

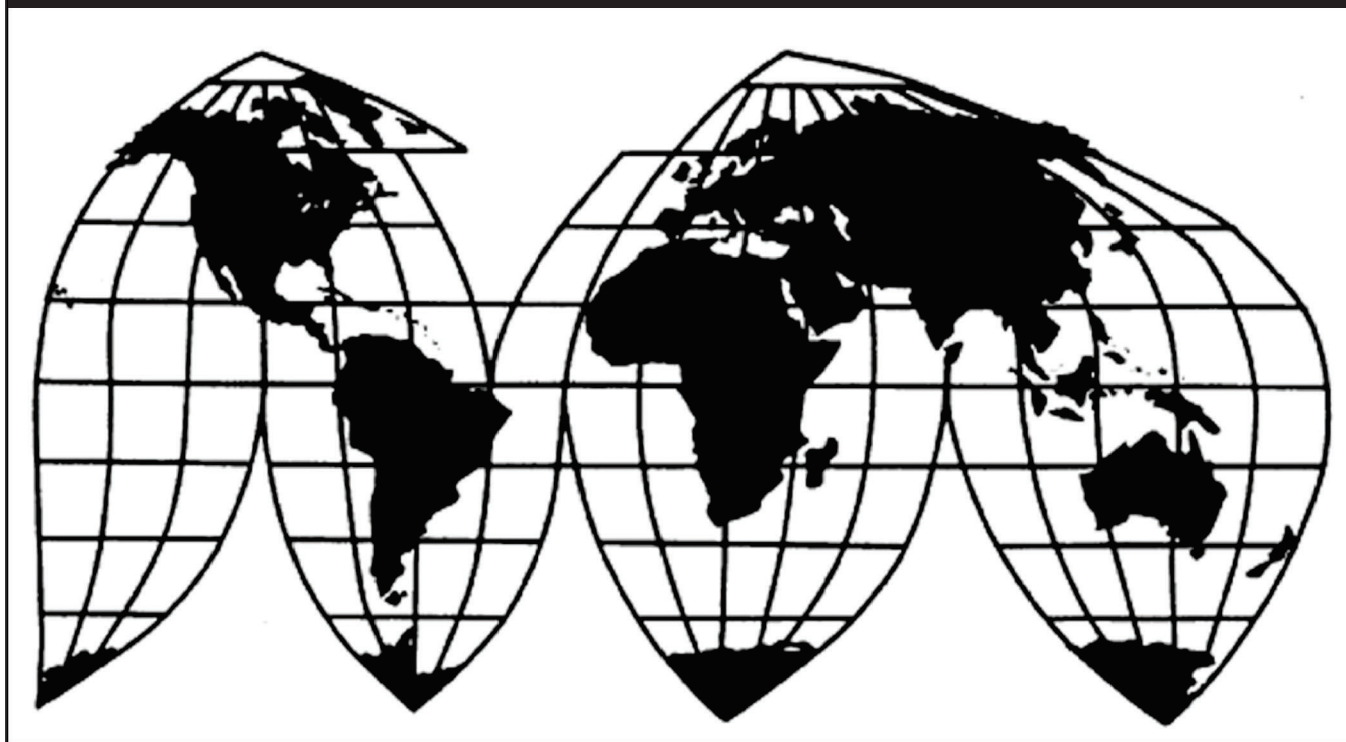
Plastic Decorative Ribbon from China

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

Publication 4875

March 2019

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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

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 an industry in the United States is materially injured by reason of imports of plastic decorative ribbon from China, provided for in subheadings 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; 4601.99.90; 4602.90.00; 5404.90.00; 5609.00.30; 5609.00.40; 6307.90.98; and 9505.90.40 of the Harmonized Tariff Schedule of the United States, that have been found by the U.S. Department of Commerce (“Commerce”) to be sold in the United States at less than fair value (“LTFV”), and to be subsidized by the government of China.

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)), instituted these investigations effective December 27, 2017, following receipt of petitions filed with the Commission and Commerce by Berwick Offray LLC, Berwick, Pennsylvania. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of plastic decorative ribbon from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and sold at LTFV within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission’s investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on August 30, 2018 (83 FR 44302). The hearing was held in Washington, DC, on December 13, 2018, and all persons who requested the opportunity were permitted to appear in person or by counsel. Due to the lapse in appropriations and ensuing cessation of Commission operations, all import injury investigations conducted under authority of Title VII of the Tariff Act of 1930 accordingly have been tolled pursuant to 19 U.S.C §§ 1671d(b)(2), 1673d(b)(2). A revised schedule was published on February 8, 2019 (84 FR 2926).

