

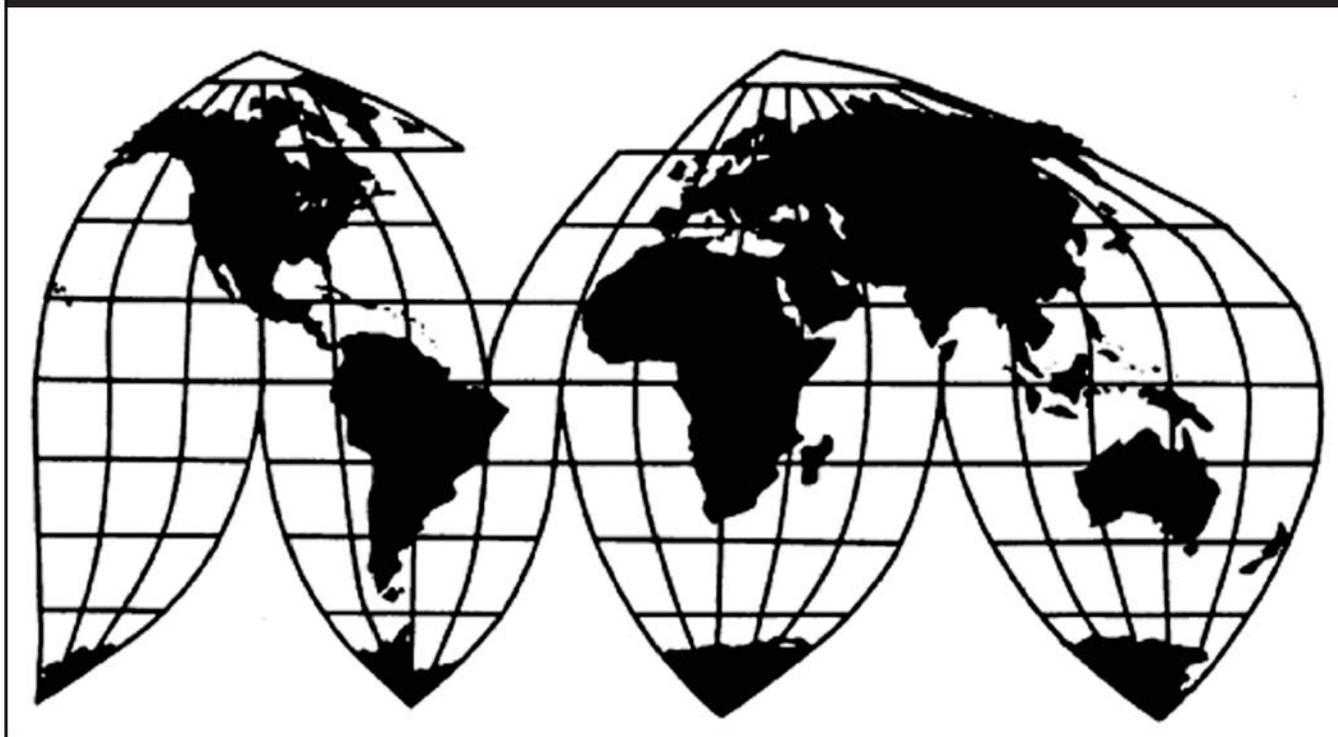
Plastic Decorative Ribbon from China

Investigation Nos. 701-TA-592 and 731-TA-1400 (Preliminary)

Publication 4763

February 2018

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-592 and 731-TA-1400 (Preliminary)
Plastic Decorative Ribbon from China

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of plastic decorative ribbon from China, provided for in subheadings 3920.20.00, 3926.40.00, 3920.10.00, 3920.20.00, 3920.30.00, 3920.43.50, 3920.49.00, 3920.62.00, 3920.69.00, 3921.90.11, 3921.90.15, 3921.90.19, 3921.90.40, 3926.90.99, 5404.90.00, 9505.90.40, 4601.99.90, 4602.90.00, 5609.00.30, 5609.00.40, and 6307.90.98 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (“LTFV”) and to be subsidized by the government of China.

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission’s rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission’s rules, upon notice from the Department of Commerce (“Commerce”) of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

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

BACKGROUND

On December 27, 2017, Berwick Offray LLC, Berwick, Pennsylvania filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of plastic decorative ribbon from China and LTFV imports of plastic decorative ribbon from China. Accordingly, effective December 27, 2017, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation No. 701-TA-592 and antidumping duty investigation No. 731-TA-1400 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 3, 2018 (83 FR 395). The conference was held in Washington, DC, on January 17, 2018, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of plastic decorative ribbon (“ribbon”) from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.¹ In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”²

II. Background

Berwick Offray, LLC (“petitioner” or “Berwick”), a U.S. producer of ribbon, filed the petitions in these investigations on December 27, 2017.³ Berwick appeared at the staff conference and submitted a postconference brief.⁴

No respondent appeared at the staff conference, but Impact Innovations, Inc. (“respondent” or “Impact Innovations”), an importer of subject merchandise, submitted a postconference brief.⁵

¹ 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); see also *American Lamb Co. v. United States*, 785 F.2d 994, 1001–04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States*, 20 CIT 353, 354–55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

² *American Lamb Co.*, 785 F.2d at 1001; see also *Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

³ Confidential Report, Memorandum INV-QQ-016 (Feb. 5, 2018) (“CR”) at I-1; Public Report, *Plastic Decorative Ribbon from China*, Inv. Nos. 701-TA-592 and 731-TA-1400 (Preliminary), USITC Pub. 4763 (Feb. 2018) (“PR”) at I-1.

⁴ Conf. Tr. at 3; Berwick Offray’s Post-Conference Brief and Answers to Staff Questions (Jan. 22, 2018) (as revised, Jan. 23, 2018) (“Petitioner’s Postconf. Br.”).

⁵ Impact Innovations Post-Conference Brief (Jan. 23, 2018) (as refiled, Jan. 25, 2018) (“Respondent’s Postconf. Br.”).

U.S. industry data are based on the questionnaire responses of two producers, accounting for the vast majority of U.S. production of ribbon in 2016.⁶ U.S. import data are based on questionnaire responses from 21 U.S. importers, accounting for *** percent of total subject imports by value in 2016.⁷ The Commission received responses to its questionnaires from four producers of subject merchandise, accounting for approximately *** percent of U.S. imports of ribbon from China in 2016.⁸

III. Domestic Like Product

A. In General

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

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

⁶ CR at I-4, PR at I-4.

⁷ CR at I-4 to I-5, PR at I-4.

⁸ CR at I-5, PR at I-4. Responding Chinese producers did not provide reliable estimates of the percentage of total Chinese production for which they accounted. CR at VII-3 n.9, PR at VII-3 n.9.

⁹ 19 U.S.C. § 1677(4)(A).

¹⁰ 19 U.S.C. § 1677(4)(A).

¹¹ 19 U.S.C. § 1677(10).

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

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

possible like products and disregards minor variations.¹⁴ Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,¹⁵ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁶

B. Product Description

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

Certain plastic decorative ribbon having a width (measured at the narrowest span of the ribbon) of less than or equal to four (4) inches in actual measurement, including but not limited to ribbon wound onto itself; a spool, a core or a tube (with or without flanges); attached to a card or strip; wound into a keg- or egg-shaped configuration; made into bows, bow-like items, or other shapes or configurations; and whether or not packaged or labeled for retail sale. The subject merchandise is typically made of substrates of polypropylene, but may be made in whole or in part of any type of plastic, including without limitation, plastic derived from petroleum products and plastic derived from cellulose products. Unless the context otherwise clearly indicates, the word “ribbon” used in the singular includes the plural and the plural “ribbons” includes the singular. The subject merchandise includes ribbons comprised of one or more layers of substrates made, in whole or in part, of plastics adhered to each other, regardless of the method used to adhere the layers together, including without limitation, ribbons comprised of layers of substrates adhered to each other through a lamination process. Subject merchandise also includes ribbons comprised of (a) one or more layers of substrates made, in whole or in part, of plastics adhered to (b) one or more layers of substrates made, in whole or in part, of non-plastic materials, including, without limitation, substrates made, in whole or in part, of fabric.

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

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

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

The ribbons subject to this investigation may be of any color or combination of colors (including without limitation, ribbons that are transparent, translucent or opaque) and may or may not bear words or images, including without limitation, those of a holiday motif. The subject merchandise includes ribbons with embellishments and/or treatments, including, without limitation, ribbons that are printed, hot-stamped, coated, laminated, flocked, crimped, die-cut, embossed (or that otherwise have impressed designs, images, words or patterns), and ribbons with holographic, metallic, glitter or iridescent finishes.

Subject merchandise includes “pull-bows” an assemblage of ribbons connected to one another, folded flat, and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage, and “pre-notched” bows, an assemblage of notched ribbon loops arranged one inside the other with the notches in alignment and affixed to each other where notched, and which the end user forms into a bow by separating and spreading the loops circularly around the notches, which form the center of the bow. Subject merchandise includes ribbons that are packaged with non-subject merchandise, including ensembles that include ribbons and other products, such as gift wrap, gift bags, gift tags and/or other gift packaging products. The ribbons are covered by the scope of this investigation; the “other products” (i.e., the other, non-subject merchandise included in the ensemble) are not covered by the scope of this investigation.

Excluded from the scope of this investigation are the following: (1) Ribbons formed exclusively by weaving plastic threads together; (2) ribbons that have metal wire in, on, or along the entirety of each of the longitudinal edges of the ribbon; (3) ribbons with an adhesive coating covering the entire span between the longitudinal edges of the ribbon for the entire length of the ribbon; (4) ribbon formed into a bow without a tab or other means for attaching the bow to an object using adhesives, where the bow has: (a) An outer layer that is either flocked or made of fabric, and (b) a flexible metal wire at the base that is suitable for attaching the bow to a Christmas tree or other object by twist-tying; (5) elastic ribbons, meaning ribbons that elongate when stretched and return to their original dimension when the stretching load is removed; (6) ribbons affixed as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise; (7) ribbons that are (a) affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where the ribbon comprises a book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to non-subject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such non-subject merchandise, such as a “belly band” around a pair of pajamas, a pair of socks or a blanket; (8) imitation raffia made of plastics having a thickness not more than one (1) mil when measured in an unfolded/untwisted state; and (9) ribbons in the form of bows having Start Printed Page 3131a diameter of less than seven-eighths (7/8)

of an inch, or having a diameter of more than 16 inches, based on actual measurement. For purposes of this exclusion, the diameter of a bow is equal to the diameter of the smallest circular ring through which the bow will pass without compressing the bow. Further, excluded from the scope of the antidumping duty investigation are any products covered by the existing antidumping duty order on polyethylene terephthalate film, sheet, and strip (PET Film) from the People's Republic of China (China). See *Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, the People's Republic of China and the United Arab Emirates: Antidumping Duty Orders and Amended Final Determination of Sales at Less Than Fair Value for the United Arab Emirates*, 73 FR 66595 (November 10, 2008).

Merchandise covered by this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 3920.20.0015 and 3926.40.0010. Merchandise covered by this investigation also may enter under subheadings 3920.10.0000; 3920.20.0055; 3920.30.0000; 3920.43.5000; 3920.49.0000; 3920.62.0050; 3920.62.0090; 3920.69.0000; 3921.90.1100; 3921.90.1500; 3921.90.1910; 3921.90.1950; 3921.90.4010; 3921.90.4090; 3926.90.9996; 5404.90.0000; 9505.90.4000; 4601.99.9000; 4602.90.0000; 5609.00.3000; 5609.00.4000; and 6307.90.9889. These HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope of this investigation is dispositive.¹⁷

Ribbon is produced primarily from polypropylene that is melted and extruded into rolls, which are decorated as desired and slit into much thinner rolls, called pies.¹⁸ The pies are unwound and rewound into various retail configurations of ribbons or converted into bow mechanisms and shapes.¹⁹ Although the primary end use is as a decorative component of gift wrapping, finished ribbon products can be used, for example, as balloon strings or decoration on a floral arrangement, on a mailbox, or at a grave site as a commemoration of loss.²⁰ Ribbon can also be used as part of religious customs or ceremonies.²¹ Celebrations for which ribbon is used widely include Christmas and birthdays.²²

¹⁷ *Certain Plastic Decorative Ribbon From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 3126, 3130–31 (Jan. 23, 2018); see also *Certain Plastic Decorative Ribbon From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 Fed. Reg. 3114, 3117–18 (Jan. 23, 2018).

¹⁸ CR at I-13 to I-14, PR at I-11.

¹⁹ CR at I-14, PR at I-11.

²⁰ CR at I-12, PR at I-10.

²¹ CR at I-12, PR at I-10.

²² CR at I-12, PR at I-10.

C. Arguments of the Parties

Petitioner contends that the domestic like product should be defined as coextensive with the scope of the investigations because ribbon products have physical and end-use similarities, are interchangeable with each other, are sold to similar end-users through similar channels of distribution, and are made in the same manufacturing facilities by the same employees.²³ Petitioner further argues that the domestic like product should not include products specifically excluded from the scope.²⁴ Respondent indicates that it does not object to the petitioner's proposed domestic like product definition for purposes of the preliminary phase of the investigations.²⁵

Based on the record, we define a single domestic like product consisting of all plastic decorative ribbon within the scope of the investigations.

Physical Characteristics and Uses. The record in the preliminary phase of these investigations indicates that all ribbon within the scope, regardless of final finished form as bows or ribbons, possesses similar physical characteristics. Ribbon is typically produced from a colored polypropylene resin pressed through an extruder and laminated or coated, among other possible decorative finishing processes, then slit and shaped into its final form for sale, such as curl swirls, bows, or keg-shaped configurations.²⁶ The record indicates that its final form does not alter its physical characteristics.²⁷ Ribbon in its various forms as described in the scope is used primarily as a common decorative component of gift wrapping and party crafting.²⁸ By contrast, several of the nine products excluded from the scope do not share the same physical characteristics as products within the scope (*i.e.*, they contain metal wire or adhesives).²⁹ Other excluded products have different uses—they have an independent function in the product in which they are used or, in any event, are not intended to adorn holiday or birthday gifts.³⁰

Interchangeability. Petitioner asserts that the ribbon products within the scope can be used interchangeability for gift-wrapping or decorative purposes and that products outside the scope are not interchangeable with in-scope ribbon products because of their different properties.³¹ There is no contrary information in the record.

Channels of Distribution. The record indicates that, regardless of configuration, the majority of ribbon in the United States is sold to mass market retailers, discount department stores, specialty chains, and warehouse clubs.³²

²³ Conf. Tr. at 6 (Pickard); Petitioner's Postconf. Br. at 2 and Exh. 1 at 2–4.

²⁴ Petitioner's Postconf. Br. at 2 and Exh. 1 at 5–9.

²⁵ Respondent's Postconf. Br. at 2.

²⁶ Petitioner's Postconf. Br., Exh. 1 at 2; CR at I-13 to I-14, PR at I-11.

²⁷ Petitioner's Postconf. Br., Exh. 1 at 2.

²⁸ Petitioner's Postconf. Br., Exh. 1 at 2, 5; CR at I-12, PR at I-10.

²⁹ See *Certain Plastic Decorative Ribbon From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 3126 (Jan. 23, 2018).

³⁰ Petitioner's Postconf. Br., Exh. 1 at 6.

³¹ Petitioner's Postconf. Br., Exh. 1 at 3, 7.

³² CR/PR at Table II-1; Petition at 18.

Manufacturing Facilities, Processes, and Employees. The initial step in producing ribbon involves extruding polypropylene. The resulting master roll of extruded film then may undergo various intermediate processes depending on the desired physical characteristics of the finished products. The roll is slit, then either spooled or formed into bows.³³ Petitioner reports that all steps of the production process for ribbon within the scope definition are undertaken at the same facilities and generally by the same production employees.³⁴ It reports that different processes are used to make ribbon products excluded from the scope.³⁵

Customer and Producer Perceptions. Petitioner asserts that because ribbon products have similar end uses—primarily as a common decorative component of gift wrapping and party crafting—customers and producers perceive ribbon within the scope definition to be a single product type.³⁶ There is no contrary information in the record.

Price. The available pricing data show appreciable variations within and between the three domestically produced pricing products.³⁷

Conclusion. The record indicates that all ribbon within the scope possesses similar physical characteristics and is used primarily as decoration in gift wrapping and party crafting. It further indicates that all ribbon within the scope can be used interchangeably, is sold to mass market retailers and similar stores, and is produced in a similar manner at the same facilities and generally by the same employees.³⁸ In light of the foregoing, and in the absence of any contrary argument, for purposes of the preliminary determinations we define a single domestic like product including all plastic decorative ribbon corresponding to the scope of these investigations.

