the next section of this report.

<sup>45</sup> Data concerning the presence of imports from China and India and their geographical markets is based on a review of official U.S. import statistics.

<sup>46</sup> *Investigation Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final): Certain Lined Paper School Supplies from China, India, and Indonesia—Staff Report*, INV-DD-117, August 15, 2006, p. VII-2.

<sup>47</sup> *Investigation Nos. 701-TA-442-443 and 731-TA-1095-1097 (Review): Certain Lined Paper School Supplies from China, India, and Indonesia—Staff Report*, INV-KK-072, July 16, 2012, p. IV-13.

**Table I-6**  
**LPSS: Exports of LPSS from China, by destination, 2012-16**

Item	Calendar year				
	2012	2013	2014	2015	2016
<b>Value (\$1,000)</b>					
United States	300,434	289,602	273,866	357,509	354,063
United Kingdom	80,829	83,978	93,905	102,336	101,146
Australia	62,194	67,103	64,523	70,333	65,497
Japan	94,537	65,225	67,010	56,929	57,316
India	32,646	32,668	34,572	39,120	50,264
Malaysia	33,735	41,925	32,970	35,901	49,694
Iraq	12,866	27,690	36,745	33,066	49,054
Hong Kong	60,519	67,696	57,606	49,104	48,329
Vietnam	23,188	21,227	48,385	53,290	46,659
Netherlands	33,579	38,453	39,426	43,509	43,482
All other	624,016	685,061	739,125	782,995	731,567
Total	1,358,543	1,420,628	1,488,133	1,624,092	1,597,071

Note.--Because of rounding, figures may not add to totals shown. Exports were reported in value since countries used several different units to report their export data.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheadings 4810.22, 4811.90, and 4820.10. These data may be overstated as these HTS subheadings may contain products outside the scope of these reviews.

## **THE INDUSTRY IN INDIA**

During the final phase of the original investigations, the Commission received foreign producer/exporter questionnaires from eight firms. It was not known at the time what percentage of exports or total Indian production that was accounted for by these responding firms.<sup>48</sup>

During the first five-year reviews, the Commission received foreign producer/exporter questionnaires from eight firms, which accounted for approximately \*\*\* percent of production

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<sup>48</sup> *Investigation Nos. 701-TA-442-443 and 731-TA-1095-1097 (Final): Certain Lined Paper School Supplies from China, India, and Indonesia—Staff Report, INV-DD-117, August 15, 2006, pp. VII-5—VII-6.*

of LPSS from India during 2011, and approximately \*\*\* percent of exports from India to the United States of LPSS during 2011.<sup>49</sup>

In its response to the notice of institution for these reviews, AASPS notes that Indian producers are heavily export-oriented and have remained focused on the U.S. markets since the imposition of the antidumping and countervailing duty orders, resulting in increased U.S. imports of LPSS from India during the review period. Table I-7 presents export data for LPSS from India in descending order of value for 2016.

**Table I-7**  
**LPSS: Exports of LPSS from India, by destination, 2012-16**

Item	Calendar year				
	2012	2013	2014	2015	2016
<b>Value (\$1,000)</b>					
United States	18,239	16,897	23,761	28,849	32,864
United Kingdom	13,574	12,546	15,802	18,741	18,752
United Arab Emirates	3,164	3,418	1,539	2,656	4,538
Saudi Arabia	643	2,115	2,345	2,126	2,100
Greece	592	1,113	798	1,539	2,096
Germany	1,126	965	1,125	1,411	1,995
Nicaragua	258	1,331	2,140	2,141	1,958
Tanzania	2,216	1,796	1,947	1,287	1,859
Nepal	2,937	1,613	1,618	1,161	1,774
Costa Rica	5	1,473	1,927	1,111	1,532
All other	47,573	21,958	19,870	23,821	20,568
Total	90,327	65,225	72,872	84,843	90,036

Note.--Because of rounding, figures may not add to totals shown. Exports were reported in value since countries used several different units to report their export data.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheadings 4810.22, 4811.90, and 4820.10. These data may be overstated as these HTS subheadings may contain products outside the scope of these reviews.