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

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports of plastic decorative ribbon (“ribbon”) from China found by the U.S. Department of Commerce (“Commerce”) to be sold in the United States at less than fair value and to be subsidized by the government of China.¹

I. Background

Berwick Offray, LLC (“Berwick” or “petitioner”), a U.S. producer of ribbon, filed the petitions in these investigations on December 27, 2017.² Representatives of Berwick appeared with counsel at the hearing and submitted prehearing and posthearing briefs.³ No respondent entities participated in the final phase of these investigations.⁴

U.S. industry data are based on questionnaire responses from Berwick and Hallmark Cards, Inc. (“Hallmark”), which accounted for the vast majority of domestic production of ribbon during the January 1, 2015, to June 30, 2018, period of investigation (“POI”).⁵ U.S. import data are based on questionnaire responses of 22 U.S. importers of ribbon from China over the POI, which accounted for the vast majority of subject imports in 2017 as reflected under the two primary HTS statistical reporting numbers for ribbon.⁶ In the final phase of these investigations, one producer of subject merchandise in China submitted a questionnaire response: Nan Mei, which estimates that it accounted for *** percent of the production of subject merchandise in China in 2017.⁷

¹ Due to the lapse in appropriations and ensuing cessation of partial government operations, all import injury investigations conducted under authority of Title VII of the Tariff Act of 1930 accordingly have been tolled pursuant to 19 U.S.C. §§ 1671d(b)(2), 1673d(b)(2).

² Confidential Report, Memorandum INV-RR-001 (Feb. 13, 2019) (“CR”) at I-1; Public Report, *Plastic Decorative Ribbon from China*, Inv. Nos. 701-TA-592 and 731-TA-1400 (Final), USITC Pub. 4875 (March 2019) (“PR”) at I-1.

³ Petitioner’s Prehearing Brief, Dec. 6, 2018 (“Petitioner’s Prehear. Br.”); Petitioner’s Posthearing Brief, January 31, 2019 (“Petitioner’s Posthear. Br.”). During the preliminary phase of these investigations, Berwick appeared at the staff conference and submitted a postconference brief. Berwick’s Post-Conference Brief and Answers to Staff Questions (Jan. 22, 2018) (as revised, Jan. 23, 2018) (“Petitioner’s Postconf. Br.”).

⁴ Impact Innovations, Inc., an importer of subject merchandise, submitted a postconference brief during the preliminary phase of these investigations. Impact Innovations Post-Conference Brief (Jan. 23, 2018) (as refiled, Jan. 25, 2018).

⁵ CR/PR at III-1.

⁶ CR at I-4 to I-5, PR at I-4. The statistical reporting numbers are 3920.20.0015 and 3926.40.0010. *Id.*

⁷ CR at VII-3, PR at VII-3.

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁸ 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.”⁹ 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.”¹⁰

The decision regarding the appropriate domestic like product 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.¹¹ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹² The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹³ Although the Commission must accept Commerce’s determination as to the scope of the imported merchandise that is subsidized or

⁸ 19 U.S.C. § 1677(4)(A).

⁹ 19 U.S.C. § 1677(4)(A).

¹⁰ 19 U.S.C. § 1677(10).

¹¹ 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).

¹² See, e.g., S. Rep. No. 96-249 at 90–91 (1979).

¹³ *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.”).

sold at less than fair value (“LTFV”),¹⁴ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁵

B. Product Description

Commerce defined the scope of the imported merchandise under investigation 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, but disregarding any features that measure 4 inches or less in width, such as tapering or cutting at the ends or in a bow knot, provided that aggregate length of such features comprises no more than 20% of the length of the ribbon. Subject merchandise includes but is 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, bowl-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 nonplastic 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

¹⁴ See, e.g., *USEC, Inc. v. United States*, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), *aff’d*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

¹⁵ *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 in which Commerce found five classes or kinds).

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, made of fabric, or covered by any other decorative coating such as glitter (whether of plastic or non-plastic materials), and (b) a flexible metal wire at the base which permits attachment to an 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; (9) cords, *i.e.*, multiple strands of materials that have been braided, gimped or twisted together; and (10) ribbons in the form of bows having a 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.

The scope of the investigation excludes shredded plastic film or shredded plastic strip, in each case where the shred does not exceed 5 mm in width and does not exceed 18 inches in length.

The scope of the investigation excludes plastic garlands and plastic tinsel garlands, imported in lengths of not less than three (3) feet. The longitudinal base of these garlands may be made of wire or non-wire material, and these garlands may include plastic die-cut pieces. Also excluded are items made of plastic garland and/or plastic tinsel where the items do not have a tab or other means for attaching the item to an object using adhesives. This exclusion does not apply to plastic garland bows, plastic tinsel bows, or other bow-like products made of plastic garland or plastic tinsel.

The scope of the investigation excludes ribbons made exclusively of fabric formed by weaving or knitting threads together, or by matting, condensing or pressing fibers together to create felt fabric, regardless of thread or fiber composition, including without limitation, fabric ribbons of polyester, nylon, acrylic or terylene threads or fibers. This exclusion does not apply to plastic ribbons that are flocked.