IV. Domestic Industry

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”³⁹ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the

³³ CR at I-13 to I-14, PR at I-11.

³⁴ Petitioner’s Postconf. Br., Exh. 1 at 4.

³⁵ Petitioner’s Postconf. Br., Exh. 1 at 8–9.

³⁶ Petitioner’s Postconf. Br., Exh. 1 at 3–4.

³⁷ CR/PR at Tables V-3 to V-5, V-9. *See also* discussion in Section VI.D, *infra*.

³⁸ We note the wide variations in price in the pricing product data, but in consideration of the limited reliability of that data, as explained below, we do not find any conclusions drawn from that data to outweigh the other factors regarding the domestic like product.

³⁹ 19 U.S.C. § 1677(4)(A).

domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.⁴⁰ Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation.⁴¹ As explained further below, both domestic producers that responded to the questionnaire, Berwick and Hallmark Cards, Inc. (“Hallmark”), are subject to exclusion under the related party provision.

Berwick argues that the Commission should find that appropriate circumstances exist to exclude Hallmark as a related party because ***.⁴² Impact Innovations does not address or make any arguments regarding any related party issue. We examine below for each of the related party producers whether appropriate circumstances exist to exclude it from the domestic industry.

Berwick. Petitioner Berwick is a related party because it imported subject merchandise during the January 2014–September 2017 period of investigation (“POI”).⁴³ Berwick accounted for *** percent of domestic ribbon production during 2016.⁴⁴ During the POI, Berwick’s imports of subject merchandise were equivalent to between *** and *** percent of its domestic production.⁴⁵ Given that Berwick’s U.S. production far exceeded its volume of subject

⁴⁰ See *Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int’l Trade 1992), *aff’d without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331–32 (Ct. Int’l Trade 1989), *aff’d mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int’l Trade 1987).

⁴¹ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326–31 (Ct. Int’l. Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

⁴² Petitioner’s Postconf. Br., Exh. 1 at 15–16. Berwick does not address its own status as a related party or make any arguments regarding its inclusion in the domestic industry, although it does state that its “primary interest lies in domestic production.” *Id.*, Exh. 1 at 20. It asserts that the U.S. industry is injured regardless of the inclusion of Hallmark in the domestic industry. *Id.* at 30–31.

⁴³ CR/PR at Table III-9. Berwick ***. CR/PR at Table III-2.

⁴⁴ CR/PR at Table III-1. We examine data on a quantity basis for this discussion because the domestic producers could readily quantify production on a square yardage basis in a reliable fashion as this method is reportedly standard in the industry. Conf. Tr. at 44 (Pickard). Similarly, Berwick ***.

⁴⁵ Berwick’s imports of subject merchandise totaled *** square yards in 2014 (equivalent to *** percent of its domestic production), *** square yards in 2015 (equivalent to *** percent of its domestic production), *** square yards in 2016 (equivalent to *** percent of its domestic production), and *** square yards during January–September 2017 (“interim 2017”) (equivalent to *** percent of its domestic production). CR/PR at Table III-9.

(Continued...)

imports throughout the POI, the record indicates that its principal interest is in domestic production. Further, no party has argued for excluding Berwick from the domestic industry. In light of these considerations, we find that appropriate circumstances do not exist to exclude Berwick from the domestic industry.

Hallmark. Hallmark is a related party because it imported subject ribbon from China during the POI.⁴⁶ Hallmark was the *** domestic producer during the period, accounting for *** percent of domestic production during 2016, and ***.⁴⁷ During the POI, Hallmark's imports of subject merchandise were equivalent to between *** and *** percent of its domestic production.⁴⁸ Hallmark's U.S. production exceeded its volume of subject imports throughout the POI by a significant margin, which indicates that Hallmark's principal interest lies in domestic production. Although its ratio of subject imports to domestic production increased from 2014 to 2016 and was higher in interim 2017 than in interim 2016, the ratio ***. In light of these considerations, we find that appropriate circumstances do not exist to exclude Hallmark from the domestic industry. We consequently define the domestic industry to include all domestic producers of plastic decorative ribbon.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.⁴⁹

(...Continued)

Berwick stated that it imports ribbon from China when it can purchase the product cheaper than producing it in the United States. Conf. Tr. at 52 (Munyan). Berwick also stated that it imports single bows that it no longer produces domestically and would reduce its imports from China if it could lower its costs of production or is able to automate the production of products it currently sources overseas. *Id.* at 52–53. Over the POI, it had *** operating ratio of the two reporting domestic producers. CR/PR at Table VI-3.

⁴⁶ CR/PR at Table III-9. ***. CR at III-2, PR at III-1.

⁴⁷ CR/PR at Table III-1; CR/PR at I-1.

⁴⁸ Hallmark's imports of subject merchandise totaled *** square yards in 2014 (equivalent to *** percent of its domestic production), *** square yards in 2015 (equivalent to *** percent of its domestic production), *** square yards in 2016 (equivalent to *** percent of its domestic production), and *** square yards in interim 2017 (equivalent to *** percent of its domestic production). CR/PR at Table III-9.

Hallmark stated its reason for importing ribbon from China as “***.” CR/PR at Table III-10. Over the POI, it had *** operating ratio of the two reporting domestic producers. CR/PR at Table VI-3.

⁴⁹ 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B). There are additional provisions for determining negligibility in investigations involving imports from multiple countries and in countervailing duty investigations involving imports from developing countries. 19 U.S.C. §§ 1677(24)(A)(ii), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

Subject imports from China accounted for *** percent of total U.S. imports of ribbon from December 2016 to November 2017, the 12-month period preceding filing of the petition.⁵⁰ Because this figure exceeds the pertinent statutory negligibility threshold, we find that subject imports are not negligible.

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁵¹ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁵² The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁵³ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁵⁴ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁵⁵

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is “materially injured by reason of” unfairly traded imports,⁵⁶ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁵⁷ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic

⁵⁰ CR at IV-6, PR at IV-5.

⁵¹ 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

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

⁵³ 19 U.S.C. § 1677(7)(A).

⁵⁴ 19 U.S.C. § 1677(7)(C)(iii).

⁵⁵ 19 U.S.C. § 1677(7)(C)(iii).

⁵⁶ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁵⁷ *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484–85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), *aff’d* 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁵⁸

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁵⁹ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁶⁰ Nor does

⁵⁸ The Federal Circuit, in addressing the causation standard of the statute, has observed that “[a]s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was reaffirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred “by reason of” the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also *Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass’n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

⁵⁹ Uruguay Round Agreements Act Statement of Administrative Action (SAA), H.R. Rep. 103-316, Vol. I at 851–52 (1994) (“[T]he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord *Mittal Steel*, 542 F.3d at 877.

⁶⁰ SAA at 851–52 (“[T]he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); *Taiwan Semiconductor Industry Ass’n*, 266 F.3d at 1345. (“[T]he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“[t]he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also *Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100–01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an ‘other causal factor,’ then there is nothing to (Continued...)”).

the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.⁶¹ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁶²

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”⁶³ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁶⁴

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases in which the relevant “other factor” was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.⁶⁵ The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission’s interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional

(...Continued)

further examine regarding attribution to injury”), citing *Gerald Metals*, 132 F.3d at 722 (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁶¹ S. Rep. 96-249 at 74–75; H.R. Rep. 96-317 at 47.

⁶² See *Nippon*, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁶³ *Mittal Steel*, 542 F.3d at 877–78; see also *id.* at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing *United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comporting with the Court’s guidance in *Mittal*.

⁶⁴ *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also *Mittal Steel*, 542 F.3d at 879 (“*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

⁶⁵ *Mittal Steel*, 542 F.3d at 875–79.

test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports,’” and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.⁶⁶ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.⁶⁷

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.⁶⁸ Congress has delegated this factual finding to the Commission because of the agency’s institutional expertise in resolving injury issues.⁶⁹

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

Ribbon is used primarily as decoration for gifts, but can be used for other decorative purposes in celebrations or special events.⁷⁰ The end-of-year holiday season and birthdays are occasions when ribbon is widely used.⁷¹ Demand for ribbon is seasonal, with sales negotiations

⁶⁶ *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875–79 & n.2 (recognizing the Commission’s alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

⁶⁷ To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission’s causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in the final phase of investigations in which there are substantial levels of nonsubject imports.

⁶⁸ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁶⁹ *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp.*, 458 F.3d at 1350, citing *U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 (“The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.”).

⁷⁰ CR at I-12, PR at I-10.

⁷¹ CR at I-12, PR at I-10.

with large retailers reportedly taking place from October of the prior year until the following April.⁷² U.S. production is greatest during the second and third quarters, with the largest sales and shipment volumes occurring in ***.⁷³ Large retailers are responsible for most purchases of ribbon, whether domestically produced or imported from China.⁷⁴

Both domestic producers and most importers reported that demand for ribbon in the U.S. market was unchanged or had declined during the POI.⁷⁵ Apparent U.S. consumption of ribbon increased from \$*** in 2014 to \$*** in 2015 and to \$*** in 2016.⁷⁶ Apparent U.S. consumption was \$*** during interim 2016 and lower, at \$***, in interim 2017.⁷⁷ We observe that the increase in apparent U.S. consumption from 2014 to 2015 reflected in the questionnaire data may overstate any actual increases in demand because 2014 data do not include possible shipments of domestic production by Hollywood Ribbon Industries, Inc. (“Hollywood Ribbon”), which Berwick acquired in February 2015.⁷⁸

⁷² Conf. Tr. at 15–16 (Pajic).

⁷³ Conf. Tr. at 15 (Pajic); CR at II-8, III-9; PR at II-5, III-4; CR/PR at Table III-7. *** and six of seven importers that experience seasonal demand reported that 48–100 percent of their sales were in ***. CR at II-8 to II-9, PR at II-5.

⁷⁴ CR/PR at Table II-1.

⁷⁵ CR/PR at Table II-4; Conf. Tr. at 19 (Pajic).

⁷⁶ CR/PR at Table IV-5. In the following analysis, we rely principally on value data as the most accurate measurement of volume given the lack of uniformity in the data gathered. Importers appeared to be better equipped to provide the Commission with more accurate, consistent, and therefore reliable data based on value, as opposed to square yardage. Imports are typically recorded as units, which vary by shipment, and conversion factors from units to square yardage are not standardized in the industry, which resulted in inconsistent conversion methodologies used in questionnaire responses. Use of official import statistics, which are reported in value and kilograms, encounters similar conversion problems. CR at IV-1 n.2, PR at IV-I n.2; Conf. Tr. at 44–45 (Pickard); Respondent’s Postconf. Br. at 4. Nevertheless, we have examined the quantity data for apparent U.S. consumption during the POI and note that import trends by quantity are the same as by value. CR/PR at Table IV-5.

Impact Innovations questioned the usefulness of square yards as a unit of measurement, asserted that conversion from units to square yards would “distort” the data and render it “flawed,” and also doubted the reliability of value data. Respondent’s Postconf. Br. at 3–5, 8. Impact Innovations, however, did not offer an alternative means for measuring subject imports or domestic production. In any final phase of these investigations, we invite the parties in their comments on the draft questionnaires to suggest appropriate units of measurement for trade data.

⁷⁷ CR/PR at Table IV-5. Berwick and Impact Innovations expressed concern regarding the probative value of comparisons of interim period data for 2016 and 2017 because of the seasonality of production and sales and the possibility that shipments may fall just prior to or after the end of the interim period. Petitioner’s Postconf. Br. at 6, 12–13; Respondent’s Postconf. Br. at 11. While we recognize the seasonality of this industry, we do not believe that the stated concerns of shipments possibly occurring just outside the interim period are unique to this product. Given that we are comparing the same nine months of both years, we have not reduced the weight we have accorded to comparisons of the interim period data.

⁷⁸ CR at IV-8 n.7, PR at IV-8 n.7. After the acquisition, Berwick relocated all of Hollywood Ribbon’s production capacity from Mexico and *** to Berwick’s facility in Pennsylvania, which precipitated a temporary increase in Berwick’s production. CR at III-2 to III-3, PR at III-2.

2. Supply Conditions

The domestic industry was the largest supplier of ribbon to the U.S. market during the POI, and Berwick was the *** domestic producer, accounting for *** percent of domestic production in 2016.⁷⁹ Berwick purchased Hollywood Ribbon in February 2015, but ***.⁸⁰ Hallmark was the *** domestic producer, accounting for *** percent of reported domestic production in 2016.⁸¹ The domestic industry's share of apparent U.S. consumption declined from *** percent in 2014 to *** percent in 2015 and *** percent in 2016; it was *** percent in interim 2016 and lower, at *** percent, in interim 2017.⁸²

Subject imports were the second-largest source of supply to the U.S. market and the predominant source of imports during the POI. Their share of apparent U.S. consumption increased steadily from *** percent in 2014 to *** percent in 2015 to *** percent in 2016; it was *** percent in interim 2016 and higher, at *** percent, in interim 2017.⁸³ An appreciable share of the subject imports are reportedly imported or facilitated by the domestic industry.⁸⁴ The record also shows that retailers directly import ribbon from China in appreciable amounts.⁸⁵

Nonsubject imports consistently accounted for a small share of the U.S. market during the POI. Their share of apparent U.S. consumption was *** percent in 2014, *** percent in 2015, and *** percent in 2016; it was *** percent in interim 2016 and in interim 2017.⁸⁶

3. Substitutability and Other Conditions

The record indicates that the domestic like product and subject imports are highly substitutable.⁸⁷ Both responding U.S. producers and a majority of responding U.S. importers reported that the domestic like product and subject imports are "always" or "frequently" interchangeable.⁸⁸

We find that price is an important factor in purchasing decisions for ribbon. Purchasers responding to the Commission's lost sales/lost revenue survey identified several factors as important to their purchasing decision when buying ribbon, with price, quality, and reliability

⁷⁹ CR/PR at Tables III-1, IV-5.

⁸⁰ CR/PR at III-1 n.2; CR at IV-8 n.7, PR at IV-8 n.7; CR/PR at Table III-3.

⁸¹ CR/PR at Table III-1.

⁸² CR/PR at Table IV-5.

⁸³ CR/PR at Table IV-5.

⁸⁴ CR/PR at Table III-9. *See also* CR/PR at Table IV-1, CR at V-3, PR at V-2 (***). Impact Innovations argues that ***." Respondent's Postconf. Br. at 14. It argues that Berwick directly controls the product mix and prices from foreign producers for its own direct imports and that ***. *Id.* at 15-16. In any final phase of these investigations, we intend to examine these transactions and commercial relationships to analyze the impact of these subject imports on the U.S. market.

⁸⁵ *See* CR at V-12, PR at V-5; CR/PR at Table IV-1.

⁸⁶ CR/PR at Table IV-5.

⁸⁷ CR at II-10; PR at II-6.

⁸⁸ CR/PR at Table II-5.

being the most frequently listed factors.⁸⁹ Both responding U.S. producers and a majority of responding U.S. importers reported that nonprice differences are “sometimes” or “never” important factors in their sales transactions, regardless of source country.⁹⁰

The petitioner has raised the prevalence of online retail sales as a relevant condition of competition, but the record in the preliminary phase of these investigations on this point is mixed.⁹¹ Berwick contends that the rapid rate of growth for sales over the internet, with the proliferation of ribbon configurations on offer and the widespread dissemination of pricing information, has increased the severity of price competition.⁹² Impact Innovation argues that Berwick holds a strong position as a *** domestic producer *** and that it greatly overestimates the availability of ribbon for sale over the internet.⁹³

The primary input in producing ribbon is polypropylene.⁹⁴ The U.S. price of polypropylene decreased from \$*** per metric ton in 2014 to \$*** per metric ton in 2015, and then increased to \$*** per metric ton in 2016.⁹⁵ Raw material costs represent the largest component of the domestic industry’s overall cost of goods sold (“COGS”) and, as a share of COGS, decreased steadily from *** percent in 2014 to *** percent in 2015 to *** percent in 2016, and accounted for *** percent in interim 2016 and *** percent in interim 2017.⁹⁶

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”⁹⁷

Subject imports maintained a substantial presence in the U.S. market throughout the POI and increased during each full year. The volume of subject imports by value rose from \$9.7 million in 2014 to \$11.5 million in 2015 and \$16.4 million in 2016, for a total increase of 69.4 percent.⁹⁸ Subject import volume was \$11.0 million in interim 2016 and lower, at \$10.2 million, in interim 2017.⁹⁹

⁸⁹ CR at II-10; PR at II-7.