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<sup>49</sup> *Investigation Nos. 701-TA-442-443 and 731-TA-1095-1097 (Review): Certain Lined Paper School Supplies from China, India, and Indonesia—Staff Report, INV-KK-072, August 15, 2006, p. IV-15.*

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

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

### THE GLOBAL MARKET

Table I-8 presents the largest global export sources of LPSS, by value, during 2012-16.

**Table I-8**  
**LPSS: Global exports by major sources, 2012-16**

Item	2012	2013	2014	2015	2016
<b>Value (\$1,000)</b>					
Germany	2,356,744	2,226,828	2,259,054	1,904,637	1,804,680
China	1,358,543	1,420,628	1,488,133	1,624,092	1,597,071
Finland	1,573,119	1,533,015	1,457,568	1,193,605	1,064,762
United States	826,850	763,333	765,082	759,016	663,726
Italy	755,350	813,507	797,709	637,349	605,933
Canada	428,592	396,512	367,895	380,645	354,302
Belgium	422,846	442,694	392,132	335,024	310,257
United Kingdom	267,282	318,122	309,176	251,351	258,470
France	579,816	470,400	315,117	253,205	251,548
Sweden	290,610	285,166	281,122	227,528	224,896
All other	2,423,299	2,303,281	2,444,789	2,028,469	1,927,557
<b>Total</b>	<b>11,283,051</b>	<b>10,973,486</b>	<b>10,877,777</b>	<b>9,596,125</b>	<b>9,069,712</b>

Note.--Because of rounding, figures may not add to totals shown. Exports were reported in value since countries used several different units to report their export data.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheadings 4810.22, 4811.90, and 4820.10. These data may be overstated as these HTS subheadings may contain products outside the scope of these reviews.



**APPENDIX A**

***FEDERAL REGISTER NOTICES***



The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://www.usitc.gov). In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
82 FR 30902 July 3, 2017	<i>Certain Lined Paper School Supplies from China and India; Institution of Five-Year Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-07-03/pdf/2017-13711.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-07-03/pdf/2017-13711.pdf</a>
82 FR 30844 July 1, 2017	<i>Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-07-03/pdf/2017-13938.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-07-03/pdf/2017-13938.pdf</a>



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



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

Item	Norcom, Inc.	Top Flight, Inc.	ACCO Brands	Total
	Quantity=1,000 pieces; value=1,000 dollars;			
Nature of operation	✓	✓	✓	✓
Statement of intent to participate	✓	✓	✓	✓
Statement of likely effects of revoking the order	✓	✓	✓	✓
U.S. producer list	✓	✓	✓	✓
U.S. importer/foreign producer list	✓	✓	✓	✓
List of 3-5 leading purchasers	✓	✓	✓	✓
List of sources for national/regional prices	?	?	?	?
<b>Production:</b>				
Quantity	***	***	***	***
Percent of total reported	***	***	***	100.0
Capacity	***	***	***	***
<b>Commercial shipments:</b>				
Quantity	***	***	***	***
Value	***	***	***	***
<b>Internal consumption:</b>				
Quantity	***	***	***	***
Value	***	***	***	***
Net sales	***	***	***	***
COGS	***	***	***	***
Gross profit or (loss)	***	***	***	***
SG&A expenses (loss)	***	***	***	***
Operating income/(loss)	***	***	***	***
Changes in supply/demand	✓	✓	✓	✓
<p>Note.—The production, capacity, and shipment data presented are for calendar year 2016. The financial data are for fiscal year ended December 31, 2016.</p> <p>✓ = response provided; ✕ = response not provided; NA = not applicable; ? = indicated that the information was not known.</p>				



**APPENDIX C**

**SUMMARY DATA FROM ORIGINAL INVESTIGATIONS AND FIRST REVIEWS**



**Table C-2**  
**All lined paper products (LPP plus oversized lined paper products): Summary data concerning the U.S. market, 2003-05**