The scope of the investigation excludes ribbons having a width of less than three (3) mm when incorporated by weaving into mesh material (whether flat or tubular) or fabric ribbon (meaning ribbon formed by weaving all or any of the following: man-made fibers, natural fibers, metal threads and/or metalized yarns), in each case only where the mesh material or fabric ribbon is imported in the form of a decorative bow or a decorative bow-like item.

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.¹⁶

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.¹⁷ The pies are unwound and rewound into various retail configurations of ribbons or converted into bow mechanisms and shapes.¹⁸ Although their primary end use is as a decorative component of gift wrapping, finished ribbon products can be used, for example, as balloon strings or decorations as part of a floral arrangement or at a grave site as a commemoration of loss.¹⁹ Events for which ribbon is used widely include Christmas and birthdays.²⁰

C. Domestic Like Product Analysis

In its preliminary determinations, the Commission defined a single domestic like product, coextensive with the scope of these investigations.²¹ It found that that all ribbon within the scope possessed similar physical characteristics and was used primarily as decoration in gift wrapping and party crafting.²² All ribbon within the scope could be used interchangeably, was sold to mass market retailers and similar stores, and was produced in a similar manner at the same facilities and generally by the same employees.²³

In the final phase of these investigations, petitioner argues that the Commission should define a single domestic like product coextensive with the scope of the investigations.²⁴ Information in the final phase of these investigations that affects the Commission's like product analysis is the same as that in the preliminary phase.²⁵ In light of the foregoing, and in the absence of any contrary argument, we again define a single domestic like product including all plastic decorative ribbon corresponding to the scope.

¹⁶ *Certain Plastic Decorative Ribbon From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 84 Fed. Reg. 1055, 1057–58 (Feb. 1, 2019); see also *Certain Plastic Decorative Ribbon From the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 84 Fed. Reg. 1064, 1066–67 (Feb. 1, 2019). The scope definitions are the same in the antidumping and countervailing duty investigations.

¹⁷ CR at I-15 to I-16, PR at I-12 to I-13.

¹⁸ CR at I-16, PR at I-13.

¹⁹ CR at I-13, PR at I-11 to I-12.

²⁰ CR at I-13, PR at I-12.

²¹ *Plastic Decorative Ribbon from China*, Inv. Nos. 701-TA-592 and 731-TA-1400 (Preliminary), USITC Pub. 4763 (Feb. 2018) (“Preliminary Determinations”) at 8–9.

²² Preliminary Determinations, USITC Pub. 4763 at 8.

²³ Preliminary Determinations, USITC Pub. 4763 at 8–9.

²⁴ Petitioner's Prehear. Br. at 2–3; Hearing Tr. at 6.

²⁵ See generally CR at I-13 to I-16, PR at I-11 to I-13.

III. Domestic Industry

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”²⁶ 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 domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.²⁷ Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation.²⁸ As explained further below, both domestic producers that responded to the questionnaire, Berwick and Hallmark, are related parties, and we examine for each whether appropriate circumstances exist to exclude it from the domestic industry.

Berwick. Berwick, the petitioner in these investigations, is a related party because it imported subject merchandise from China during the POI.²⁹ Berwick accounted for *** percent of domestic ribbon production during 2017.³⁰ During the POI, Berwick’s imports of subject

²⁶ 19 U.S.C. § 1677(4)(A).

²⁷ 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).

²⁸ 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.

²⁹ CR/PR at Table III-9. Berwick ***. CR/PR at Table III-2.

³⁰ CR/PR at Table III-1.

merchandise were equivalent to between *** and *** percent of its domestic production.³¹ The ratio of its imports to domestic production increased from 2015 to 2017, but ***.³²

Given that Berwick's U.S. production far exceeded its volume of subject imports throughout the POI, the record indicates that its principal interest is in domestic production. Additionally, Berwick ***. 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 merchandise from China during the POI.³³ Hallmark accounted for *** percent of domestic production during 2017.³⁴ During the POI, Hallmark's imports of subject merchandise were equivalent to between *** and *** percent of its domestic production.³⁵ The ratio of its imports to domestic production *** from 2015 to 2017, but ***.³⁶

Given that Hallmark's U.S. production far exceeded its volume of subject imports throughout the POI, the record indicates that its principal interest is in domestic production. Further, although Hallmark ***, no party has argued for excluding Hallmark from the domestic industry.³⁷ 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.

IV. Material Injury by Reason of Subject Imports

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of ribbon from China that Commerce has found to be sold in the United States at LTFV and to be subsidized by the government of China.

³¹ Imports of subject merchandise controlled by Berwick totaled \$*** in 2015 (equivalent to *** percent of its domestic production), \$*** in 2016 (equivalent to *** percent of its domestic production), \$*** in 2017 (equivalent to *** percent of its domestic production), \$*** from January to June ("interim") 2017 (equivalent to *** percent of its domestic production), and \$*** in interim 2018 (equivalent to *** percent of its domestic production). CR/PR at Table III-9. These import figures represented direct and facilitated imports of subject merchandise by Berwick. *Id.* Berwick stated that ***. *Id.*

³² CR/PR at Table III-9.