⁹⁰ CR/PR at Table II-6. Impact Innovations asserts that nonprice factors, such as offering innovative and specialty products, contribute greatly to purchasing decisions. Respondent’s Postconf. Br. at 17. It argues that Berwick cannot manufacture and therefore must import specialty bows customers are seeking and additionally cannot package certain products appropriately. *Id.* at 18–19. In any final phase of these investigations, we intend to examine these issues further.

⁹¹ In any final phase of these investigations, we intend to examine this issue further.

⁹² Conf. Tr. at 11, 71 (Munyan), 35, 73–74 (Kaplan).

⁹³ Respondent’s Postconf. Br. at 15.

⁹⁴ CR at I-13, PR at I-10.

⁹⁵ CR/PR at V-1.

⁹⁶ CR/PR at Table VI-1.

⁹⁷ 19 U.S.C. § 1677(7)(C)(i).

⁹⁸ CR at IV-2, PR at IV-3; CR/PR at Table IV-2.

⁹⁹ CR/PR at Table IV-2.

The market share of subject imports also rose throughout the POI. Subject imports accounted for *** percent of apparent U.S. consumption in 2014, *** percent in 2015, and *** percent in 2016; their market share was *** percent in interim 2016 and higher, at *** percent, in interim 2017.¹⁰⁰ Subject imports gained market share at the expense of the domestic industry.¹⁰¹ From 2014 to 2016, subject imports gained *** percentage points of market share and the domestic industry lost *** percentage points; subject imports' market share was *** percentage points higher in interim 2017 than interim 2016, and the domestic industry's market share was lower by the same amount.¹⁰²

For purposes of these preliminary determinations, we find that the volume and increase in volume of subject imports is significant in absolute terms and relative to consumption.

D. Price Effects of the Subject Imports

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

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

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹⁰³

As explained above in section VI.B.3, the record indicates that the domestic like product and subject imports are highly substitutable and that price is an important consideration in purchasing decisions.

The Commission collected quarterly pricing data from U.S. producers and importers for three ribbon products.¹⁰⁴ One domestic producer and four importers provided usable pricing

¹⁰⁰ CR/PR at Table IV-5.

¹⁰¹ The domestic industry's market share declined from *** percent in 2014 to *** percent in 2015 and to *** percent in 2016; it was *** percent in interim 2016 and lower, at *** percent, in interim 2017. CR/PR at Table IV-5.

¹⁰² CR/PR at Table IV-6.

¹⁰³ 19 U.S.C. § 1677(7)(C)(ii).

¹⁰⁴ The three pricing products are as follows:

Product 1.-- Curl ribbon (non-laminated): Extruded plastic curl ribbon, not laminated, having a width of not less than 11/64" and not more than 13/64", having a length less than 350 yards, on a single spool intended for individual retail sale.

Product 2.-- Extruded plastic ribbon in 15-count Bow Bags: 15-count bow bags, where: (i) a majority of the bows in the bag have a diameter of not less than 2½" and not more than 5"; and (ii) a majority of the bows in the bag are made of ribbon having a width of not less than ½" and not more than ¾".

(Continued...)

data, although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for *** percent of U.S. producers' reported U.S. commercial shipments by value and *** percent of importers' U.S. commercial shipments of ribbon from China by value.¹⁰⁵ Direct import purchase cost data for the three pricing products accounted for *** percent of the value of imports from China in 2016.¹⁰⁶

We have accorded limited weight to the pricing data in the preliminary phase of these investigations in light of several deficiencies in the data. Petitioner and respondent both characterized the data as flawed because of reporting difficulties of domestic producers and importers that did not yield accurate quantity measurements.¹⁰⁷ Notwithstanding the Commission staff's attempts to verify the data, both the pricing data and the purchase cost data collected contain large fluctuations that do not appear to be a function of marketplace conditions.¹⁰⁸

We examined pricing data, but given these reliability concerns, we acknowledge the data have limitations. For the three pricing products, comparisons when the subject imports undersold the domestic like product accounted for *** percent of total subject merchandise sales values.¹⁰⁹ We also examined import purchase cost data for those subject imports entering the U.S. market as direct imports by retailers. These data indicate several instances where direct import costs were below the prices charged by the domestic industry.¹¹⁰ While

(...Continued)

Product 3.-- Ribbon "Eggs" (or "Kegs") in multi-packs: Extruded plastic ribbon having a width of not less than 11/64" and not more than 13/64", rolled onto itself, without a spool or flange, into an "egg-shaped" (also known as a "keg-shaped") configuration, intended for retail sale in "multi-packs" of two or more ribbon eggs (or kegs) per package.

CR at V-4, PR at V-3.

¹⁰⁵ CR at V-4 to V-5, PR at V-3.

¹⁰⁶ CR at V-12, PR at V-5.

¹⁰⁷ Petitioner's Postconf. Br. at 24–26; Respondent's Postconf. Br. at 9; CR at V-5 nn.7–8, PR at V-3 to V-4 nn.7–8.

¹⁰⁸ See generally CR at V-5 n.8, PR at V-4 n.8. Commission staff removed some data because of problems such as reporting on the wrong products ***; anomalous reporting ***; and incomplete reporting ***. CR at V-4 n.5, V-5 n.8, V-12 n.9; PR at V-3 n.5, V-4 n.8, V-5 n.9. Identified problems leading to large price variations in the data included value allocation to the wrong quarter, quantity misestimation, and reporting at the wrong point of sale. CR at V-5 n.8, PR at V-4 n.8.

¹⁰⁹ Derived from CR/PR at Tables V-3 to V-5.

¹¹⁰ CR/PR at Tables V-6 to V-8. The record shows that the purchase costs of direct imports of ribbon from China were lower than the prices for the domestic like product in 23 of 37 (62.2 percent) of the instances. *Id.* We requested that direct importers provide additional estimated costs that are not included in the landed duty paid values associated with their importing activities. Three importers reported logistical or supply costs of 5–20 percent; two reported warehouse costs of 5–8 percent, and one reported insurance and other costs of 2 percent. CR at V-19, PR at V-6. The average difference between direct import purchase costs and domestic prices was 14.0 percent, which did not exceed the (Continued...)

acknowledging the limitations of these data as a result of reliability concerns, we note that the pricing data show mixed overselling and underselling of the domestic like product by subject imports, while direct import costs for the subject imports are in some quarters higher and in other quarters lower than the prices of the domestic like product.

We also examined the results of the preliminary phase lost sales/lost revenue survey. Seven of the 10 responding purchasers that purchased subject imports from China during the POI instead of the domestic like product reported that subject import prices were lower than U.S.-produced product.¹¹¹ Three of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than domestically produced ribbon.¹¹²

In light of the foregoing, we find that the record of these preliminary phase investigations indicates underselling of the domestic like product by the subject imports. Additionally, given the substitutability of the domestic like product and the subject imports and the importance of price in purchasing decisions, the record indicates a linkage between this underselling and the subject imports' gain in market share during the POI at the expense of the domestic industry.

By contrast, we cannot conclude, based on the current record, that the subject imports had significant price-depressing effects on the domestic like product. As explained above, the available pricing data portray large fluctuations that do not appear to be a function of marketplace conditions, and therefore we do not view them to be an accurate reflection of price trends in the market. The current record also does not contain alternative data that we consider to be probative of pricing levels during the POI.¹¹³

We also considered whether subject imports prevented increases in prices of the domestic like product that would have otherwise occurred to a significant degree. During the POI, the domestic industry's COGS to net sales ratio decreased from *** percent in 2014 to *** percent in 2015, then increased to *** percent in 2016, and it was *** percent in interim 2016 and higher, at *** percent, in interim 2017.¹¹⁴ During this period, raw material costs were level or declining; moreover, apparent U.S. consumption was lower in interim 2017 than interim 2016.¹¹⁵ In these circumstances, we cannot conclude that the subject imports prevented price increases that otherwise would have occurred to a significant degree.

(...Continued)

high end of the estimated additional costs reported by direct importers for their importing activities. Derived from CR/PR at Tables V-6 to V-8.

¹¹¹ CR at V-23; PR at V-8.

¹¹² CR at V-23; PR at V-8.

¹¹³ We do not rely on average unit value ("AUV") data derived from official import statistics in the record in these investigations because of the heterogeneous nature of the product and the product mix issues that would therefore arise. See CR at III-6 n.8, IV-1 n.2, VII-8 n.10; PR at III-3 n.8, IV-1 n.2, VII-8 n.10.

¹¹⁴ CR/PR at Table VI-1.

¹¹⁵ Unit raw materials costs were higher in 2015 than in 2016 and changed only *** between interim 2016 and interim 2017. CR/PR at Table VI-1. Apparent U.S. consumption was \$*** during interim 2016 and lower, at \$***, during interim 2017. CR/PR at Table IV-5.

Accordingly, based on the record in the preliminary phase of these investigations, we find that subject imports undersold the domestic like product. As a result of this underselling, the subject imports gained market share at the expense of the domestic industry, as described in section VI.C. above. The significant volume of low-priced subject imports consequently had significant effects on the domestic industry, which are described further below.

E. Impact of the Subject Imports¹¹⁶

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, “shall evaluate all relevant economic factors which have a bearing on the state of the industry.” These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹¹⁷

As discussed above, the domestic industry’s market share declined from *** percent in 2014 to *** percent in 2015 and *** percent in 2016; it was *** percent in interim 2016 and lower, at *** percent, in interim 2017.¹¹⁸ The domestic industry’s production capacity remained fairly stable over the POI.¹¹⁹ By contrast, production,¹²⁰ capacity utilization,¹²¹ and U.S. shipments¹²² all declined from 2015 to 2016 and were lower in interim 2017 than interim

¹¹⁶ In its notice initiating the antidumping duty investigation on ribbon from China, Commerce reported estimated dumping margins ranging from 74.34 percent to 370.04 percent. *Certain Plastic Decorative Ribbon From the People’s Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 3126, 3128 (Jan. 23, 2018).

¹¹⁷ 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

¹¹⁸ CR/PR at Table IV-5. Because the record does not contain ***, we give greater weight to data from 2015, 2016, and the interim periods.

¹¹⁹ The domestic industry’s production capacity was *** square yards in 2014, *** square yards in 2015, and *** square yards in 2016; it was *** square yards in interim 2016 and *** square yards in interim 2017. CR/PR at Table III-4.

¹²⁰ The domestic industry’s production increased from *** square yards in 2014 to *** square yards in 2015, then declined to *** square yards in 2016; it was *** square yards in interim 2016 and *** square yards in interim 2017. CR/PR at Table III-4.

¹²¹ The domestic industry’s capacity utilization increased from *** percent in 2014 to *** percent in 2015, then declined to *** percent in 2016; it was *** percent in interim 2016 and *** percent in interim 2017. CR/PR at Table III-4.

¹²² The domestic industry’s total U.S. shipments increased from \$*** in 2014 to \$*** in 2015, then declined to \$*** in 2016; they were \$*** in interim 2016 and \$*** in interim 2017. CR/PR at Table III-6.

2016. The domestic industry's ratio of end-of-period inventories to total shipments increased from 2015 to 2016 and was higher in interim 2017 than in interim 2016.¹²³

Employment-related indicators for the domestic industry were mixed from 2015 to 2016, but most were lower in interim 2017 than in interim 2016. In particular, the figures for production-related workers ("PRWs"), total hours worked, wages paid, and productivity were lower in interim 2017 than in interim 2016.¹²⁴

The domestic industry's financial indicators deteriorated after 2015. Revenues,¹²⁵ gross profit,¹²⁶ operating income,¹²⁷ operating income ratio,¹²⁸ and net income¹²⁹ all declined from 2015 to 2016 and were lower during interim 2017 than interim 2016. Domestic producers' capital expenditures also peaked in 2015.¹³⁰ The *** also reported negative effects on investment and on growth and development that were attributed to subject imports.¹³¹

As discussed above, significant volumes of low-priced subject imports that were highly substitutable with the domestic like product undersold the domestic like product. These subject imports also increased market share at the expense of the domestic industry. Consequently, the domestic industry's production, shipments, and revenues were lower than

¹²³ The ratio of end-of-period inventories to total shipments was *** percent in 2014, *** percent in 2015, and *** percent in 2016; it was *** percent in interim 2016 and *** percent in interim 2017. CR/PR at Table III-8.

¹²⁴ The domestic industry's number of PRWs increased from *** in 2014 to *** in 2015 and to *** in 2016; it was *** in interim 2016 and *** in interim 2017. CR/PR at Table III-10. Total hours worked increased from *** in 2014 to *** in 2015, then declined to *** in 2016; they were *** in interim 2016 and *** in interim 2017. *Id.* Wages paid increased from \$*** in 2014 to \$*** in 2015, then declined to \$*** in 2016; they were \$*** in interim 2016 and \$*** in interim 2017. *Id.* Productivity in square yards per hour increased from *** in 2014 to *** in 2015 and to *** in 2016; it was *** in interim 2016 and *** in interim 2017. *Id.* Unit labor costs per square yard decreased from \$*** in 2014 to \$*** in 2015 and 2016; they were \$*** in interim 2016 and higher, at \$***, in interim 2017. *Id.* Hourly wages decreased from \$*** in 2014 to \$*** in 2015, then increased to \$*** in 2016; they were \$*** in interim 2016 and higher, at \$***, in interim 2017. *Id.*

¹²⁵ The domestic industry's net sales revenues increased from \$*** in 2014 to \$*** in 2015, then declined to \$*** in 2016; they were \$*** in interim 2016 and \$*** in interim 2017. CR/PR at Table VI-1.

¹²⁶ The domestic industry's gross profit increased from \$*** in 2014 to \$*** in 2015, then declined to \$*** in 2016; it was \$*** in interim 2016 and \$*** in interim 2017. CR/PR at Table VI-1.

¹²⁷ The domestic industry's operating income increased from \$*** in 2014 to \$*** in 2015, then declined to \$*** in 2016; it was \$*** in interim 2016 and \$*** in interim 2017. CR/PR at Table VI-1.

¹²⁸ The ratio of operating income to net sales was *** percent in 2014, *** percent in 2015, and *** percent in 2016; it was *** percent in interim 2016 and *** percent in interim 2017. CR/PR at Table VI-1.

¹²⁹ The domestic industry's net income increased from \$*** in 2014 to \$*** in 2015, then declined to \$*** in 2016; it was \$*** in interim 2016 and \$*** in interim 2017. CR/PR at Table VI-1.

¹³⁰ Capital expenditures for the domestic industry increased from \$*** in 2014 to \$*** in 2015, then declined to \$*** in 2016; they were \$*** in interim 2016 and in interim 2017. CR/PR at Table VI-4. *** during the POI. CR at VI-11, PR at VI-3.

¹³¹ CR/PR at Table VI-6.

they would have been otherwise. This exacerbated the domestic industry's difficulties during the latter portion of the POI, when its output, employment, and financial performance all declined.

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factor to subject imports. Nonsubject imports consistently maintained a very small share of the market over the POI.¹³² Consequently, nonsubject imports cannot explain the domestic industry's decline in market share over the period.¹³³

We therefore conclude, for purposes of these preliminary determinations, that the subject imports have had a significant impact on the domestic industry.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of plastic decorative ribbon from China that are allegedly sold in the United States at less than fair value and allegedly subsidized by the government of China.

¹³² Nonsubject imports' share of apparent U.S. consumption decreased from *** percent in 2014 to *** percent in 2015 and 2016; it was *** percent in interim 2016 and in interim 2017. CR/PR at Table IV-5.

¹³³ As discussed above, Impact Innovations indicates that ***. In any final phase of these investigations, we intend to examine this issue further.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by Berwick Offray LLC (“Berwick”), Berwick, Pennsylvania, on December 27, 2017, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of plastic decorative ribbon¹ from China. The following tabulation provides information relating to the background of these investigations.^{2 3}

Effective date	Action
December 27, 2017	Petitions filed with Commerce and the Commission; institution of Commission investigations (83 FR 395, January 3, 2018)
January 16, 2018	Commerce’s notice of initiation of antidumping investigation (83 FR 3126, January 23, 2018)
January 17, 2018	Commission’s conference
January 23, 2018	Commerce’s notice of initiation of countervailing duty investigation (83 FR 3114)
February 9, 2018	Commission’s vote
February 12, 2018	Commission’s determinations
February 20, 2018	Commission’s views

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

² Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission’s website (www.usitc.gov).