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

Item	Reported data			Period changes		
	2003	2004	2005	2003-05	2003-04	2004-05
<b>U.S. consumption quantity:</b>						
Amount . . . . .	***	***	***	***	***	***
Producers' share (1) . . . . .	***	***	***	***	***	***
CPP's share . . . . .	***	***	***	***	***	***
<b>Importers' share [CLPSS] (1):</b>						
China . . . . .	***	***	***	***	***	***
India . . . . .	***	***	***	***	***	***
Indonesia . . . . .	***	***	***	***	***	***
Subtotal (subject) . . . . .	***	***	***	***	***	***
Brazil . . . . .	***	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***	***
Total . . . . .	***	***	***	***	***	***
Importers' share [OLPP] (1) . . . . .	***	***	***	***	***	***
Importers' share (total) (1) . . . . .	***	***	***	***	***	***
<b>U.S. consumption value:</b>						
Amount . . . . .	***	***	***	***	***	***
Producers' share (1) . . . . .	***	***	***	***	***	***
CPP's share . . . . .	***	***	***	***	***	***
<b>Importers' share [CLPSS] (1):</b>						
China . . . . .	***	***	***	***	***	***
India . . . . .	***	***	***	***	***	***
Indonesia . . . . .	***	***	***	***	***	***
Subtotal (subject) . . . . .	***	***	***	***	***	***
Brazil . . . . .	***	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***	***
Total . . . . .	***	***	***	***	***	***
Importers' share [OLPP] (1) . . . . .	***	***	***	***	***	***
Importers' share (total) (1) . . . . .	***	***	***	***	***	***
<b>U.S. imports of CLPSS from:</b>						
<b>China:</b>						
Quantity . . . . .	186,278	220,744	345,897	85.7	18.5	56.7
Value . . . . .	108,779	131,836	191,063	75.6	21.2	44.9
Unit value . . . . .	\$0.58	\$0.60	\$0.55	-5.4	2.3	-7.5
Ending inventory quantity . . . . .	***	***	***	***	***	***
<b>India:</b>						
Quantity . . . . .	37,226	35,991	31,312	-15.9	-3.3	-13.0
Value . . . . .	15,779	13,122	11,929	-24.4	-16.8	-9.1
Unit value . . . . .	\$0.42	\$0.36	\$0.38	-10.1	-14.0	4.5
Ending inventory quantity . . . . .	***	***	***	***	***	***
<b>Indonesia:</b>						
Quantity . . . . .	38,998	34,985	39,305	0.8	-10.3	12.3
Value . . . . .	15,477	12,603	14,804	-4.3	-18.6	17.5
Unit value . . . . .	\$0.40	\$0.36	\$0.38	-5.1	-9.2	4.6
Ending inventory quantity . . . . .	***	***	***	***	***	***
<b>Subtotal (subject):</b>						
Quantity . . . . .	262,503	291,719	416,514	58.7	11.1	42.8
Value . . . . .	140,035	157,561	217,797	55.5	12.5	38.2
Unit value . . . . .	\$0.53	\$0.54	\$0.52	-2.0	1.2	-3.2
Ending inventory quantity . . . . .	***	***	***	***	***	***
<b>Brazil:</b>						
Quantity . . . . .	37,200	91,891	65,996	77.4	147.0	-28.2
Value . . . . .	16,448	35,172	28,713	74.6	113.8	-18.4
Unit value . . . . .	\$0.44	\$0.38	\$0.44	-1.6	-13.4	13.7
Ending inventory quantity . . . . .	(2)	(2)	(2)	(3)	(3)	(3)
<b>Other sources:</b>						
Quantity . . . . .	51,975	73,899	77,798	49.7	42.2	5.3
Value . . . . .	59,307	98,418	109,528	84.7	65.9	11.3
Unit value . . . . .	\$1.14	\$1.33	\$1.41	23.4	16.7	5.7
Ending inventory quantity . . . . .	***	***	***	***	***	***
<b>Total U.S. imports [CLPSS]:</b>						
Quantity . . . . .	351,678	457,509	560,308	59.3	30.1	22.5
Value . . . . .	215,791	291,151	356,037	65.0	34.9	22.3
Unit value . . . . .	\$0.61	\$0.64	\$0.64	3.6	3.7	-0.1
Ending inventory quantity . . . . .	***	***	***	***	***	***
<b>Total U.S. imports of OLPP:</b>						
Quantity . . . . .	276,025	283,201	297,775	7.9	2.6	5.1
Value . . . . .	128,851	148,124	165,348	28.3	15.0	11.6
Unit value . . . . .	\$0.47	\$0.52	\$0.56	19.0	12.0	6.2
Ending inventory quantity . . . . .	***	***	***	***	***	***
<b>Total U.S. imports:</b>						
Quantity . . . . .	627,702	740,711	858,083	36.7	18.0	15.8
Value . . . . .	344,642	439,275	521,386	51.3	27.5	18.7
Unit value . . . . .	\$0.55	\$0.59	\$0.61	10.7	8.0	2.5
Ending inventory quantity . . . . .	24,760	29,429	43,039	73.8	18.9	46.2