³³ CR/PR at Table III-9. ***. CR at III-2, PR at III-1.

³⁴ CR/PR at Table III-1.

³⁵ Imports of subject merchandise controlled by Hallmark totaled \$*** in 2015 (equivalent to *** percent of its domestic production), \$*** in 2016 (equivalent to *** percent of its domestic production), \$*** in 2017 (equivalent to *** percent of its domestic production), \$*** in interim 2017 (equivalent to *** percent of its domestic production), and *** in interim 2018. CR/PR at Table III-9. These import figures represent direct and facilitated imports of subject merchandise by Hallmark. *Id.* Hallmark stated its reason for importing ribbon from China as "****." *Id.*

³⁶ CR/PR at Table III-9.

³⁷ CR/PR at III-1.

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.³⁸ 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.³⁹ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁴⁰ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁴¹ 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.”⁴²

Although the statute requires the Commission to determine whether the domestic industry is “materially injured or threatened with material injury by reason of” unfairly traded imports,⁴³ 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.⁴⁴ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁴⁵

³⁸ 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects.

³⁹ 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 ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁴⁰ 19 U.S.C. § 1677(7)(A).

⁴¹ 19 U.S.C. § 1677(7)(C)(iii).

⁴² 19 U.S.C. § 1677(7)(C)(iii).

⁴³ 19 U.S.C. §§ 1671d(a), 1673d(a).

⁴⁴ *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’g*, 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁴⁵ The Federal Circuit, in addressing the causation standard of the statute, observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports, not by reason of a minimal or tangential contribution to material harm

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.⁴⁶ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁴⁷ Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.⁴⁸ It is

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).

⁴⁶ 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.

⁴⁷ 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 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.”).

⁴⁸ S. Rep. 96-249 at 74–75; H.R. Rep. 96-317 at 47.

clear that the existence of injury caused by other factors does not compel a negative determination.⁴⁹

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.”⁵⁰ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁵¹

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases where the relevant “other factor” was the presence in the market of significant volumes of price-competitive 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.⁵² 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 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.⁵³ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

⁴⁹ See *Nippon Steel Corp.*, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁵⁰ *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 *Swift-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comports with the Court’s guidance in *Mittal*.

⁵¹ *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.”).

⁵² *Mittal Steel*, 542 F.3d at 875–79.

⁵³ *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).

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.⁵⁴

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.⁵⁵ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁵⁶

B. Conditions of Competition and the Business Cycle⁵⁷

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

1. Demand Considerations

Ribbon is used primarily as decoration for gifts, but can be used for other decorative purposes in celebrations or special events.⁵⁸ The end-of-year holiday season and birthdays are occasions when ribbon is widely used.⁵⁹ Demand for ribbon is seasonal, with sales negotiations with large retailers reportedly taking place from October of the prior year until the following

⁵⁴ 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.

⁵⁵ We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁵⁶ *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.").

⁵⁷ Pursuant to section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to the domestic like product that account for less than 3 percent of all such merchandise imported into the United States in the most recent 12-month period for which data are available preceding the filing of the petition shall generally be deemed negligible. 19 U.S.C. § 1677(24)(A)(i).

Negligibility is not an issue in these investigations. Based on questionnaire data, U.S. imports from China accounted for *** percent of total imports of ribbon by quantity from December 2016 to November 2017, the 12-month period preceding the filing of the petitions. CR/PR at Table IV-3.

⁵⁸ CR at I-13, PR at I-11 to I-12.

⁵⁹ CR at I-13, PR at I-12.

April.⁶⁰ Domestic production is greatest during the second and third quarters, with the largest shipment volumes occurring between September and November.⁶¹ Large retailers are responsible for most purchases of ribbon, whether domestically produced or imported from China.⁶² Ribbon is sold in a variety of forms, such as wound onto itself or a spool, wound into a keg- or egg-shaped configuration, or made into bows.⁶³ Bows constituted the predominant share of shipments of both domestic product and the subject imports during the POI.⁶⁴

Both domestic producers and most importers reported that demand for ribbon in the U.S. market was unchanged or had declined during the POI.⁶⁵ Apparent U.S. consumption of ribbon fluctuated in a fairly narrow range during the POI, decreasing irregularly from \$*** in 2015 to \$*** in 2017.⁶⁶ Apparent U.S. consumption was \$*** during interim 2017 and \$*** in interim 2018.⁶⁷

⁶⁰ CR at II-9, III-8 to III-9; PR at II-6, III-4.

⁶¹ CR at III-9; PR at III-4. *** and all seven responding importers that experienced seasonal demand reported that 35–100 percent of their sales were in the fourth quarter. CR at II-9, PR at II-6.

⁶² CR/PR at Table II-1.

⁶³ 84 Fed. Reg. at 1057–58; 84 Fed. Reg. at 1066–67.