³ A list of witnesses who appeared at the conference is presented in appendix B.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--⁴

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant. . . In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative

⁴ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—⁵

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission’s consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Plastic decorative ribbon is generally used for giftwrapping and as decoration for events or ceremonies. The leading U.S. producer of plastic decorative ribbon is Berwick, while leading producers of plastic decorative ribbon outside the United States include *** of China. The leading U.S. importers of plastic decorative ribbon from China are ***. Leading importers of plastic decorative ribbon from nonsubject countries include ***. U.S. purchasers of plastic decorative ribbon are typically retailers; leading purchasers include ***.

Apparent U.S. consumption of plastic decorative ribbon totaled approximately *** square yards (\$***) in 2016. Currently, two firms are known to produce plastic decorative ribbon in the United States. U.S. producers’ U.S. shipments of plastic decorative ribbon totaled *** square yards (\$***) in 2016, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. importers’ U.S. shipments from China totaled *** square yards (***) in 2016 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. importers’ U.S. shipments from nonsubject sources

⁵ Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

totaled *** square yards (***) in 2016 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of two firms that accounted for the vast majority of known U.S. production of plastic decorative ribbon during 2016. U.S. imports are based on questionnaire responses from 21 firms that represent *** percent of imports from China by value in 2016 under HTS statistical reporting numbers 3920.20.0015 and 3926.40.0010 in 2016.⁶ Foreign industry data are based on usable responses from four firms in China. These firms accounted for *** percent of imports from China.

PREVIOUS AND RELATED INVESTIGATIONS

Plastic decorative ribbon has not been the subject of any prior countervailing or antidumping duty investigations in the United States. However, there have been countervailing and antidumping duty investigations of other ribbon products. On July 9, 2009, petitions were filed by Berwick and its wholly owned subsidiary Lion Ribbon Company, Inc., alleging that an industry in the United States was materially injured and threatened with material injury by reason of imports of narrow woven ribbons with woven selvedge (“narrow woven ribbons”) from China and Taiwan that were sold at less-than-fair-value (“LTFV”) and were subsidized by the government of China. Following Commerce’s final affirmative dumping and subsidy determinations, the Commission made affirmative injury determinations with respect to imports from China and Taiwan.⁷ Commerce issued an antidumping duty order with weighted-average margins of 123.83 percent ad valorem to 247.65 percent ad valorem for imports from China, and 4.37 percent ad valorem for imports from Taiwan.⁸ It also issued a countervailing duty order with subsidy rates of 1.56 percent to 117.95 percent for imports from China.⁹

On August 3, 2015, the Commission instituted its first five-year reviews of the antidumping and countervailing duty orders on imports of narrow woven ribbons from China and Taiwan.¹⁰ On December 7, 2015, Commerce determined that the revocation of the countervailing duty order on imports of narrow woven ribbon from China would be likely to

⁶ The vast majority of the subject merchandise is imported under these two HTS statistical reporting numbers. Conference transcript, p. 54 (Pickard).

⁷ *Narrow Woven Ribbons With Woven Selvedge from China and Taiwan*, 75 FR 53711, September 1, 2010.

⁸ *Narrow Woven Ribbons With Woven Selvedge from Taiwan and the People’s Republic of China: Amended Antidumping Duty Orders*, 75 FR 56982, September 17, 2010.

⁹ *Narrow Woven Ribbons With Woven Selvedge from the People’s Republic of China: Countervailing Duty Order*, 75 FR 53642, September 1, 2010.

¹⁰ *Narrow Woven Ribbons With Woven Selvedge from China and Taiwan; Institution of Five-Year Reviews*, 80 FR 46048, August 3, 2015.

lead to continuation or recurrence of a countervailable subsidy from 1.56 percent to 117.95 percent.¹¹ On December 8, 2015, Commerce determined that the revocation of the antidumping duty orders on imports of narrow woven ribbons from China and Taiwan would be likely lead to continuation or recurrence of dumping at weighted-average dumping margins of up to 247.65 percent for China and 4.37 percent for Taiwan.¹² On September 15, 2016, the Commission determined that revocation of the countervailing duty order on narrow woven ribbons from China and the antidumping duty orders on narrow woven ribbons from China and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹³ On September 22, 2016, Commerce issued the continuation of the antidumping duty orders on imports of narrow woven ribbons from China and Taiwan, and the countervailing duty order on imports of narrow woven ribbons from China.¹⁴

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On January 23, 2018, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on plastic decorative ribbon from China.¹⁵ Commerce identified the following government programs in China:

A. Preferential Lending

1. Export seller's credit
2. Export buyer's credit

B. Preferential Income Tax Programs

1. Preferential income tax reductions for high and new technology enterprises (HNTEs)
2. Preferential deduction of research and development (R&D) expenses for HNTEs

¹¹ *Narrow Woven Ribbon With Woven Selvedge from the People's Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order*, 80 FR 75967, December 7, 2015.

¹² *Narrow Woven Ribbon With Woven Selvedge from the People's Republic of China and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 80 FR 76266, December 8, 2015.

¹³ *Narrow Woven Ribbons With Woven Selvedge from China and Taiwan*, 81 FR 63494, September 15, 2016.

¹⁴ *Narrow Woven Ribbons With Woven Selvedge from the People's Republic of China and Taiwan: Continuation of Antidumping Duty Orders and Countervailing Duty Order*, 81 FR 65341, September 22, 2016.

¹⁵ *Certain Plastic Decorative Ribbon from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 3114, January 23, 2018.

3. Preferential income tax policies for enterprises in specific regions, provinces, or designated areas—Northeast Region
4. Forgiveness of tax arrears for enterprises located in the old industrial bases of Northeast China
5. Income tax credits for domestically owned companies purchasing domestically produced equipment
6. Income tax benefits for FIEs based on geographic locations
7. Local income tax exemption and reduction programs for “productive” FIEs
8. Tax refunds for reinvestment of FIE profits in export-oriented enterprises

C. Provision of inputs, services, and land for less than adequate remuneration (LTAR)

1. Provision of petrochemical inputs for LTAR
2. Provision of electricity for LTAR
3. Provision of land use rights for LTAR
4. Provision of land to SOEs for LTAR
5. Provision of water for LTAR

D. Grant Programs

1. Foreign trade development fund grants
2. Export assistance grants
3. Export interest subsidies
4. Subsidies for development of “famous brands” and “China world top brands”
5. Sub-central government subsidies for development of “famous brands” and “China world top brands”
6. Funds for outward expansion of industries in Guangdong Province
7. Provincial fund for fiscal and technological innovation
8. State key technology renovation fund
9. Shandong Province’s environmental production industry research and development funds

Alleged sales at LTFV

On January 23, 2018, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigation on plastic decorative ribbon from China.¹⁶ Commerce has initiated an antidumping duty investigation based on estimated dumping margins of 74.34 percent to 370.04 percent for plastic decorative ribbon from China.

¹⁶ *Certain Plastic Decorative Ribbon from the People’s Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 3126, January 23, 2018.

THE SUBJECT MERCHANDISE

Commerce's scope¹⁷

In the current proceeding, Commerce has defined the scope as follows:

The merchandise covered by this investigation is certain plastic decorative ribbon having a width (measured at the narrowest span of the ribbon) of less than or equal to four (4) inches in actual measurement, including but not limited to ribbon wound onto itself; a spool, a core or a tube (with or without flanges); attached to a card or strip; wound into a keg- or egg-shaped configuration; made into bows, bow-like items, or other shapes or configurations; and whether or not packaged or labeled for retail sale. The subject merchandise is typically made of substrates of polypropylene, but may be made in whole or in part of any type of plastic, including without limitation, plastic derived from petroleum products and plastic derived from cellulose products. Unless the context otherwise clearly indicates, the word "ribbon" used in the singular includes the plural and the plural "ribbons" includes the singular.

The subject merchandise includes ribbons comprised of one or more layers of substrates made, in whole or in part, of plastics adhered to each other, regardless of the method used to adhere the layers together, including without limitation, ribbons comprised of layers of substrates adhered to each other through a lamination process. Subject merchandise also includes ribbons comprised of (a) one or more layers of substrates made, in whole or in part, of plastics adhered to (b) one or more layers of substrates made, in whole or in part, of non-plastic materials, including, without limitation, substrates made, in whole or in part, of fabric.

The ribbons subject to this investigation may be of any color or combination of colors (including without limitation, ribbons that are transparent, translucent or opaque) and may or may not bear words or images, including without limitation, those of a holiday motif. The subject merchandise includes ribbons with embellishments and/or treatments, including, without limitation, ribbons that are printed, hot-stamped, coated, laminated, flocked, crimped, die-cut, embossed (or that otherwise have impressed designs, images, words or patterns), and ribbons with holographic, metallic, glitter or iridescent finishes.

¹⁷ *Certain Plastic Decorative Ribbon from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 3126, January 23, 2018.

Subject merchandise includes “pull-bows” an assemblage of ribbons connected to one another, folded flat, and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage, and “pre-notched” bows, an assemblage of notched ribbon loops arranged one inside the other with the notches in alignment and affixed to each other where notched, and which the end user forms into a bow by separating and spreading the loops circularly around the notches, which form the center of the bow. Subject merchandise includes ribbons that are packaged with non-subject merchandise, including ensembles that include ribbons and other products, such as gift wrap, gift bags, gift tags and/or other gift packaging products. The ribbons are covered by the scope of this investigation; the “other products” (i.e., the other, non-subject merchandise included in the ensemble) are not covered by the scope of this investigation.

Excluded from the scope of this investigation are the following: (1) Ribbons formed exclusively by weaving plastic threads together; (2) ribbons that have metal wire in, on, or along the entirety of each of the longitudinal edges of the ribbon; (3) ribbons with an adhesive coating covering the entire span between the longitudinal edges of the ribbon for the entire length of the ribbon; (4) ribbon formed into a bow without a tab or other means for attaching the bow to an object using adhesives, where the bow has: (a) An outer layer that is either flocked or made of fabric, and (b) a flexible metal wire at the base that is suitable for attaching the bow to a Christmas tree or other object by twist-tying; (5) elastic ribbons, meaning ribbons that elongate when stretched and return to their original dimension when the stretching load is removed; (6) ribbons affixed as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise; (7) ribbons that are (a) affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where the ribbon comprises a book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to non-subject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such non-subject merchandise, such as a “belly band” around a pair of pajamas, a pair of socks or a blanket; (8) imitation raffia made of plastics having a thickness not more than one (1) mil when measured in an unfolded/untwisted state; and (9) ribbons in the form of bows having Start Printed Page 3131a diameter of less than seven-eighths (7/8) of an inch, or having a diameter of more than 16 inches, based on actual

measurement. For purposes of this exclusion, the diameter of a bow is equal to the diameter of the smallest circular ring through which the bow will pass without compressing the bow.

Further, excluded from the scope of the antidumping duty investigation are any products covered by the existing antidumping duty order on polyethylene terephthalate film, sheet, and strip (PET Film) from the People's Republic of China (China). See Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, the People's Republic of China and the United Arab Emirates: Antidumping Duty Orders and Amended Final Determination of Sales at Less Than Fair Value for the United Arab Emirates, 73 FR 66595 (November 10, 2008).

Merchandise covered by this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 3920.20.0015 and 3926.40.0010. Merchandise covered by this investigation also may enter under subheadings 3920.10.0000; 3920.20.0055; 3920.30.0000; 3920.43.5000; 3920.49.0000; 3920.62.0050; 3920.62.0090; 3920.69.0000; 3921.90.1100; 3921.90.1500; 3921.90.1910; 3921.90.1950; 3921.90.4010; 3921.90.4090; 3926.90.9996; 5404.90.0000; 9505.90.4000; 4601.99.9000; 4602.90.0000; 5609.00.3000; 5609.00.4000; and 6307.90.9889. These HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope of this investigation is dispositive

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations are imported under subheadings 3920.20.00, 3926.40.00, 3920.10.00, 3920.20.00, 3920.30.00, 3920.43.50, 3920.49.00, 3920.62.00, 3920.69.00, 3921.90.11, 3921.90.15, 3921.90.19, 3921.90.40, 3926.90.99, 5404.90.00, 9505.90.40, 4601.99.90, 4602.90.00, 5609.00.30, 5609.00.40, and 6307.90.98 of the Harmonized Tariff Schedule of the United States ("HTS"). The 2017 general rate of duty is free for HTS subheading 5404.90.00; 3.3 percent ad valorem for HTS subheading 4601.99.90; 3.5 percent ad valorem for HTS subheading 4602.90.00; 3.9 percent ad valorem for HTS subheading 5609.00.40; 4.2 percent ad valorem for HTS subheadings 3920.20.00, 3920.43.50, 3920.62.00, 3920.69.00, 3921.90.11, 3921.90.40; 4.5 percent ad valorem for HTS subheading 5609.00.30; 5.3 percent ad valorem for HTS subheadings 3921.90.19 and 3926.90.99; 5.8 percent ad valorem for HTS subheadings 3920.30.00 and 3920.49.00; 6.5 percent ad valorem for HTS subheading 3921.90.15; or 7.0 percent ad valorem for HTS subheading 6307.90.98. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE PRODUCT

Description and applications

Plastic decorative ribbon is a long strip of polymer material that is primarily used as a decorative component of gift wrapping. Ribbon can have metalized layer added to give a shiny appearance, embossed for a textured appearance, flocked to give a velvet appearance, or laminated with glitter, among other effects.¹⁸ Ribbon can also be manufactured to contain printed symbols or words.¹⁹

Although the primary end use is in gift wrapping, finished ribbon products can be used, for example, as balloon strings, decorations to finish floral arrangements, crafts, or decorations that would be utilized on a mailbox or a grave site as a commemoration of someone's loss.²⁰ Ribbons can also be used as part of religious customs or ceremonies.²¹ Holidays in which ribbons are used widely include Christmas and birthdays.²² Ribbons can be sold in straight strips or as a curl ribbon product containing individual, separated spiral-shaped material.²³

Ribbon can be shaped into bows, and the bow products can be made in numerous shapes and sizes. Some different formats include the standard bow, the tiny bow, the mega bow, perfect bow on a roll, pull bow, and a curl swirl bow.²⁴

Some of the factors that affect the quality of the decorative ribbon product include color, packaging, and whether or not, if in bow form, the bows are damaged by being crushed.²⁵ These standards are similar whether the product is produced in the United States or China.²⁶

Manufacturing processes

The primary input in producing the subject ribbon product is polypropylene.²⁷ Polypropylene is a commodity that is purchased in bulk as tiny pellets that are then melted and combined with a colorant.²⁸ The material is extruded to become a 40-inch-wide master roll of film.²⁹ Different downstream processes are then applied to the roll depending on the desired

¹⁸ Conference transcript, pp. 24-26 (Boy).

¹⁹ Conference transcript, p. 25 (Boy).

²⁰ Conference transcript, p. 63 (Pajic).

²¹ Bell, Matthew. "In atheistic China, people use ribbons in a park to appeal to 'higher powers,'" *PRI's The World*, December 11, 2013.

²² Conference transcript, p. 16 (Pajic); p. 11 (Munyan).

²³ Petitioner's posthearing brief, p. 27.

²⁴ Petitioner's posthearing brief, p. 27.

²⁵ Conference transcript, p. 65 (Munyan).

²⁶ Conference transcript, p. 65 (Munyan).

²⁷ Conference transcript, p. 19 (Pajic).

²⁸ Conference transcript, p. 22 (Boy).

²⁹ Conference transcript, p. 23 (Boy).

product. For a metallic appearance, the master roll will undergo the metallization process. This can be accomplished by purchasing rolls of metallized polyethylene terephthalate (PET) film and laminating the film to the polypropylene master roll or by metallizing the polypropylene master roll in-house. In-house metallizing eliminates the need for lamination and gives the product a deeper luster.³⁰

If the desired product is to have a glitter finish, the polypropylene master roll undergoes lamination in high-speed coater laminators. For a velvet appearance, the product can be flocked by polyester fibers onto the film.^{31 32} If the desired product is to contain printed information, then it undergoes a printing process in which inks are mixed and added onto the master roll.³³ The finishing processes for the ribbon include embossing³⁴ and hot stamping.³⁵

The master polypropylene roll is cut into pies, which are the straight wound rolls of film for larger widths. Once the ribbon has been slit into its final width, it can either be spooled or moved into the bow production process.³⁶

In the spooling process, ribbon can be wound onto itself in kegs, onto tubes, or onto spools, including paper board spools or injection-molded spools.³⁷ Automated machinery is utilized to achieve spooling.