Table continued on next page.

**Table C-2--Continued**

**All lined paper products (LPP plus outsized lined paper products): Summary data concerning the U.S. market, 2003-05**

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

Item	Reported data			Period changes		
	2003	2004	2005	2003-05	2003-04	2004-05
U.S. producers' (4):						
Average capacity quantity . . . . .	1,077,224	1,047,120	977,936	-9.2	-2.8	-6.6
Production quantity . . . . .	662,444	611,465	476,307	-28.1	-7.7	-22.1
Capacity utilization (1) . . . . .	61.5	58.4	48.7	-12.8	-3.1	-9.7
U.S. shipments:						
Quantity . . . . .	607,539	592,951	469,947	-22.6	-2.4	-20.7
Value . . . . .	345,131	336,697	273,002	-20.9	-2.4	-18.9
Unit value . . . . .	\$0.57	\$0.57	\$0.58	2.3	-0.0	2.3
Export shipments:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***
Ending inventory quantity . . . . .	127,466	133,155	125,524	-1.5	4.5	-5.7
Inventories/total shipments (1) . . . . .	***	***	***	***	***	***
Production workers . . . . .	1,344	1,224	1,007	-25.1	-8.9	-17.7
Hours worked (1,000s) . . . . .	2,704	2,401	1,727	-36.1	-11.2	-28.1
Wages paid (\$1,000) . . . . .	47,834	43,560	31,627	-33.9	-8.9	-27.4
Hourly wages . . . . .	\$17.69	\$18.14	\$18.31	3.5	2.6	0.9
Productivity (units per hour) . . . . .	243.6	253.0	275.6	13.1	3.9	8.9
Unit labor costs . . . . .	\$0.07	\$0.07	\$0.07	-8.5	-1.3	-7.3
Net sales:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***
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 (1) . . . . .	***	***	***	***	***	***
Operating income or (loss)/ sales (1) . . . . .	***	***	***	***	***	***
CPP's U.S. shipments:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.  
(2) Not available; inventories of imports from Brazil included within inventories of imports from other sources.  
(3) Not applicable.  
(4) Excluding data reported by CPP.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures. Import data from table C-1 repeated here because imports of out-sized lined paper products are included in Commerce statistics.