⁶⁴ For domestic product, bows accounted for *** percent of U.S. producers' U.S. shipments by value from 2015 to 2017. Derived from CR/PR at Table III-7. For subject imports, bows accounted for *** percent of U.S. importer's U.S. shipments from China by value from during 2015 to 2017. Derived from CR/PR at Table IV-4.

⁶⁵ CR/PR at Table II-4.

⁶⁶ CR/PR at Table IV-5. We rely principally on value data as the most accurate measurement of volume given the lack of uniformity in the quantity data available. Importers appeared to be better equipped to provide the Commission with more accurate, consistent, and therefore reliable data based on value, as opposed to pounds. Prior to 2017, imports were typically recorded as units, which vary by shipment, and conversion factors from units to pounds are not standardized in the industry. This lack of standardization resulted in inconsistent conversion methodologies used in questionnaire responses and similar conversion problems for use of official import statistics for quantity data prior to 2017. CR at III-7 n.4, IV-1 n.2; PR at III-3 n.4, IV-1 n.2. Nevertheless, we have also examined the quantity data for apparent U.S. consumption during the POI. These data indicate that apparent U.S. consumption declined from *** pounds in 2015 to *** pounds in 2017, and was lower in interim 2018 (*** pounds) than in interim 2017 (*** pounds). CR/PR at Table IV-5.

⁶⁷ CR/PR at Table IV-5. Berwick argues that the seasonal nature of the ribbon market makes interim period data "relatively less probative." Petitioner's Prehear. Br. at 13. Although we recognize the seasonality of this industry, we do not believe that the stated concerns are unique to this product. Given that we are comparing the same six months of both years, we have not reduced the weight we have accorded to comparisons of the interim period data, but acknowledge that product mix (bows, spooled ribbon, and other forms) varied between the first and second halves of the year. See CR/PR at Tables III-7, IV-4. We also acknowledge, because of the seasonal nature of the product, that both subject imports and the domestic industry's shipments of ribbon are much higher during the second half of the year than the first half. See CR/PR at Tables III-6, IV-4.

2. Supply Considerations

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 2017.⁶⁸ Hallmark accounted for the remaining *** percent of reported domestic production in 2017.⁶⁹ The domestic industry's share of apparent U.S. consumption declined irregularly from *** percent in 2015 to *** percent in 2017; it was *** percent in interim 2017 and lower, at *** percent, in interim 2018.⁷⁰

Subject imports were the second-largest source of supply to the U.S. market and the predominant source of imports during the POI.⁷¹ Their share of apparent U.S. consumption increased irregularly from *** percent in 2015 to *** percent in 2017; it was *** percent in interim 2017 and higher, at *** percent, in interim 2018.⁷² An appreciable share of subject imports are imported or facilitated by the domestic industry.⁷³ The record also shows that retailers directly import ribbon from China in substantial amounts.⁷⁴

Nonsubject imports consistently accounted for a small share of the U.S. market during the POI. Their share of apparent U.S. consumption was *** from 2015 to 2017; it was *** percent in interim 2017 and *** percent in interim 2018.⁷⁵

3. Substitutability and Other Conditions

We find that the domestic like product and subject imports are highly substitutable.⁷⁶ Both responding U.S. producers, 15 of 20 responding U.S. importers, and nine of 11 responding purchasers reported that the domestic like product and subject imports are “always” or

⁶⁸ CR/PR at Tables III-1, IV-5. Berwick acquired in February 2015 substantially all of the assets of Hollywood Ribbon Industries, Inc., a U.S. company with most of its workforce in Mexico and a production facility in California. Petitioner's Prehear. Br. at 4–5; CR/PR at Table VI-7.

⁶⁹ CR/PR at Table III-1.

⁷⁰ CR/PR at Table IV-5.

⁷¹ Certain subject imports are subject to an additional duty of 25 percent under Section 301 of the Trade Act of 1974, as amended, 19 U.S.C. § 2411. CR at I-12 to I-13, PR at I-11 (specifying HTS headings subject to section 301 tariffs). Imports covered by the Section 301 trade action reportedly accounted for less than 7 percent of total subject imports. Petitioner's Prehear. Br. at 15–16 (time period not specified). See Petitioner's Posthear. Br. at exh. 1, p. 7.

⁷² CR/PR at Table IV-5. Subject imports' share of the market is likely *** because U.S. import data from *** questionnaire response was not used due to issues with its quantity data. CR at IV-9 n.11, PR at IV-6 n.11.

⁷³ CR/PR at Table III-9. The domestic industry facilitates the importation of subject merchandise from China by ***. CR at III-2 n.1, III-13, III-15; PR at III-1 n.1, III-6.

⁷⁴ See CR at V-5 to V-6, PR at V-4 to V-5; CR/PR at Table IV-1.

⁷⁵ CR/PR at Table IV-5.

⁷⁶ CR at II-10 to II-11; PR at II-7.