A number of types of bows are formed in the bow production process. Mega bows are formed on large bow machines, while tiny bows have their own dedicated machines. Perfect bows are formed by using rings between each loop. Curl swirl bows are typically formed on machines that curl the ribbon and staple it to a tab. Standard bows are formed and packed in bulk boxes or bags. Some bows are machine packed, while specialty bows may be hand packed.³⁸

³⁰ Conference transcript, p. 24 (Boy).

³¹ Conference transcript, p. 26 (Boy).

³² Flocking is a process in which short chopped lengths of fiber (flock) are applied to an adhesive coated backing fabric or other substrate. <http://www.textileglossary.com/terms/flocking.html> (accessed February 1, 2018).

³³ Conference transcript, p. 25 (Boy).

³⁴ Embossing is defined as decorating an object, especially with letters, using special tools that make a raised mark on its surface. Cambridge English Dictionary.

³⁵ Hot stamping is a process in which an engraved image, hot stamping die or type, is heated then forced down against a part with a marking foil sandwiched in between. The area where the die meets the part is where the ink from the foil is left behind. Stamprite Machine Company, http://www.stampritemachine.com/hot_stamping.htm (accessed January 25, 2018).

³⁶ Conference transcript, p. 26 (Boy).

³⁷ Conference transcript, p. 26 (Boy).

³⁸ Conference transcript, p. 28 (Boy).

DOMESTIC LIKE PRODUCT ISSUES

Petitioner notes that there is one domestic like product, coextensive with the scope of these investigations.³⁹ Respondent, Impact Innovations, does not contest the petitioner's definition of the domestic like product.⁴⁰

³⁹ Petitioner's postconference brief, exh. 1, pp. 1-9.

⁴⁰ Respondent Impact Innovation's postconference brief, p. 2.

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

U.S. MARKET CHARACTERISTICS

Plastic decorative ribbon included in Commerce's scope is produced using mostly plastic (often polypropylene), but may also include other materials such as metalized films, flocking ink, paper, and adhesives.¹ Ribbon designs can include a variety of colors, patterns, embellishments, and/or treatments.² Plastic decorative ribbon is frequently sold in assortment packs which may include out of scope products such as string or paper. Plastic decorative ribbon is primarily used for gift wrapping and most demand occurs during the Christmas holiday season. It is also used as a special decoration, and tied to balloons or flowers.³

Apparent U.S. consumption of plastic decorative ribbon increased during 2014-16. Overall, apparent U.S. consumption was *** percent higher in 2016 than in 2014, in terms of quantity, and was *** percent higher, in terms of value, for the same period. Apparent U.S. consumption during January-September 2017 was *** percent lower than during January-September 2016, in terms of quantity, and *** percent lower, in terms of value.

CHANNELS OF DISTRIBUTION

U.S. producers and importers both sold plastic decorative ribbon mainly to retailers (or importers themselves were retailers); most of the remainder of sales was to distributors (table II-1).^{4 5} Producer ***.

¹ Paper and adhesives are used in bows. Conference transcript, pp. 23-26 (Boy).

² Treatments for plastic decorative ribbon may include, but are not limited to, ribbons that are printed, hot-stamped, coated, laminated, flocked, crimped, die-cut, embossed (or that otherwise have impressed designs, images, words or patterns), and ribbons with holographic, metallic, glitter, or iridescent finishes. Petition, p. 5.

³ Conference transcript, pp. 62-63 (Pajic).

⁴ Seven of 21 importers imported plastic decorative ribbon from China for internal consumption/retail sales and did not report any U.S. commercial shipments. The quantity of imports for internal consumption/retail sales increased from 2014 to 2016. The quantity of imports of plastic decorative ribbon from China for internal consumption/retail sales accounted for *** percent of all imports of plastic decorative ribbon in 2014 and *** percent in 2016, in terms of quantity, and accounted for *** in 2014 and *** percent in 2016, in terms of value.

⁵ Petitioner also contends that the share of online sales is increasing and that there are 80 separate sellers using Amazon that source ribbon from China. Conference transcript, p. 11 (Munyan).

Table II-1

Plastic decorative ribbon: U.S. producers' and importers' U.S. shipments, by source and channels of distribution, 2014-16, January to September 2016, and January to September 2017

* * * * *

GEOGRAPHIC DISTRIBUTION

*** 9 of 11 importers reported selling plastic decorative ribbon to all regions in the contiguous United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold 19.9 percent within 100 miles of their U.S. point of shipment, 45.9 percent between 101 and 1,000 miles, and 34.2 percent over 1,000 miles.

Table II-2

Plastic decorative ribbon: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers
Northeast	***	9
Midwest	***	10
Southeast	***	10
Central Southwest	***	9
Mountain	***	11
Pacific Coast	***	11
Other ¹	***	7
All regions (except Other)	***	9
Reporting firms	2	11

¹ All other U.S. markets, including AK, HI, PR, and VI.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Main supply factors for U.S. and Chinese producers are provided in table II-3.

Table II-3

Plastic decorative ribbon: Capacity, capacity utilization, inventories, ability to shift to alternative products, home market share, and share sold to other export markets by country

* * * * *

Domestic production

Based on available information, U.S. producers of plastic decorative ribbon have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced plastic decorative ribbon to the U.S. market. The main contributing factors to

this degree of responsiveness of supply are the significant amount of unused capacity, and the ability to increase shipments from inventory. Factors mitigating responsiveness of supply include the limited ability to shift production from alternate markets and a limited ability to shift production to or from alternative products.

Industry capacity

Domestic capacity utilization increased from *** percent in 2014 to *** percent in 2016. The increase in capacity utilization was a result of increased production, as capacity remained relatively constant from 2014 to 2016. This relatively low level of capacity utilization suggests that U.S. producers may have the ability to respond to an increase in prices with a large increase in the quantity produced of plastic decorative ribbon.

Alternative markets

U.S. producers' exports, as a share of total shipments, decreased from *** percent in 2014 to *** percent in 2016, in terms of quantity, and over the same period decreased from *** percent to *** percent, in terms of value. This indicates that U.S. producers have limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories, as a ratio to total shipments, increased from *** percent in 2014 to *** percent in 2016. These inventory levels suggest that U.S. producers may have some ability to respond to increased demand by shipping product from inventories. Plastic decorative ribbon is sold in a large variety of designs and formats, therefore producers may need to hold relatively large inventories to be able to quickly supply the variety of products that may be ordered. Additionally, U.S. producers appear to build up inventories in the middle of the year in anticipation of end-of-the-year seasonal demand.

Production alternatives

***. ***. Thus there may be very limited ability to meet increased production of plastic decorative ribbon by shifting production away from nonsubject products.

Supply constraints

Neither U.S. producer reported any supply constraints since 2014.

Subject imports from China⁶

Based on available information, producers of plastic decorative ribbon from China have the ability to respond to changes in demand with large changes in the quantity of shipments of plastic decorative ribbon shipments to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of substantial unused capacity and the substantial ability to shift production to or from alternate markets. Factors mitigating the responsiveness of supply include limited availability of inventories and very limited ability to shift production to or from alternate products.

Industry capacity

Chinese capacity utilization increased from 62.0 percent in 2014 to 68.7 percent in 2016. It increased despite capacity increasing from 11.7 million square yards in 2014 to 12.9 million square yards in 2016 (table II-3). This relatively low level of capacity utilization suggests that producers of plastic decorative ribbon in China may have the ability to respond to changes in prices with large changes in the quantity produced of plastic decorative ribbon.

Alternative markets

Chinese producers' shipments to the Chinese market decreased by a large quantity in 2014-16, from *** percent of total shipments in 2014 to *** percent in 2016. Responding Chinese producers' exports to the United States, as a percentage of total shipments, increased from *** percent in 2014 to *** percent in 2016; and exports to non-U.S. markets, such as Europe and Taiwan, increased from *** percent in 2014 to *** percent in 2016. These data indicate Chinese producers have the ability to shift large quantities of product shipments between markets.

Inventory levels

Chinese producers' inventories, as a ratio to total shipments, decreased from *** percent in 2014 to *** percent in 2016. These low inventory levels suggest that Chinese producers may have limited ability to increase the quantity shipped from inventories in response to price changes.

Production alternatives

*** responding Chinese producers reported the ability to shift production between plastic decorative ribbon and other products using the same equipment and labor.⁷

⁶ Four Chinese producers submitted usable foreign producers'/exporters' questionnaire responses. For data on their share of U.S. imports from China, please refer to Part I, "Summary Data and Data Sources."

Supply constraints

*** responding foreign producers reported supply constraints since January 2014.

Nonsubject imports

Nonsubject imports accounted for *** percent of total U.S. imports, by quantity, in 2016, and *** percent, by value. The only sources of nonsubject imports during 2014-16 were the Czech Republic, Taiwan, and the United Kingdom.

U.S. demand

Based on available information, the overall demand for plastic decorative ribbon is likely to experience small changes in response to changes in price. The main contributing factors are the lack of substitute products and the small cost share of plastic decorative ribbon in most of its end uses.

End uses and cost share

U.S. demand for plastic decorative ribbon depends on the demand for plastic decorative ribbon for use in gift wrapping, holiday decorations, and party crafting.⁸ When used as giftwrapping, the cost of the plastic decorative ribbon as a share of the total value of the gift, including the gift wrapping, typically would be very small.⁹

Firms were asked to report the share of their plastic decorative ribbon that was used in wrapping gift. *** the majority of importers (13 of 18) reported that 100 percent of their plastic decorative ribbon was used in wrapping gifts.

Business cycles

*** 12 of 21 importers indicated that the market was subject to business cycles or conditions of competition. *** the majority of importers (12 of 21) also reported seasonal demand. Producers and importers were asked to report the three months with their largest sales. *** six of 11 responding importers reported most demand occurs during ***. *** most importers that experience seasonal demand (6 of 7) reported that 48 to 100 percent of their sales were in these 3 months.

(...continued)

⁷ One responding foreign producer reported being able to shift production to star bows and pull bows, however these are also subject product.

⁸ Petition, p. 7.

⁹ Producers and importers were not asked to estimate cost shares for plastic decorative ribbon because it would be difficult to estimate and difficult to understand what was asked.

Demand trends

A plurality of responding firms reported “no change” in U.S. demand for plastic decorative ribbon since January 1, 2014 (table II-4). The second most frequently reported trend was that demand was decreasing. Firms reported demand for plastic decorative ribbon decreased because of a shift to gift bags, soft demand, and a shift to online purchases.

Table II-4
Plastic decorative ribbon: Firms’ perception regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States: U.S. producers	***	***	***	***
Importers	1	8	6	5
Demand outside the United States: U.S. producers	***	***	***	***
Importers	---	5	1	1

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

Substitute products

*** reported that there are substitutes, whereas the majority of importers (12 of 21) reported that there were no substitutes. Substitutes for plastic decorative ribbon include other types of ribbon, ties, or other types of decorations used in wrapping a gift, as well as other methods of gift presentation (e.g., as gift bags). The most commonly reported substitutes were woven/fabric ribbon.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported plastic decorative ribbon depends upon such factors as relative prices and quality (e.g., true color, design, uncrushed bows, and durable packaging) and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, etc.). Based on available data, staff believes that there is high degree of substitutability between domestically produced plastic decorative ribbon and plastic decorative ribbon imported from China. Petitioners reported that the domestically produced product and subject imports are “largely interchangeable” and sales negotiations focus primarily on price.¹⁰

Lead times

Plastic decorative ribbon is primarily made on a produced-to-order basis. U.S. producers reported that *** percent and importers reported that *** percent of their

¹⁰ Petitioner’s postconference brief, p. 8.

commercial shipments were produced-to-order, with lead times averaging *** days for U.S. producers and *** days for importers. The remaining *** percent of U.S. producer and *** percent of importer commercial shipments came from inventories, with lead times averaging *** days for U.S. producers and *** day for importers.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations¹¹ were asked to identify the main purchasing factors their firm considered in their purchasing decisions for plastic decorative ribbon. The major purchasing factors identified by firms include price, quality, reliability, serviceability, delivery time, and established supplier relationships that offer custom orders.

Comparison of U.S.-produced and imported plastic decorative ribbon

In order to determine whether U.S.-produced plastic decorative ribbon can generally be used in the same applications as imports from China, U.S. producers and importers were asked whether the products can “always”, “frequently”, “sometimes”, or “never” be used interchangeably. As shown in table II-5, *** a majority of importers reported that plastic decorative ribbon can “always” be used interchangeably, regardless of source country. Five of 16 importers reported that the U.S. product is “sometimes” interchangeable with product from China. No importers reported that the U.S. product is “never” interchangeable.

Table II-5
Plastic decorative ribbon: Interchangeability between plastic decorative ribbon produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	***	***	***	***	8	3	5	---
United States vs. Other	***	***	***	***	4	---	2	---
China vs. Other	***	***	***	***	5	1	1	---

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

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

In addition, producers and importers were asked to assess how often differences other than price were significant in their sales of plastic decorative ribbon from the United States, China, or nonsubject countries. As seen in table II-6, *** the majority of importers reported that factors other than the price were “sometimes” or “never” important factors in their sales decisions, regardless of source country. Five of 17 importers reported that factors other than

¹¹ This information is compiled from responses by purchasers identified by Petitioners or other U.S. producers to the lost sales lost revenue allegations. See Part V for additional information.

price between U.S. product and China product were “always” or “frequently” significant in their sales decisions.

Table II-6

Plastic decorative ribbon: Significance of differences other than price between plastic decorative ribbon produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	***	***	***	***	3	2	11	1
United States vs. Other	***	***	***	***	1	---	3	2
China vs. Other	***	***	***	***	---	---	3	3

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

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

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of two firms that accounted for the vast majority of U.S. production of plastic decorative ribbon during 2016.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to six firms based on information contained in the petitions. Two firms provided usable data on their productive operations.^{1 2} Staff believes that these responses represent the vast majority of U.S. production of plastic decorative ribbon in 2016.

Table III-1 lists U.S. producers of plastic decorative ribbon, their production locations, positions on the petitions, and shares of total production.

Table III-1
Plastic decorative ribbon: U.S. producers, their positions on the petition, production locations, and share of reported production, 2016

Firm	Position on petition	Production location(s)	Share of production (percent)
Berwick	Support	Berwick, PA	***
Hallmark	***	Leavenworth, KS Kansas City, MO Liberty, MO	***
Total			100.0

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

Table III-2 presents information on U.S. producers' ownership of, related and/or affiliated firms of plastic decorative ribbon. Berwick, ***.³ In addition, as discussed in greater detail below, *** directly import the subject merchandise. *** also purchased subject merchandise from ***.

¹ Plus Mark LLC, a wholly owned subsidiary of American Greetings Corporation, provided a questionnaire response. However, ***. Consequently, Plus Mark's production related and financial data are not included in the report.

² Production, capacity, U.S. shipment, export shipment, inventory, and employment data for 2014 may be understated since it likely does not include Hollywood Ribbon's operations, which according to Berwick, ***.

³ ***.

Table III-2
Plastic decorative ribbon: U.S. producers' ownership, related and/or affiliated firms

* * * * *

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2014. Berwick acquired all the assets and businesses of Hollywood Ribbon Industries, Inc. ("Hollywood") in 2015 ***.⁴ After the purchase, Berwick relocated all of Hollywood's production from Mexico *** to Berwick's facilities in Berwick, Pennsylvania ***.⁵ The increase in production resulting from the Hollywood acquisition was temporary and ***.⁶ Most of the employees that were hired after the Hollywood acquisition are no longer with Berwick.⁷

Table III-3
Plastic decorative ribbon: U.S. producers' reported changes in operations, since January 1, 2014

* * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Total annual capacity to produce plastic decorative ribbon decreased by *** percent from 2014 to 2015, and then increased by *** percent, ending *** percent higher in 2016 than in 2014. This fluctuation in production capacity ***. ***. Table III-4 and figure III-1 present data on U.S. producers' production, capacity, and capacity utilization.