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

**Table C-1**  
**Lined paper products (LPP): Summary data concerning the U.S. market, 2006-11**

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

Item	Reported data						Period changes					
	2006	2007	2008	2009	2010	2011	2006-11	2006-07	2007-08	2008-09	2009-10	2010-11
<b>U.S. consumption quantity:</b>												
Amount	1,135,979	1,218,248	1,213,736	1,086,690	1,206,771	1,113,877	-1.9	7.2	-0.4	-10.5	11.1	-7.7
Producers' share (1)	27.4	22.7	23.4	23.6	22.5	25.3	-2.1	-4.6	0.7	0.1	-1.1	2.7
Importers' share [CLPSS] (1):												
China	14.0	10.5	11.7	11.9	10.7	10.8	-3.3	-3.5	1.2	0.2	-1.2	0.1
India	2.1	3.5	3.0	4.0	3.4	3.1	0.9	1.3	-0.4	1.0	-0.7	-0.3
Indonesia	0.3	0.4	0.4	0.8	0.4	0.4	0.1	0.1	0.0	0.4	-0.4	-0.0
Subtotal (subject)	16.5	14.4	15.1	16.8	14.5	14.2	-2.2	-2.1	0.8	1.6	-2.2	-0.3
All other sources	26.4	30.1	32.1	26.2	26.5	24.9	-1.5	3.8	2.0	-5.9	0.3	-1.6
Total	42.8	44.5	47.3	43.0	41.0	39.1	-3.7	1.7	2.8	-4.3	-2.0	-1.9
Importers' share [OLPP] (1)	29.8	32.8	29.3	33.4	36.5	35.6	5.8	2.9	-3.5	4.2	3.1	-0.9
Importers' share (total) (1)	72.6	77.3	76.6	76.4	77.5	74.7	2.1	4.6	-0.7	-0.1	1.1	-2.7
<b>U.S. consumption value:</b>												
Amount	740,577	833,782	846,942	710,466	754,675	736,103	-0.6	12.6	1.6	-16.1	6.2	-2.5
Producers' share (1)	32.8	28.3	27.8	33.0	29.6	32.0	-0.8	-4.4	-0.6	5.2	-3.3	2.4
Importers' share [CLPSS] (1):												
China	14.8	13.5	14.6	13.8	15.7	15.2	0.4	-1.4	1.1	-0.8	1.9	-0.5
India	1.4	3.0	2.3	3.3	2.9	2.4	1.0	1.5	-0.7	1.0	-0.4	-0.5
Indonesia	0.1	0.2	0.2	0.4	0.3	0.2	0.1	0.0	0.0	0.2	-0.1	-0.1
Subtotal (subject)	16.4	16.6	17.1	17.5	18.9	17.8	1.4	0.2	0.5	0.4	1.5	-1.1
All other sources	27.1	29.8	32.2	29.5	29.1	26.6	-0.5	2.7	2.4	-2.7	-0.4	-2.5
Total	43.5	46.4	49.3	47.0	48.0	44.5	1.0	2.9	2.9	-2.3	1.1	-3.6
Importers' share [OLPP] (1)	23.7	25.3	23.0	20.1	22.3	23.5	-0.2	1.5	-2.3	-2.9	2.2	1.2
Importers' share (total) (1)	67.2	71.7	72.2	67.0	70.4	68.0	0.8	4.4	0.6	-5.2	3.3	-2.4
<b>U.S. imports of CLPSS from:</b>												
<b>China:</b>												
Quantity	159,562	128,262	141,967	129,796	129,581	120,247	-24.6	-19.6	10.7	-8.6	-0.2	-7.2
Value	109,795	112,295	123,715	98,172	118,835	111,941	2.0	2.3	10.2	-20.6	21.0	-5.8
Unit value	\$0.69	\$0.88	\$0.87	\$0.76	\$0.92	\$0.93	35.3	27.2	-0.5	-13.2	21.2	1.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>India:</b>												