“frequently” interchangeable.⁷⁷ Responding purchasers also generally reported that the domestic like product was comparable to subject imports, except with respect to price.⁷⁸

We also find that price is an important factor in purchasing decisions for ribbon. More responding purchasers identified price as a very important factor in their purchasing decisions than any of 16 other factors, including quality, reliability of supply, and availability.⁷⁹ Both responding U.S. producers and a majority of responding U.S. importers and purchasers reported that nonprice differences are “sometimes” or “never” a significant factor in their sales transactions, regardless of source country.⁸⁰ Price was also reported as one of the top three purchasing factors, along with quality and availability/supply.⁸¹ Majorities of purchasers also reported that they perceived subject imports and the domestic like product to be comparable in the two nonprice factors (product consistency and reliability of supply) most frequently named as very important.⁸²

The primary input in producing ribbon is polypropylene.⁸³ The U.S. price of polypropylene decreased from 106.5 cents per pound in January 2015 to 62.5 cents per pound in January 2017, then increased to 83.5 cents per pound in June 2018, an overall decrease of 21.6 percent.⁸⁴

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.”⁸⁵

Subject imports maintained a substantial presence in the U.S. market throughout the POI. The value of subject imports increased irregularly from \$15.2 million in 2015 to \$18.4 million in 2017, an increase of 21.1 percent.⁸⁶ Subject import value was \$4.5 million in interim 2017 and higher, at \$5.2 million, in interim 2018.⁸⁷

The market share of subject imports rose irregularly over the POI. Subject imports accounted for *** percent of apparent U.S. consumption by value in 2015, *** percent in 2016, and *** percent in 2017; their market share was *** percent in interim 2017 and higher, at ***

⁷⁷ CR/PR at Table II-10.

⁷⁸ CR at II-15, PR at II-10 to II-11.

⁷⁹ CR/PR at Table II-7.

⁸⁰ CR/PR at Table II-12.

⁸¹ CR/PR at Table II-6.

⁸² CR/PR at Tables II-7, II-9.

⁸³ CR at I-14, PR at I-12.

⁸⁴ CR/PR at V-1; polypropylene price chart, Plastics News Update, EDIS Doc. 664221 (Dec. 14, 2018).

⁸⁵ 19 U.S.C. § 1677(7)(C)(i).

⁸⁶ CR/PR at Tables IV-5, C-1. The quantity of subject imports increased steadily from 3.3 million pounds in 2015 to 4.9 million pounds in 2017. *Id.*

⁸⁷ CR/PR at Table IV-5. The quantity of subject imports was 1.3 million pounds in interim 2017 and higher, at 1.6 million pounds, in interim 2018. *Id.*

percent, in interim 2018.⁸⁸ Subject imports gained market share at the expense of the domestic industry.⁸⁹ From 2015 to 2017, 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 2018 than interim 2017, and the domestic industry's market share was lower by *** percentage points.⁹⁰

In light of the foregoing, we find that the volume of subject imports and the increase in that volume are 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 the 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.⁹¹

As explained above in section IV.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.⁹² One domestic producer and three importers provided usable pricing

⁸⁸ CR/PR at Table IV-5. By quantity, subject imports' market share increased steadily from *** percent in 2015 to *** percent in 2017; it was *** percent in interim 2017 and higher, at *** percent, in interim 2018. *Id.*

⁸⁹ As explained above, the domestic industry's market share declined irregularly from *** percent in 2015 to *** percent in 2017; it was *** percent in interim 2017 and lower, at *** percent, in interim 2018. CR/PR at Table IV-5.

⁹⁰ CR/PR at Tables IV-5, C-1.

⁹¹ 19 U.S.C. § 1677(7)(C)(ii).

⁹² The three pricing products are:

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.-- 12-18 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 1/2" and not more than 3/4".

Product 3.-- Ribbon "Eggs" (or "Kegs") in multi-packs of 4-10: 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")

data, although not all firms reported pricing for all products for all quarters.⁹³ On a value basis, pricing data reported by these firms accounted for *** percent of U.S. producers' reported U.S. commercial shipments and *** percent of importers' U.S. commercial shipments of ribbon from China in 2017.⁹⁴ Direct import purchase cost data for the three pricing products accounted for *** percent of the value of imports from China in 2017.⁹⁵ Pricing product 2 consists of bows, which, as explained above in section IV.B.1, is the predominant form in which both the domestic like product and subject imports are shipped. Consequently, we have focused particularly on data for product 2 in our analysis.