Table III-4
Plastic decorative ribbon: U.S. producers' production, capacity, and capacity utilization, 2014-16, January to September 2016, and January to September 2017

* * * * *

Figure III-1
Plastic decorative ribbon: U.S. producers' production, capacity, and capacity utilization, 2014-16, January to September 2016, and January to September 2017

* * * * *

After increasing by *** percent from 2014 to 2015, U.S. producers' production decreased by *** percent, ending *** percent higher in 2016 than in 2014. Berwick accounted for all the increase in production from 2014 to 2015, which is consistent with the expansion of its customer base from the acquisition of Hollywood in 2015. ***, but did not impact the trend

⁴ Conference transcript, p. 10 (Munyan).

⁵ Conference transcript, p. 10 (Munyan); petitioner's postconference brief, p. 4.

⁶ Ibid; ***.

⁷ Conference transcript, p. 10 (Munyan).

in total production since *** accounted for a minor portion of total production. Production was *** percent lower in January-September 2017 than in January-September 2016.

U.S. producers' average capacity utilization fluctuated year to year, increasing from *** percent in 2014 to *** percent in 2015, and then decreasing to *** percent in 2016. ***. Average capacity utilization was *** percent in January-September 2016 and *** percent in January-September 2017, a decrease of *** percentage points.

Alternative products

Berwick reported ***. As shown in table III-5, plastic decorative ribbon accounted between *** percent of U.S. producers' production on this shared equipment between 2014 and 2016. Berwick reported ***, which are outside the scope of these investigations. Berwick notes that ***.

Table III-5
Plastic decorative ribbon: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2014-16, January to September 2016, and January to September 2017.

* * * * *

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

Based on value,⁸ U.S. shipments accounted for more than *** percent of total shipments during 2014-16 and more than *** percent in January-September 2016 and January-September 2017. Berwick accounted for over *** percent of all U.S. shipments during 2014-16. Fluctuating year-to-year, U.S. producers' U.S. shipments increased by *** percent from 2014 to 2015 and then decreased by *** percent from 2015 to 2016, ending *** percent higher in 2016 than in 2014. ***. There was no internal consumption or transfers to related firms during the period for which data were collected. Table III-6 presents data on U.S. producers' U.S. shipments, export shipments, and total shipments.

⁸ The official import statistics do not provide quantity data in square yards for imports of plastic decorative ribbon under HTS statistical reporting numbers 3920.20.0015 and 3926.40.0010. Petitioner did not provide a usable conversion factor for the Commission to collect consistent U.S. import quantity data. Responding U.S. importers recorded imports in per-package units of measure (i.e. packs or bags) and employed different methodologies to estimate the quantity of their imports of plastic decorative ribbon in square yards. Due to these factors, the coverage of these investigations was calculated based on value. Value is the primary metric used to analyze trends in the U.S. producers' shipment data, although quantity data is included as reported in the questionnaire responses.

Table III-6

Plastic decorative ribbon: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2014-16, January to September 2016, and January to September 2017

* * * * *

U.S. producers' U.S. shipments, by quantity, also increased irregularly from 2014 to 2016. It grew by *** percent from 2014 to 2015 and then fell by *** percent from 2015 to 2016, ending *** percent higher in 2016 than in 2014. ***.

The average unit value of U.S. producers' U.S. shipments decreased from \$*** per square yard to \$*** per square yard from 2014 to 2015, but stayed at \$*** per square yard in 2016. ***.⁹ Few of Hallmark's items ***. Hallmark ***.¹⁰ Berwick, *** , sells a number of its products in value packs.¹¹ Average unit values of U.S. shipments for *** were lower in January-September 2017 than in January-September 2016.

By value, export shipments accounted for less than *** percent of U.S. producers' U.S. shipments in each full and partial year with *** accounting for *** of those shipments. Fluctuating year to year, export shipments decreased by *** percent from 2014 to 2015 and then increased by *** percent from 2015 to 2016, ending *** percent lower in 2016 than in 2014. The average unit value of export shipments decreased from \$*** per square yard in 2014 to \$*** per square yard in 2016. ***. Average unit values of *** export shipments were lower in January-September 2017 than in January-September 2016.

U.S. producers' U.S. shipments by quarter

Table III-7 presents U.S. producers' U.S. shipments by quarter. The third and fourth quarters accounted for more than *** percent of U.S. shipments, by quantity,¹² in 2014, 2015, and 2016. The fourth quarter's share of total U.S. shipments was *** percentage points, *** percentage points, and *** percentage points higher than the third quarter's share in 2014, 2015, and 2016, respectively. Most of the increase in shipments from the first half of the year to the second half can be attributed to the holiday season. Berwick noted that the majority of its shipments typically occurred between September and November.¹³

⁹ *** , email correspondence with USITC Staff, January 18, 2018.

¹⁰ Ibid.

¹¹ Berwick's webpage, <http://www.berwickoffraywholesale.com/c-1-bows.aspx>, accessed January 24, 2018.

¹² The Commission asked U.S. producers to provide their quarterly shipments in each quarter by quantity.

¹³ Conference transcript, p. 16 (Pajic).

Table III-7
Plastic decorative ribbon: U.S. producers' U.S. shipments by quarter, 2014-16, January to September 2017

* * * * *

U.S. PRODUCERS' INVENTORIES

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. During 2014-16, U.S. producers' end-of-period inventories increased by *** percent; the majority of the increase occurred from 2015 to 2016 as production outpaced U.S. shipments. The ratios of inventories to U.S. production and to U.S. shipments were higher by *** percentage points and *** percentage points, respectively, in 2016 than in 2014. End-of-period inventories in January to September 2017 were *** percent lower than in January-September 2016. End-of-period inventories in January-September 2016 were nearly double that at the end of 2016. Most of the decrease in end-of-period inventories during the final quarter of 2016 can be attributed to the large volume of shipments during October-December for the holiday season. The ratio of U.S. producers' inventories to U.S. production and to U.S. shipments was greater in January-September 2017 than in January-September 2016.

Table III-8
Plastic decorative ribbon: U.S. producers' inventories, 2014-16, January to September 2016, and January to September 2017

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

Both U.S. producers also imported plastic decorative ribbon from China. Berwick also imported plastic decorative ribbon from nonsubject sources. The ratio of Berwick's imports from China to its U.S. production ranged from *** percent to *** percent during 2014-16. The ratio of Hallmark's imports from China to its U.S. production ranged from *** percent to *** percent over the same period. Berwick and Hallmark continued to import plastic decorative ribbon from China with import to U.S. production ratios of *** percent and *** percent, respectively in January-September 2017. Berwick stated that it imports plastic decorative ribbon from China when it can purchase the product cheaper than it can produce it.¹⁴ Berwick also noted that it imports single bows that it no longer produces and would reduce its imports from China if it could lower the costs of production or is able to automate the production of products it currently sources overseas.¹⁵ U.S. producers' imports and purchases of plastic decorative ribbon are presented in table III-9.

¹⁴ Conference transcript, p. 52 (Munyan).

¹⁵ Ibid.

Table III-9

Plastic decorative ribbon: U.S. producers' U.S. production, imports and purchases, 2014-16, January to September 2016, and January to September 2017

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

During 2014-16, the number of production related workers (“PRWs”) increased by *** percent; the majority of the increase occurred from 2014 to 2015 as a result of Berwick’s acquisition of Hollywood. The number of PRWs was *** percent lower in January-September 2017 than in January-September 2016. Hallmark, on the other hand, reported a decrease in the number of PRWs from 2014 to 2016. Productivity grew during 2014-16, but was lower in January-September 2017 than in January-September 2016. U.S. producers’ unit labor costs fluctuated year to year, decreasing by *** percent from 2014 to 2015 and then increasing by *** percent in 2016, ending *** percent lower in 2016 than in 2014. Table III-10 shows U.S. producers’ employment-related data from 2014 to September 2017.

Table III-10

Plastic decorative ribbon: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2014-16, January to September 2016, and January to September 2017

* * * * *

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 47 firms believed to be importers of subject plastic decorative ribbon, as well as to all U.S. producers of plastic decorative ribbon.¹ Usable questionnaire responses were received from 21 companies, representing *** percent of U.S. imports from China, by value, in 2016 under HTS statistical reporting numbers 3920.20.0015 and 3926.40.0010.² ³ Eight firms indicated that they did not import plastic decorative ribbon into the United States since January 1, 2014.⁴ Table IV-1 lists all responding U.S. importers of plastic decorative ribbon from China and other sources, their locations, and their shares of U.S. imports, in 2016.

¹ The Commission issued questionnaires to firms identified in the petition, along with firms that, based on a review of data provided by ***, may have accounted for more than one percent of total imports under HTS statistical reporting numbers 3920.20.0015 and 3926.40.0010 in 2016. As discussed in part I, the vast majority of the subject merchandise is imported under these two HTS statistical reporting numbers, which were established on January 1, 2015. Conference transcript, p. 54 (Pickard).

² As discussed in part III, the official import statistics do not provide quantity data in square yards for imports of plastic decorative ribbon under HTS statistical reporting numbers 3920.20.0015 and 3926.40.0010. Petitioners did not provide a usable conversion factor for the Commission to collect consistent import quantity data. Responding U.S. importers recorded imports in per-package units of measure (i.e. packs or bags) and employed different methodologies to estimate the quantity of their imports in square yards. Due to these factors, the coverage of these investigations was calculated based on value. Value is the primary metric used to analyze trends in the U.S. import data, although quantity data is included as reported in the questionnaire responses.

³ U.S. importer questionnaire responses from two additional firms, ***, were submitted late and Commission staff was unable to incorporate them into the report. *** imports from China accounted for *** percent of all imports from China, by value in 2016. The value of ***. ***. ***.

⁴ These firms are: ***.

Table IV-1**Plastic decorative ribbon: U.S. importers, their headquarters, and share of total imports by value, by source, 2016**

Firm	Headquarters	Share of value of imports by source (percent)		
		China	Nonsubject sources	All import sources
99 Cents Only	Commerce, CA	***	***	***
Albertsons	Boise, ID	***	***	***
American Greetings	Cleveland, OH	***	***	***
Berwick	Berwick, PA	***	***	***
CBOCS	Lebanon, TN	***	***	***
Currie Holdings	Fort Worth, TX	***	***	***
CVS Pharmacy	Woonsocket, RI	***	***	***
Dollar General	Goodlettsville, TN	***	***	***
Dollar Tree	Chesapeake, VA	***	***	***
EDG	Holyoke, MA	***	***	***
Family Dollar	Matthews, NC	***	***	***
GiftWrap	Santee, CA	***	***	***
Hallmark	Kansas City, MO	***	***	***
IG Design	Midway, GA	***	***	***
IKEA	Pratteln, BL	***	***	***
Impact Innovations	Clara City, MN	***	***	***
JOANN	Hudson, OH	***	***	***
OIC	Bolivar, OH	***	***	***
Sears	Hoffman Estates, IL	***	***	***
Target	Minneapolis, MN	***	***	***
Walmart	Bentonville, AR	***	***	***
Total		100.0	100.0	100.0

Note – Shares and ratios shown as “0.0” represent values greater than zero, but less than “0.05” percent.

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

U.S. IMPORTS

Between 2014 and 2016, U.S. imports of plastic decorative ribbon from China, by value, grew by 69.4 percent; the majority of the increase occurred from 2015 to 2016. Five firms, *** accounted for *** percent of the value of all U.S. importers' U.S. imports from China. Three of those five firms reported an increase in the value of their imports from China between 2014 and 2016. Overall, 17 of the 21 responding importers reported higher values in 2016 than in 2014. The value of U.S. imports from China was 6.6 percent lower in January-September 2017 than in January-September 2016. There were four firms that began importing plastic decorative ribbon from China in 2016. U.S. imports from nonsubject sources accounted from *** to *** percent of total imports during 2014-16. Only *** imported plastic decorative ribbon from nonsubject sources.

As the value of U.S. imports from China increased, so too did their volume, which grew by 79.8 percent from 2014 to 2016. *** accounted for *** percent of the total volume of U.S. imports. Fifteen of 21 responding firms reported a higher volume of imports in 2016 than in 2014. The volume of U.S. imports from China was 10.1 percent lower in January-September 2017 than in January-September 2016.

The average unit value of plastic decorative ribbon from China decreased from \$1.02 per square yard in 2014 to \$0.97 per square yard in 2016. There was some variance in the unit values reported by each firm, but the average unit value primarily reflects data reported by ***. *** during 2014-16 while ***. The firm-by-firm variance in unit value can be attributed to importers employing different methodologies to estimate the quantity of their U.S. imports and to the assortment of plastic decorative ribbon that they are handling. Table IV-2 and figure IV-1 present data for U.S. imports of plastic decorative ribbon from China and nonsubject sources.

Table IV-2
Plastic decorative ribbon: U.S. imports by source, 2014-16, January to September 2016 and January to September 2017

Item	Calendar year			January to September	
	2014	2015	2016	2016	2017
Value (1,000 dollars)					
U.S. imports from.-- China	9,667	11,525	16,378	10,952	10,226
Nonsubject	***	***	***	***	***
All import sources	***	***	***	***	***
Quantity (1,000 square yards)					
U.S. imports from.-- China	9,432	12,290	16,960	12,488	11,231
Nonsubject	***	***	***	***	***
All import sources	***	***	***	***	***
Unit value (dollars per square yard)					
U.S. imports from.-- China	1.02	0.94	0.97	0.88	0.91
Nonsubject	***	***	***	***	***
All import sources	***	***	***	***	***
Share of value (percent)					
U.S. imports from.-- China	***	***	***	***	***
Nonsubject	***	***	***	***	***
All import sources	***	***	***	***	***
Share of quantity (percent)					
U.S. imports from.-- China	***	***	***	***	***
Nonsubject	***	***	***	***	***
All import sources	***	***	***	***	***
Ratio to U.S. production					
U.S. imports from.-- China	***	***	***	***	***
Nonsubject	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-1
Plastic decorative ribbon: U.S. imports by source, 2014-16. January to September 2016 and January to September 2017

* * * * *

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁵ Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁶ Imports from China accounted for *** percent of total imports of plastic decorative by quantity during 2016. Table IV-3 presents China's share of total U.S. imports, by quantity, during the most recent 12-month period (December 2016-November 2017).

Table IV-3
Plastic decorative ribbon: U.S. imports in the twelve-month period preceding the filing of the petition

Country	December 2016 to November 2017	
	Quantity (1,000 square yards)	Share of quantity (percent)
China	14,934	***
Nonsubject sources	***	***
All sources	***	***

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

U.S. imports by quarter

Table IV-4 presents U.S. imports from China by quarter. The majority (68.1 percent, 59.6 percent, and 73.0 percent) of U.S. imports in 2014, 2015, and 2016 were in the third and fourth quarters. The third quarter's share of total U.S. imports was *** percentage points, *** percentage points, and *** percentage points higher than the fourth quarter's share in 2014, 2015, and 2016, respectively. The majority of nonsubject imports in 2014, 2015, and 2016 were in the second and third quarters. This trend in import volume is consistent with businesses preparing for the holiday season.

⁵ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

⁶ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Table IV-4
Plastic decorative ribbon: U.S. imports, by quarter, 2014-16, and January to September 2017

Item	Calendar year			
	2014	2015	2016	J-S 2017
	Quantity (1,000 square yards)			
U.S. imports: China.--				
January to March	1,401	1,476	2,098	2,064
April to June	1,609	3,487	2,480	2,444
July to September	3,562	3,835	7,911	6,723
October to December	2,860	3,492	4,472	NA
Total	9,432	12,290	16,960	11,231
	Share of quantity (percent)			
U.S. imports: China.--				
January to March	14.9	12.0	12.4	18.2
April to June	17.1	28.4	14.6	21.6
July to September	37.8	31.2	46.6	59.4
October to December	30.3	28.4	26.4	NA
Total	100.0	100.0	100.0	99.2
	Quantity (1,000 square yards)			
U.S. imports: Nonsubject sources.--				
January to March	***	***	***	***
April to June	***	***	***	***
July to September	***	***	***	***
October to December	***	***	***	NA
Total	***	***	***	***
	Share of quantity (percent)			
U.S. imports: Nonsubject sources.--				
January to March	***	***	***	***
April to June	***	***	***	***
July to September	***	***	***	***
October to December	***	***	***	NA
Total	***	***	***	***
	Quantity (1,000 square yards)			
U.S. imports: All import sources.--				
January to March	***	***	***	***
April to June	***	***	***	***
July to September	***	***	***	***
October to December	***	***	***	NA
Total	***	***	***	***
	Share of quantity (percent)			
U.S. imports: All import sources.--				
January to March	***	***	***	***
April to June	***	***	***	***
July to September	***	***	***	***
October to December	***	***	***	NA
Total	***	***	***	***

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

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

Table IV-5 and figure IV-2 present data on apparent U.S. consumption of plastic decorative ribbon. During 2014-16, apparent U.S. consumption, by value, increased by *** percent. It was *** percent lower in January-September 2017 than in January-September 2016. By volume, apparent U.S. consumption grew by *** percent from 2014 to 2016. The majority of the increase in value and in volume occurred from 2014 to 2015.⁷ However, apparent U.S. consumption, by volume, was *** percent lower in January-September 2017 than in January-September 2016. Berwick notes that demand for plastic decorative ribbon can vary year to year due to consumption spending and GDP.⁸

U.S. producers' share of the domestic market, by value, decreased by *** percentage points from 2014 to 2016. It was *** percentage points lower in January-September 2017 than in January-September 2016. Conversely, subject imports' share of the U.S. market increased by *** percentage points from 2014 to 2016. It was *** percentage points higher in January-September 2017 than in January-September 2016. Imports from nonsubject sources accounted for *** percent of the domestic market in each period for which data was collected.