Quantity	24,240	42,421	36,882	43,940	40,568	33,994	40.2	75.0	-13.1	19.1	-7.7	-16.2
Value	10,659	24,680	19,401	23,370	21,970	17,774	66.7	131.5	-21.4	20.5	-6.0	-19.1
Unit value	\$0.44	\$0.58	\$0.53	\$0.53	\$0.54	\$0.52	18.9	32.3	-9.6	1.1	1.8	-3.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Indonesia:</b>												
Quantity	3,207	4,415	4,956	8,315	4,933	4,369	36.2	37.7	12.3	67.8	-40.7	-11.4
Value	1,034	1,560	1,651	2,628	2,169	1,672	61.7	50.9	5.8	59.2	-17.5	-22.9
Unit value	\$0.32	\$0.35	\$0.33	\$0.32	\$0.44	\$0.38	18.7	9.6	-5.7	-5.1	39.1	-13.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Subtotal (subject):</b>												
Quantity	187,009	175,097	183,804	182,052	175,083	158,610	-15.2	-6.4	5.0	-1.0	-3.8	-9.4
Value	121,489	138,535	144,768	124,171	142,974	131,387	8.1	14.0	4.5	-14.2	15.1	-8.1
Unit value	\$0.65	\$0.79	\$0.79	\$0.68	\$0.82	\$0.83	27.5	21.8	-0.5	-13.4	19.7	1.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>All other sources:</b>												
Quantity	299,506	367,145	390,036	285,059	319,606	277,336	-7.4	22.6	6.2	-26.9	12.1	-13.2
Value	200,642	248,189	272,694	209,458	219,582	195,959	-2.3	23.7	9.9	-23.2	4.8	-10.8
Unit value	\$0.67	\$0.68	\$0.70	\$0.73	\$0.69	\$0.71	5.5	0.9	3.4	5.1	-6.5	2.8
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
<b>Total U.S. imports [CLPSS]:</b>												
Quantity	486,515	542,243	573,840	467,111	494,688	435,947	-10.4	11.5	5.8	-18.6	5.9	-11.9
Value	322,131	386,724	417,461	333,629	362,556	327,346	1.6	20.1	7.9	-20.1	8.7	-9.7
Unit value	\$0.66	\$0.71	\$0.73	\$0.71	\$0.73	\$0.75	13.4	7.7	2.0	-1.8	2.6	2.5
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
<b>Total U.S. imports [OLPP]:</b>												
Quantity	338,716	399,065	355,426	363,371	440,408	396,623	17.1	17.8	-10.9	2.2	21.2	-9.9
Value	175,776	210,797	194,451	142,597	168,370	173,099	-1.5	19.9	-7.8	-26.7	18.1	2.8
Unit value	\$0.52	\$0.53	\$0.55	\$0.39	\$0.38	\$0.44	-15.9	1.8	3.6	-28.3	-2.6	14.2
Ending inventory quantity	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
<b>Total U.S. imports:</b>												
Quantity	825,231	941,308	929,266	830,482	935,097	832,570	0.9	14.1	-1.3	-10.6	12.6	-11.0
Value	497,907	597,520	611,912	476,226	530,926	500,446	0.5	20.0	2.4	-22.2	11.5	-5.7
Unit value	\$0.60	\$0.63	\$0.66	\$0.57	\$0.57	\$0.60	-0.4	5.2	3.7	-12.9	-1.0	5.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