We have examined several sources of data in our underselling analysis. There were limited quarterly comparisons between import sales pricing data and U.S. producers' data. The available data show that subject imports undersold the domestic product in four quarterly comparisons and oversold the domestic product in five comparisons.⁹⁶ For product 2, the pricing data show that subject imports undersold the domestic like product in *** with an average margin of *** percent.⁹⁷

We also examined import purchase cost data for those subject imports entering the U.S. market as direct imports by retailers. The direct import purchase cost data were lower than U.S. producer prices in 23 out of 30 comparisons, with all instances of lower direct import purchase costs occurring for products 1 and 2. For product 2, direct import purchase costs were lower than U.S. producer prices in 10 of 11 quarterly comparisons. In the 10 instances when direct import purchase costs were lower than U.S. producer prices for product 2, the average difference was *** percent; in the 23 instances when direct import purchase costs of products 1 and 2 were lower than U.S. producer prices, the average difference was *** percent.⁹⁸ We recognize that direct import purchase costs may not reflect the total cost of importing. However, no importer reported additional costs associated with direct importing that were more than 20 percent of the purchase price.⁹⁹ Based on this record, the purchase cost data for direct imports demonstrate that subject imports were generally available at a lower cost to importers than the sales prices of the domestic like product.

configuration, intended for retail sale in "multi-packs" of four to ten ribbon eggs (or kegs) per package. CR at V-5, PR at V-4.

⁹³ CR at V-5, PR at V-4.

⁹⁴ CR at V-5, PR at V-4.

⁹⁵ Work sheet, EDIS Doc. 668334 (Feb. 26, 2019).

⁹⁶ CR/PR at Table V-7.

⁹⁷ CR/PR at Table V-7. For product 1 (curl ribbon), the pricing data show that subject imports undersold the domestic like product in *** at a margin of *** percent. *Id.* For product 3 (ribbon kegs), there was mixed overselling and underselling, with *** imported kegs involved in the *** quarters of overselling and *** imported kegs involved in the *** quarter of underselling. The average overselling margin was *** percent, and the underselling margin was *** percent. CR/PR at Table V-7.

⁹⁸ Work sheet, EDIS Doc. 668334 (Feb. 26, 2019) at 8–10, 12.

⁹⁹ Work sheet, EDIS Doc. 667152 (Feb. 14, 2019), responses to importer question III-3c(iii)(B).

In response to the lost sales/lost revenue allegations, ***, the *** purchaser of subject imports, stated that it purchased \$*** of subject imports during the POI because these imports were priced lower than the domestic like product.¹⁰⁰

In light of the foregoing, we find that there was significant 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, we find that there is a link between this underselling and the subject imports' gain in market share during the POI at the expense of the domestic industry.

Because of the seasonality of sales in the industry, which are overwhelmingly concentrated in the second half of the year, we have compared pricing data for the domestic industry in the fourth quarter in each year of the POI. The price for domestically produced product 2 decreased from 2015 to 2017 by *** percent.¹⁰¹ We find that this price decline was caused by the large and increasing volume of low-priced subject imports.¹⁰² Indeed, this price decline occurred notwithstanding that apparent U.S. consumption over the POI showed only relatively minor fluctuations and that the domestic industry's unit cost of goods sold (COGS) was higher in 2017 than 2015.¹⁰³ We therefore conclude that the subject imports have depressed prices of the domestic like product to a significant degree.

We find that underselling by the subject imports was significant, leading to lost sales and market share, and the subject imports caused significant price depression. We consequently conclude that the subject imports had significant price effects.

¹⁰⁰ CR/PR at Tables V-8, V-9. One other purchaser (of 12 that responded) reported that lower price was a primary reason for purchasing subject imports rather than the domestic like product, but did not report a specific volume of these purchases. *Id.* Additionally, of the six responding purchasers that reported purchasing subject imports instead of the domestic product during the POI, five reported that subject import prices were lower than the prices for the domestic product. CR/PR at Table V-9.

¹⁰¹ Derived from CR/PR at Table V-4. Although we focused our analysis on data for pricing product 2, as explained above, we note that prices for domestically produced products 1 and 3 decreased from 2015 to 2017 by *** percent and *** percent, respectively. Derived from CR/PR at Tables V-3, V-5.

¹⁰² ***. CR at I-4, PR at I-3; ***.

¹⁰³ CR/PR at Tables IV-5, VI-1. The domestic industry's unit COGS increased steadily from \$*** in 2015 to \$*** in 2017, and COGS as a share of net sales increased steadily from *** percent in 2015 to *** percent in 2017. CR/PR at Table VI-3.

E. Impact of the Subject Imports¹⁰⁴

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”¹⁰⁵ 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 debts, 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.”¹⁰⁶

Most measures of the domestic industry’s output declined over the POI as the industry lost market share. Its financial performance deteriorated throughout the period.

As discussed above, the domestic industry’s market share declined irregularly from *** percent in 2015 to *** percent in 2017; it was *** percent in interim 2017 and lower, at *** percent, in interim 2018.¹⁰⁷ The domestic industry’s production capacity remained fairly stable over the POI.¹⁰⁸ By contrast, production,¹⁰⁹ capacity utilization,¹¹⁰ and U.S. shipments¹¹¹ all declined steadily from 2015 to 2017.¹¹² The domestic industry’s ratio of end-of-period

¹⁰⁴ The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination of sales at LTFV, Commerce found dumping margins of 54.21 to 370.04 percent for imports from China. 84 Fed. Reg. at 1056–57. We take into account in our analysis the fact that Commerce has made final findings that all subject producers in China are selling subject imports in the United States at LTFV. In addition to this consideration, our impact analysis has considered other factors affecting domestic prices. Our analysis of the significant underselling and price effects of subject imports, described in both the price effects discussion and below, is particularly probative to an assessment of the impact of the subject imports.