⁷ As discussed in part III, U.S. producers' U.S. shipments in 2014 may be understated as it does not account for any possible U.S. shipments made by Hollywood before it was acquired by Berwick in 2015. As a result, the increase in apparent U.S. consumption from 2014 to 2015 may be overstated because it may reflect an increment of Hollywood's U.S. shipments from 2014.

⁸ Petitioner's postconference brief, p. 10.

Table IV-5

Plastic decorative ribbon: Apparent U.S. consumption and market shares, 2014-16, January to September 2016, and January to September 2017

Item	Calendar year			January to September	
	2014	2015	2016	2016	2017
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	11,030	13,028	18,339	12,120	11,199
All other sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Quantity (1,000 square yards)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	9,445	10,012	17,172	12,418	11,054
All other sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	***	***	***	***	***
All other sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--					
China	***	***	***	***	***
All other sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

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

Figure IV-2

Plastic decorative ribbon: Apparent U.S. consumption and market shares, 2014-16, January to September 2016, and January to September 2017

* * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Plastic decorative ribbons are typically made from polypropylene, but may also be made of combinations or mixtures of different plastics and may include other materials for metallized or other finishes.¹ The U.S. price of polypropylene decreased from \$*** per metric ton in 2014 to \$*** per metric ton in 2015, and then increased to \$*** per metric ton in 2016.² Raw material costs represent the largest component of overall COGS. Raw materials, as a share of COGS, decreased from *** percent in 2014 to *** percent in 2016 and decreased from *** percent in January-September 2016 to *** in January-September 2017.

U.S. inland transportation costs

*** eight of 10 importers reported that they typically arrange transportation to their customers. *** most importers reported that their U.S. inland transportation costs ranged from less than 1 to 7 percent.

PRICING PRACTICES

Pricing methods

*** reported using set price lists, and ***. Transaction-by-transaction negotiations were the most common price-setting method among importers, while the second-most common price-setting method was contracts or set price lists (table V-1). Importers that reported “other” pricing methods included: “full-cost price models,” prices are negotiated at time of purchase for Plan-o-gram merchandise, and subject to renegotiation, and competitive pricing.

¹ Petition p. 7 and hearing transcript, pp. 23-27 (Boy).

² Chemical Economics Handbook: Polypropylene Resins, IHS, December 22, 2017, p. 14.

Table V-1
Plastic decorative ribbons: U.S. producers' and importers' reported price-setting methods, by number of responding firms¹

Method	U.S. producers	U.S. importers
Transaction-by-transaction	***	4
Contract	***	3
Set price list	***	3
Other	***	5
Responding firms	2	11

¹ The sum of responses may not add up to the total number of responding firms as each firm was instructed to check all applicable price-setting methods employed.

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

U.S. producers reported selling *** of their plastic decorative ribbon through short-term contracts, with long-term contracts accounting for the next largest share, followed by spot sales (table V-2). In contrast, a majority of importers reported selling most of their plastic decorative ribbon in the spot market.

Table V-2
Plastic decorative ribbons: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2016

* * * * *

U.S. producer ***. Importers' short-term contracts ranged from 30 to 110 days, typically fixed both price and quantity and typically had no meet-or-release provision. ***.

Purchasers provided a general description of their firms' method of purchase for plastic decorative ribbon. A number of purchasers reported single-order purchases, four reported the use of bids, and ***.

Sales terms and discounts

*** 9 of 11 responding importers typically quote prices on an f.o.b. basis. *** reported using volume discounts while most importers (8 of 11) reported no discounts. ***. Five of the 11 responding importers reported sales terms of net 30 days, 2 sold net 60, and the others reported other terms including retail sales, and terms that vary by customer.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity³ and f.o.b. value of the following plastic decorative ribbon products shipped to unrelated U.S. customers during January 2014 to September 2017.

Product 1.-- Curl ribbon (non-laminated): Extruded plastic curl ribbon, not laminated, having a width of not less than 11/64" and not more than 13/64", having a length less than 350 yards, on a single spool intended for individual retail sale.

Product 2.-- Extruded plastic ribbon in 15-count Bow Bags: 15-count bow bags, where: (i) a majority of the bows in the bag have a diameter of not less than 2 1/2" and not more than 5"; and (ii) a majority of the bows in the bag are made of ribbon having a width of not less than 1/2" and not more than 3/4".

Product 3.-- Ribbon "Eggs" (or "Kegs") in multi-packs: Extruded plastic ribbon having a width of not less than 11/64" and not more than 13/64", rolled onto itself, without a spool or flange, into an "egg-shaped" (also known as a "keg-shaped") configuration, intended for retail sale in "multi-packs" of two or more ribbon eggs (or kegs) per package.

***⁴ four importers⁵ provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.⁶ Pricing data reported by *** accounted for approximately *** percent of U.S. producers' shipments of product, by quantity, and *** percent by value. This pricing data also accounted for *** percent of U.S. commercial shipments of subject imports from China in 2016, by quantity, and *** percent by value (** percent of total imports from China in 2016, by both quantity and value).^{7 8}

³ Quantities were reported in square yardage. Respondents *** claim that quoting prices in square yardage is not common industry practice. Respondents' postconference brief, exhibit 2.

⁴ ***.

⁵ ***.

⁶ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

⁷ Petition requested that pricing product data be collected in square yards. Many firms, however, were unable to provide quantity estimates based on square yards and found providing these data very problematic for several reasons. Subject product comes in a wide variety of sizes and characteristics that are not generally tracked by firms, and conversion metrics are not available. Quantity data for bows, which are included in the scope, are predominantly in count or package units, and are sometimes comingled with other pricing product items, and firms were unable to segregate and/or convert into specific pricing product items. In addition, some firms import, purchase, and sell subject product in packages or sets that may include nonsubject items (such as string or other gift decoration sets).

Price data for products 1-3 are presented in tables V-3 to V-5 and figures V-1 to V-3.

Table V-3

Plastic decorative ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2014-September 2017

* * * * *

Table V-4

Plastic decorative ribbon: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2014-September 2017

* * * * *

Table V-5

Plastic decorative ribbon: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2014-September 2017

* * * * *

Figure V-1

Plastic decorative ribbon: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2014-September 2017

* * * * *

(...continued)

⁸ The extremely large variations in the price data and in the purchase cost data reflect a number of factors: 1) Petitioner and some importers apparently had difficulty allocating the value to the correct quarter. This is reflected in ***. This variation does not appear to reflect expected quarter-to-quarter differences in prices, even accounting for differences in seasonal volumes. 2) Importers frequently had difficulty estimating the quantities purchased, as many keep track of sales in per-package units of measure (e.g., packs or bags), as opposed to by weight or the area of the ribbon. Thus, quantities some importers provided may be inaccurate. For example, *** may also be indicative of the third type of error. 3) Importers that were requested to provide import cost data for values may have reported their retail sales prices. For example, ***. Petitioner collected prices from a number of retailers and calculated that the retail prices per square yard for product from stores similar to *** ranged from \$*** to \$*** per square yard. Petitioner's postconference brief, pp. 25-26, and ex. 12. 4) Other firms had similar data problems caused by assortments, and their price data were removed when this became apparent. For example, ***. Therefore, price data were removed for *** Product 1 in the third and fourth quarter of 2014, all of 2015, all of 2016, and the second and third quarters of 2017. When firms reported this to be the case, all corresponding price or purchase cost data were removed. Other factors may have also contributed to unreasonable reported price data.

Figure V-2
Plastic decorative ribbon: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2014-September 2017

* * * * *

Figure V-3
Plastic decorative ribbon: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2014-September 2017

* * * * *

Import purchase cost data

Import purchase cost data accounted for *** percent of imports, by quantity, and *** percent of imports, by value, from China in 2016. Seven importers⁹ provided usable import purchase cost data for retail sales. The largest direct retail importers of products 1-3 in 2016, by quantity and value, were ***, and ***.

Import purchase cost data for products 1-3 are presented in tables V-6 to V-8 and figures V-4 to V-6. For product 1, the U.S. price was higher than import purchase costs of product from China for 7 of the 15 quarters of comparisons. The U.S. price of product 2 was higher than import purchase costs of product from China for 9 of the 11 quarters of comparisons. The U.S. price of product 3 was higher than import purchase costs of product from China for 7 of the 11 quarters of comparisons.

Table V-6
Plastic decorative ribbon: Weighted-average price and quantities of domestic and LDP value and quantities of imported product 1, by quarter, January 2014-September 2017

* * * * *

Table V-7
Plastic decorative ribbon: Weighted-average price and quantities of domestic and LDP value and quantities of imported product 2, by quarter, January 2014-September 2017

* * * * *

Table V-8
Plastic decorative ribbon: Weighted-average price and quantities of domestic and LDP value and quantities of imported product 3, by quarter, January 2014-September 2017

* * * * *

⁹ Importer ***, ***. A number of importers' pricing data were removed because quantities and value were provided for products that did not match the requested pricing products.

Figure V-4
Plastic decorative ribbon: Weighted-average prices and quantities of domestic and LDP value and quantities of imported product 1, by quarter, January 2014-September 2017

* * * * *

Figure V-5
Plastic decorative ribbon: Weighted-average prices and quantities of domestic and LDP value and quantities of imported product 2, by quarter, January 2014-September 2017

* * * * *

Figure V-6
Plastic decorative ribbon: Weighted-average prices and quantities of domestic and LDP value and quantities of imported product 3, by quarter, January 2014-September 2017

* * * * *

Importers/retailers reporting import purchase cost data were asked to provide additional information related to this activity. Three importers reported that the share of import purchase costs for logistical or supply chain ranged from 5 to 20 percent. Two importers reported warehouse costs of 5 to 8 percent. Two reported insurance costs (one was self-insured) and the other reported costs of 2 percent. No importers reported currency conversion costs or “other costs.”

Six importers reported that they compared the costs of imports to prices from importers and U.S. producers, and four reported that they did not compare costs to either U.S. importers or producers. Nine importers reported benefits of direct importing including: lower cost (mentioned by 6 importers), vendor consolidation, increased product variety, and convenience. Seven importers reported savings from direct importing ranging from 5 to 33 percent.

Price trends

In general, prices did not follow any overall pattern during 2014-16. Table V-9 summarizes the price trends, by country and by product. As shown in the table, domestic prices increased for product 2 by *** percent while prices increased for product 1 by *** percent and for product 3 by *** percent from 2014 through the third quarter of 2017. While import prices had fewer quarters with observations, the trend for product 1 was a decrease of *** percent.¹⁰

¹⁰ In some cases percentages are based on periods with quarters that do not have data, which is the reason that the percentage price changes for imports of product 2 and product 3 are not available in Table V-9.

Table V-9

Plastic decorative ribbon: Summary of weighted-average f.o.b. prices and import purchase cost for products 1-3 from the United States and China

* * * * *

Price comparisons

As shown in table V-10, prices for product imported from China were below those for U.S.-produced product in eight of 25 instances (179,401 square yards); margins of underselling ranged from 0.5 to 56.7 percent. In the remaining 17 instances (82,995 square yards), prices for product from China were between 9.5 and 518.3 percent above prices for the domestic product.

Table V-10

Plastic decorative ribbon: Instances of underselling/overselling and the range and average of margins, from China, January 2014 to September 2017

Source	Underselling				
	Number of quarters	Quantity (1,000 square yards)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	1	72,731	***	***	***
Product 2	3	61,170	***	***	***
Product 3	4	45,500	***	***	***
Total, underselling	8	179,401	***	***	***
Source	(Overselling)				
	Number of quarters	Quantity (1,000 square yards)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	14	64,594	***	***	***
Product 2	0	0	***	***	***
Product 3	3	18,401	***	***	***
Total, overselling	17	82,995	***	***	***

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

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

LOST SALES AND LOST REVENUE

*** reported that it had to either reduce prices or roll back announced price increases for plastic decorative ribbon. It also reported lost sales. In its lost sales and lost revenue allegations, Berwick identified 20 firms where it lost sales or revenue (including 13 firms with lost sales allegations, 1 firm with lost revenue allegations, and 5 firms with both types of allegations).

Staff contacted these 20 purchasers and received responses from 12 purchasers. Responding purchasers reported purchasing 94.5 million square yards of plastic decorative ribbon during 2014-16 (table V-11).

During 2016, responding purchasers reported 48.5 percent of their purchases were from U.S. producers, 38.9 percent were from China, 0.4 percent from nonsubject countries, and 12.2 percent were from “unknown source” countries.¹¹ Of the responding purchasers, 4 reported decreasing purchases from domestic producers, none reported increasing purchases, 3 reported no change, 2 reported fluctuating purchases, and 2 did not purchase any domestic product. Explanations for decreasing purchases of domestic product included changing vendors, the “domestic monopoly reduced competition,” the domestic producer provided poor product quality, and the domestic producer increased price.

Table V-11
Plastic decorative ribbon: Purchasers’ responses to purchasing patterns

* * * * *

Of the 12 responding purchasers, 10 reported that, since 2014, they had purchased imported plastic decorative ribbon from China instead of U.S.-produced product. Seven of these purchasers reported that subject import prices were lower than U.S.-produced product, and three of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Three purchasers estimated the quantity of plastic decorative ribbon from China purchased instead of domestic product; quantities ranged from *** (table V-12). Four purchasers identified non-price reasons for purchasing imported rather than U.S.-produced product including: quality, product line, serviceability, and supplier.

One of the 12 responding purchasers reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China (table V-13; 8 reported that they did not know). The estimated price reduction was 33 percent.

Table V-12
Plastic decorative ribbons: Purchasers’ responses to purchasing subject imports instead of domestic product

* * * * *

Table V-13
Plastic decorative ribbons: Purchasers’ responses to U.S. producer price reductions

* * * * *

¹¹ Of the 12 responding purchasers, 3 purchasers indicated that they did not know the source of the plastic decorative ribbon they purchased.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

The financial results of two U.S. producers of plastic decorative ribbon, Berwick and Hallmark, are presented in this section of the report. Both U.S. producers reported financial data on a calendar year basis and on the basis of Generally Accepted Accounting Principles (“GAAP”).¹

OPERATIONS ON PLASTIC DECORATIVE RIBBON

Table VI-1 presents aggregated data on U.S. producers’ operations in relation to plastic decorative ribbon over the period examined, while table VI-2 presents changes in average unit value data between periods. Table VI-3 presents selected company-specific financial data.

Table VI-1

Plastic decorative ribbon: Results of operations of U.S. producers, 2014-16, January-September 2016, and January-September 2017

* * * * *

Table VI-2

Plastic decorative ribbon: Changes in AUVs between calendar years and between partial year periods

* * * * *

Table VI-3

Plastic decorative ribbon: Results of operations of U.S. producers, by firm, 2014-16, January-September 2016, and January-September 2017

* * * * *

Net sales quantity and value

As shown in table VI-1 from 2014 to 2016, the net sales volume for plastic decorative ribbon increased by *** percent, while net sales revenue increased by *** percent. However, both sales volume and value were lower in the first three quarters of 2017 (“interim 2017”) than the first three quarters of 2016 (“interim 2016”). The average net sales unit value (per-square yard) decreased from \$*** in 2014 to \$*** in 2016, and was lower in interim 2017 than interim 2016. On a company-specific basis, ***.²

¹ ***.

² ***.