## Lined paper products (LPP): Summary data concerning the U.S. market, 2006-11

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

Item	Reported data						Period changes					
	2006	2007	2008	2009	2010	2011	2006-11	2006-07	2007-08	2008-09	2009-10	2010-11
U.S. producers:												
Average capacity quantity . . . . .	547,915	540,808	555,892	561,910	569,482	601,280	9.7	-1.3	2.8	1.1	1.3	5.6
Production quantity . . . . .	305,048	290,428	279,511	222,102	260,753	330,475	8.3	-4.8	-3.8	-20.5	17.4	26.7
Capacity utilization (1) . . . . .	55.7	53.7	50.3	39.5	45.8	55.0	-0.7	-2.0	-3.4	-10.8	6.3	9.2
U.S. shipments:												
Quantity . . . . .	310,747	276,940	284,470	256,208	271,675	281,308	-9.5	-10.9	2.7	-9.9	6.0	3.5
Value . . . . .	242,670	236,262	235,031	234,240	223,749	235,657	-2.9	-2.6	-0.5	-0.3	-4.5	5.3
Unit value . . . . .	\$0.78	\$0.85	\$0.83	\$0.91	\$0.82	\$0.84	7.3	9.2	-3.2	10.7	-9.9	1.7
Export shipments:												
Quantity . . . . .	10,136	10,558	9,917	7,401	9,020	8,495	-16.2	4.2	-6.1	-25.4	21.9	-5.8
Value . . . . .	8,998	9,562	9,313	5,976	7,052	7,618	-15.3	6.3	-2.6	-35.8	18.0	8.0
Unit value . . . . .	\$0.89	\$0.91	\$0.94	\$0.81	\$0.78	\$0.90	1.0	2.0	3.7	-14.0	-3.2	14.7
Ending inventory quantity . . . . .												
Inventories/total shipments (1)	23.4	31.8	30.0	22.1	17.3	34.0	10.6	8.4	-1.8	-8.0	-4.8	16.7
Production workers . . . . .	498	506	500	485	519	524	5.2	1.6	-1.2	-3.0	7.0	1.0
Hours worked (1,000s) . . . . .	853	868	869	846	879	942	10.4	1.8	0.1	-2.6	3.9	7.2
Wages paid (\$1,000) . . . . .	24,385	24,675	24,172	24,177	25,712	26,392	8.2	1.2	-2.0	0.0	6.3	2.6
Hourly wages . . . . .	\$28.59	\$28.43	\$27.82	\$28.58	\$29.25	\$28.02	-2.0	-0.6	-2.2	2.7	2.4	-4.2
Productivity (pieces per hour) . . . . .	357.6	334.6	321.6	262.5	296.6	350.8	-1.9	-6.4	-3.9	-18.4	13.0	18.3
Unit labor costs . . . . .	\$0.08	\$0.08	\$0.09	\$0.11	\$0.10	\$0.08	-0.1	6.3	1.8	25.9	-9.4	-19.0
Net sales:												
Quantity . . . . .	320,883	287,499	294,387	263,608	279,577	290,696	-9.4	-10.4	2.4	-10.5	6.1	4.0
Value . . . . .	251,668	245,824	244,344	240,215	230,800	243,276	-3.3	-2.3	-0.6	-1.7	-3.9	5.4
Unit value . . . . .	\$0.78	\$0.86	\$0.83	\$0.91	\$0.83	\$0.84	6.7	9.0	-2.9	9.8	-9.4	1.4
Cost of goods sold (COGS) . . . . .	191,350	189,892	182,644	170,775	162,736	179,048	-6.4	-0.8	-3.8	-6.5	-4.7	10.0
Gross profit or (loss) . . . . .	60,318	55,932	61,700	69,440	68,064	64,228	6.5	-7.3	10.3	12.5	-2.0	-5.6
SG&A expenses . . . . .	25,992	24,141	23,662	25,298	25,016	26,842	3.3	-7.1	-2.0	6.9	-1.1	7.3
Operating income or (loss) . . . . .	34,326	31,791	38,038	44,142	43,048	37,386	8.9	-7.4	19.7	16.0	-2.5	-13.2
Capital expenditures . . . . .	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS . . . . .	\$0.60	\$0.66	\$0.62	\$0.65	\$0.58	\$0.62	3.3	10.8	-6.1	4.4	-10.2	5.8
Unit SG&A expenses . . . . .	\$0.08	\$0.08	\$0.08	\$0.10	\$0.09	\$0.09	14.0	3.7	-4.3	19.4	-6.8	3.2
Unit operating income or (loss) . . . . .	\$0.11	\$0.11	\$0.13	\$0.17	\$0.15	\$0.13	20.2	3.4	16.9	29.6	-8.0	-16.5
COGS/sales (1) . . . . .	76.0	77.2	74.7	71.1	70.5	73.6	-2.4	1.2	-2.5	-3.7	-0.6	3.1
Operating income or (loss)/ sales (1) . . . . .	13.6	12.9	15.6	18.4	18.7	15.4	1.7	-0.7	2.6	2.8	0.3	-3.3

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

(2) Not applicable.

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics. CLPSS import data are based on HTS subheadings 4811.90.9050, 4811.90.9090, 4820.10.2030, 4820.10.2040, 4820.10.2050, and 4820.10.2060.