Cost of goods sold and gross profit or (loss)

Other factory costs represent the largest component of overall COGS. Other factory costs as a share of COGS ranged between *** percent (2014) and *** percent (2016). On a unit basis (per-square yard), other factory costs increased from \$*** in 2014 to \$*** in 2016, and were *** higher in interim 2017 than in interim 2016.³

The second largest component of COGS during the period examined was raw material costs. Raw materials as a share of COGS ranged from *** percent (2016) to *** percent (2014). On a unit basis (per-square yard), raw material costs decreased from \$*** in 2014 to \$*** in 2016, but were higher in January-September 2017 (\$***) than in the same period in 2016 (\$***).

Direct labor, the last component of COGS, accounted for between *** percent (2016) and *** percent (2015) of overall COGS. On a unit basis, direct labor fluctuated in a relatively small range, decreasing from \$*** per square yard in 2014 to \$*** per square yard in 2016, and was higher in interim 2017, at \$*** per square yard, compared to \$*** per square yard in interim 2016.

On an overall basis, the plastic decorative ribbon industry's gross profit increased from \$*** in 2014 to \$*** in 2016, but was lower in interim 2017 (\$***) than in interim 2016 (\$***). The increase from 2014 to 2016 was mainly due to the higher volume of net sales, whereas the lower gross profit in interim 2017 was due to the lower volume of net sales coupled with a lower gross profit margin.

SG&A expenses and operating income or (loss)

As shown in table VI-1, the industry's SG&A expense ratio (i.e., total SG&A expenses divided by total revenue) moved within a relatively narrow range, from *** percent in 2015 to *** percent in interim 2017. Operating income followed a similar trend as gross profit and increased from \$*** in 2014 to \$*** in 2016, but was lower in interim 2017 (\$***) than in interim 2016 (\$***).⁴

Other expenses and net income or (loss)

Classified below the operating income level are interest expense, other expenses, and other income, which are usually allocated to the product line from high levels in the corporation. All other expenses, net of all other income, decreased from 2014 to 2016, but was higher in interim 2017 than the same period in 2016. By definition, items classified at this level in the income statement only affect net income or (loss). Overall net income for plastic

³ The tables display unit values rounded to the nearest cent. ***.

⁴ ***.

decorative ribbon increased from \$*** in 2014 to \$*** in 2016. In the first three quarters of 2017 net income was \$***, compared to \$*** in the same period in 2016.⁵

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-4 presents capital expenditures by firm. Reported capital expenditures increased from 2014 to 2016, but were lower in interim 2017 than in the same period in 2016. The ***.⁶ Neither firm reported ***.

Table VI-4
Plastic decorative ribbon: Capital expenditures of U.S. producers, 2014-16, January-September 2016, and January-September 2017

* * * * *

ASSETS AND RETURN ON ASSETS

Table VI-5 presents data on the U.S. producers' total assets and their return on assets ("ROA").⁷ The decorative plastic ribbon industry's total net assets increased from *** in 2014 to \$*** in 2015, and decreased to \$*** in 2016. The average operating ROA increased from *** percent in 2014 to *** percent in 2015, before decreasing to *** percent in 2016.⁸

Table VI-5
Plastic decorative ribbon: U.S. producers' total assets and return on assets, 2014-16

* * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of plastic decorative ribbon to describe any actual or potential negative effects of imports of plastic decorative ribbon from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-6 presents the number of firms reporting an impact in each category and table VI-7 presents the U.S. producers' narrative responses.

⁵ Due to the differences in ***.

⁶ ***.

⁷ With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product-specific. Accordingly, high-level allocation factors and estimates may have been required in order to report a total asset value for plastic decorative ribbon.

⁸ ***.

Table VI-6
Plastic decorative ribbon: Actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2014

* * * * *

Table VI-7
Plastic decorative ribbon: Narratives relating to the actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2014

* * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
- (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
- (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
- (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
- (V) inventories of the subject merchandise,*

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

- (VI) *the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,*
- (VII) *in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),*
- (VIII) *the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and*
- (IX) *any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²*

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV and V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 47 firms believed to produce and/or export plastic decorative ribbon from China.³ Usable responses to the Commission's questionnaire were received from four firms: Ningbo Feihong Stationery Co., Ltd. ("Feihong Stationery"),⁴ HuiZhou Wonderful Packaging Materials Co., Ltd ("Wonderful Packaging"),⁵ Ningbo Junlong Craft Gift Co., Ltd ("Junlong Craft"),⁶ and Joynice Gifts & Crafts Co., Ltd ("Joynice Gifts").⁷ ⁸ These firms' exports to the United States accounted for approximately *** percent of U.S. imports of plastic decorative ribbon from China in 2016.⁹ Table VII-1 presents information on the plastic decorative ribbon operations of the responding producers and exporters in China.

Table VII-1
Plastic decorative ribbon: Summary data for producers in China, 2016

Firm	Production (1,000 square yards)	Share of reported production (percent)	Exports to the United States (1,000 square yards)	Share of reported exports to the United States (percent)	Total shipments (1,000 square yards)	Share of firm's total shipments exported to the United States (percent)
Wonderful Packaging	***	***	***	***	***	***
Junlong Craft	***	***	***	***	***	***
Joynice Gifts	***	***	***	***	***	***
Feihong Stationery	***	***	***	***	***	***
Total	8,872	100.0	***	100.0	8,870	***

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

³ These firms were identified through a review of information submitted in the petition and contained in *** records.

⁴ Feihong Stationery reported that plastic decorative ribbon represented *** percent of its total sales in its most recent fiscal year.

⁵ Wonderful Packaging reported that plastic decorative ribbon represented *** percent of its total sales in its most recent fiscal year.

⁶ Junlong Craft reported that plastic decorative ribbon represented *** percent of its total sales in its most recent fiscal year.

⁷ Joynice Gifts reported that plastic decorative ribbon represented *** percent of its total sales in its most recent fiscal period.

⁸ Foreign producer questionnaire responses from two additional firms, ***, were submitted late and Commission staff was unable to incorporate them into the report.

⁹ Responding Chinese producers did not provide reliable estimates of the percentage of total Chinese production for which they accounted.

Changes in operations

As presented in table VII-2, producers in China reported a few operational and organizational changes since January 1, 2014.

Table VII-2
Plastic decorative ribbon: Chinese producers' reported changes in operations, since January 1, 2014

* * * * *

Operations on plastic decorative ribbon

Table VII-3 presents information on the plastic decorative ribbon operations of the responding producers and exporters in China.

Chinese producers' production capacity grew from 11.7 million square yards in 2014 to 12.9 million square yards in 2016, an increase of 10.5 percent. Three of the four firms reported higher production capacity in 2016 than in 2014. ***. Production capacity was 33.4 percent higher in January-September 2017 than in January-September 2016. *** reported lower production capacity in January-September 2017 than in January-September 2016, while *** and *** reported higher production capacity. Production capacity is projected to increase by 33.2 percent in 2017 and by 0.8 percent in 2018.

Exhibiting a similar trend as capacity, Chinese producers' total production grew from 7.2 million square yards in 2014 to 8.9 million square yards in 2016, an increase of 22.5 percent. Every producer reported higher levels of production in 2016 than in 2014. *** accounted for *** of the total increase as ***. Production was 48.5 percent higher, by 3.3 million square yards, in January-September 2017 than in January-September 2016. *** reported an increase in production and *** reported a decrease in production. *** accounted for the majority of the increase in production between the interim periods, ***. Production is projected to increase by *** percent in 2017 and by 1.7 percent from 2017 to 2018.

Table VII-3

Plastic decorative ribbon: Data on industry in China, 2014-16, January to September 2016, and January to September 2017 and projections for calendar years 2017 and 2018

Item	Actual experience					Projections	
	Calendar year			January to September		Calendar year	
	2014	2015	2016	2016	2017	2017	2018
	Quantity (1,000 square yards)						
Capacity	11,680	12,442	12,910	9,788	13,060	17,190	17,330
Production	7,241	8,478	8,872	6,812	10,117	***	13,220
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	7,020	8,513	8,870	6,771	10,069	***	13,225
	Ratios and shares (percent)						
Capacity utilization	62.0	68.1	68.7	69.6	77.5	***	76.3
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Capacity utilization ranged from 62.0 percent to 68.7 percent during 2014-16. Three of four producers reported higher capacity utilization in 2016 than in 2014. Capacity utilization was *** percentage points higher in January-September 2017 than in January-September 2016. Capacity utilization is projected to be *** percent in 2017 and 76.3 percent in 2018.

Home market shipments accounted for a decreasing share of Chinese producers' total shipments of plastic decorative ribbon (*** percent in 2014, *** percent in 2015, *** percent in 2016, and *** percent in January-September 2017). Exports, on the other hand, accounted for a growing share of Chinese producers' total shipments. In 2014, export shipments accounted for *** percent of total shipments. By 2016, exports accounted for *** percent of total shipments and, in January-September 2017, it accounted for *** percent.

During 2014-16, the majority of Chinese exports were to non-U.S. markets. These shipments accounted for *** percent, *** percent, and *** percent of total exports in 2014, 2015, and 2016, respectively. However, export shipments to the United States increased by *** percent from 2014 to 2016. Much of this growth can be attributed to ***. Three of four Chinese producers reported more export shipments to the United States in 2016 than in 2014. Export shipments to the United States were *** percent lower in January-September 2017 than in January-September 2016. Export shipments to the United States are projected to end *** percent lower in 2017 than in 2016 and to increase by *** percent from 2017 to 2018.

Alternative products

One responding Chinese producer reported production of other products on the same equipment and machinery used to produce plastic decorative ribbon. As shown in table VII-4, plastic decorative ribbon accounted for *** production on shared equipment between 2014 and 2016.

Table VII-4

Plastic decorative ribbon: Chinese producers' overall capacity and production on the same equipment as subject production, 2014-16, January to September 2016, and January to September 2017

Item	Calendar year			January to September	
	2014	2015	2016	2016	2017
	Quantity (1,000 square yards)				
Overall capacity	12,640	14,320	15,370	11,680	16,740
Production:					
Plastic decorative ribbon	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	7,241	8,500	8,899	6,835	10,146
	Ratios and shares (percent)				
Overall capacity utilization	57.3	59.4	57.9	58.5	60.6
Share of production:					
Plastic decorative ribbon	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

Exports

According to Global Trade Atlas (“GTA”), the leading export markets for plastic decorative ribbon from China in 2016, by value,¹⁰ were Vietnam, Japan, and the Philippines. During 2016, the United States was the eighth largest export market for plastic decorative ribbon from China, accounting for 4.8 percent. South Korea, Taiwan, Malaysia, and Indonesia were also larger markets for plastic decorative ribbon from China than the United States. Table VII-5 presents data on Chinese exports of plastic decorative ribbon.

¹⁰ Official export statistics as reported by China Customs in the GTA database do not have volume data for Chinese exports of plastic decorative ribbon.

Table VII-5
Plastic decorative ribbon: Exports from China by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Value (1,000 dollars)		
Exports from China to the United States	26,087	30,400	27,805
Exports from China to other major destination markets.--			
Vietnam	55,783	56,737	61,667
Japan	66,457	51,472	42,008
Philippines	62,785	47,202	40,540
Korea South	35,942	36,344	38,680
Taiwan	38,155	41,634	37,228
Malaysia	45,504	41,583	37,048
Indonesia	16,920	26,925	29,787
Hong Kong	42,081	36,861	26,910
All other destination markets	291,686	298,072	232,093
Total China exports	681,401	667,231	573,766
	Share of value (percent)		
Exports from China to the United States	3.8	4.6	4.8
Exports from China to other major destination markets.--			
Vietnam	8.2	8.5	10.7
Japan	9.8	7.7	7.3
Philippines	9.2	7.1	7.1
Korea South	5.3	5.4	6.7
Taiwan	5.6	6.2	6.5
Malaysia	6.7	6.2	6.5
Indonesia	2.5	4.0	5.2
Hong Kong	6.2	5.5	4.7
All other destination markets	42.8	44.7	40.5
Total exports from China	100.0	100.0	100.0

Source: Official export statistics under HS subheading 3920.20 and 3926.40 as reported by China Customs in the IHS/GTA database, accessed January 17, 2018.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-6 presents data on U.S. importers' reported inventories of plastic decorative ribbon. U.S. importers' end-of-period inventories of imports from China fluctuated, increasing by *** percent from 2014 to 2015 and then decreasing by *** percent from 2015 to 2016, ending *** percent higher in 2016 than in 2014. ***.

Table VII-6
Plastic decorative ribbon: U.S. importers' end-of-period inventories of imports by source, 2014-16, January to September 2016, and January to September 2017

* * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested that importers indicate whether they imported or arranged for the importation of plastic decorative ribbon from China after September 30, 2017. Responding importers reported *** square yards of arranged imports from China; the majority for the last quarter of 2017. Table VII-7 presents shipments of plastic decorative ribbon arranged for U.S. importation after September 30, 2017. Fourteen out of 21 importers reported orders in the last quarter of 2017 while only 4 out of 21 reported orders in July-September 2018. The lower level of orders in the third quarter of 2018 than in the fourth quarter of 2017 can be partially explained by the seasonal nature of the subject merchandise.

Table VII-7
Plastic decorative ribbon: Arranged imports, October 2017 through September 2018

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Responding Chinese producers stated that they are unaware of any antidumping or countervailing duty orders in third-country markets on plastic decorative ribbon from China.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, 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
83 FR 3126 01/23/2018	<i>Certain Plastic Decorative Ribbon From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-01-23/pdf/2018-01148.pdf
83 FR 3114 01/23/2018	<i>Certain Plastic Decorative Ribbon From the People's Republic of China: Initiation of Countervailing Duty Investigation</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-01-23/pdf/2018-01147.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission’s preliminary conference:

Subject: Plastic Decorative Ribbon from China
Inv. Nos.: 701-TA-592 and 731-TA-1400 (Preliminary)
Date and Time: January 17, 2018 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in Courtroom C (Room 100), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

Petitioner (**Daniel B. Pickard**, Wiley Rein LLP)

**In Support of the Imposition of
Antidumping and Countervailing Duty Orders:**

Wiley Rein LLP
Washington, DC
on behalf of

Berwick Offray, LLC

Christopher Munyan, President and Chief Executive Officer, Berwick Offray, LLC

Lee Boy, Vice President of Manufacturing, Berwick Offray, LLC

Julie Pajic, Director of Pricing, Berwick Offray, LLC

Rudy Singh P.E., Director of Manufacturing, Berwick, LLC

Dr. Seth T. Kaplan, International Economic Research LLC

Travis Pope, Associate, Capital Trade Inc.

Amy E. Sherman, International Trade Analyst, Wiley Rein LLP

Daniel B. Pickard) – OF COUNSEL

CLOSING REMARKS:

Petitioner (**Daniel B. Pickard**, Wiley Rein LLP)

-END-

APPENDIX C
SUMMARY DATA

Table C-1

Plastic decorative ribbon: Summary data concerning the U.S. market, 2014-16, January to September 2016, and January to September 2017

(Quantity=1,000 square yards; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per square yard; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan-Sep
	2014	2015	2016	2016	2017	2014-16	2014-15	2015-16	2016-17
U.S. consumption value:									
Amount.....	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***	***	***	***
U.S. consumption quantity:									
Amount.....	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments from:									
China:									
Value.....	11,030	13,028	18,339	12,120	11,199	66.3	18.1	40.8	(7.6)
Quantity.....	9,445	12,012	17,172	12,418	11,054	81.8	27.2	43.0	(11.0)
Unit value.....	\$1.17	\$1.08	\$1.07	\$0.98	\$1.01	(8.5)	(7.1)	(1.5)	3.8
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Nonsubject sources:									
Value.....	***	***	***	***	***	***	***	***	***
Quantity.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All import sources:									
Value.....	***	***	***	***	***	***	***	***	***
Quantity.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
U.S. producers:									
Average capacity quantity.....	***	***	***	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Value.....	***	***	***	***	***	***	***	***	***
Quantity.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Export shipments:									
Value.....	***	***	***	***	***	***	***	***	***
Quantity.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***	***	***	***
Hours worked (1,000s).....	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour).....	***	***	***	***	***	***	***	***	***
Productivity (square yards per hour).....	***	***	***	***	***	***	***	***	***
Unit labor costs.....	***	***	***	***	***	***	***	***	***
Net sales:									
Value.....	***	***	***	***	***	***	***	***	***
Quantity.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***	***	***	***
Unit net income or (loss).....	***	***	***	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Due to reporting issues with quantity measurement, value data are presented first.

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Undefined.

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