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

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

¹⁰⁷ CR/PR at Table IV-5.

¹⁰⁸ The domestic industry’s production capacity was *** pounds in 2015, *** pounds in 2016, and *** pounds in 2017; it was *** pounds in interim 2017 and interim 2018. CR/PR at Table III-4.

¹⁰⁹ The domestic industry’s production decreased from *** pounds in 2015 to *** pounds in 2016 and to *** pounds in 2017. CR/PR at Table III-4.

¹¹⁰ The domestic industry’s capacity utilization decreased from *** percent in 2015 to *** percent in 2016 and to *** percent in 2017. CR/PR at Table III-4.

¹¹¹ The domestic industry’s U.S. shipments decreased from \$*** in 2015 to \$*** in 2016 and to \$*** in 2017. CR/PR at Table III-6.

¹¹² Trends in these factors were mixed during interim 2018: U.S. shipments were lower than in interim 2017, but production and capacity utilization were higher. The domestic industry’s production

inventories to total shipments decreased irregularly from 2015 to 2017 and was higher in interim 2018 than in interim 2017.¹¹³

Employment-related indicators for the domestic industry largely declined irregularly from 2015 to 2017, but most were higher in interim 2018 than in interim 2017. In particular, the indicators for production-related workers (“PRWs”), total hours worked, wages paid, and productivity each followed this pattern.¹¹⁴

The domestic industry’s financial indicators deteriorated steadily throughout the POI. Revenues,¹¹⁵ gross profit,¹¹⁶ operating income,¹¹⁷ operating income ratio,¹¹⁸ and net income¹¹⁹ all declined from 2015 to 2017 and were lower in interim 2018 than in interim 2017. Domestic producers’ capital expenditures followed the same pattern.¹²⁰

was *** pounds in interim 2017 and *** pounds in interim 2018. CR/PR at Table III-4. Its capacity utilization was *** percent in interim 2017 and *** percent in interim 2018. *Id.* Petitioner broadly attributes these improvements to the imposition of provisional duties. Petitioner’s Prehear. Br. at 42; Petitioner’s Posthear. Br. at 10 n.64. *See* Hearing Tr. at 14 (effects since filing of petitions). The domestic industry’s U.S. shipments were \$*** in interim 2017 and \$*** in interim 2018. CR/PR at Table III-6.

¹¹³ The ratio of end-of-period inventories to total shipments was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at Table III-8.

¹¹⁴ The domestic industry’s number of PRWs decreased irregularly from *** in 2015 to *** in 2017; it was *** in interim 2017 and *** in interim 2018. CR/PR at Table III-10. Total hours worked decreased steadily from *** in 2015 to *** in 2016 and to *** in 2017; they were *** in interim 2017 and *** in interim 2018. *Id.* Wages paid decreased steadily from \$*** in 2015 to \$*** in 2016 and to \$*** in 2017; they were \$*** in interim 2017 and \$*** in interim 2018. *Id.* Productivity in pounds per hour decreased steadily from *** in 2015 to *** in 2016 and to *** in 2017; it was *** in interim 2017 and *** in interim 2018. *Id.* Unit labor costs per pound increased steadily from \$*** in 2015 to \$*** in 2016 and to \$*** in 2017; they were \$*** in interim 2017 and lower, at \$***, in interim 2018. *Id.* Hourly wages decreased irregularly from \$*** in 2015 to \$*** in 2017; they were \$*** in interim 2017 and lower, at \$***, in interim 2018. *Id.*

¹¹⁵ The domestic industry’s net sales revenues decreased from \$*** in 2015 to \$*** in 2016 and to \$*** in 2017; they were \$*** in interim 2017 and lower, at \$***, in interim 2018. CR/PR at Table VI-1.

¹¹⁶ The domestic industry’s gross profit decreased from \$*** in 2015 to \$*** in 2016 and to \$*** in 2017; it was \$*** in interim 2017 and lower, at \$***, in interim 2018. CR/PR at Table VI-1.

¹¹⁷ The domestic industry’s operating income decreased from \$*** in 2015 to \$*** in 2016 and to \$*** in 2017; it was *** in interim 2017 and *** in interim 2018. CR/PR at Table VI-1.

¹¹⁸ The ratio of operating income to net sales was *** percent in 2015, *** percent in 2016, and *** percent in 2017; it was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at Table VI-1.

¹¹⁹ The domestic industry’s net income decreased from \$*** in 2015 to \$*** in 2016 and to \$*** in 2017; it was *** in interim 2017 and *** in interim 2018. CR/PR at Table VI-1.

¹²⁰ Capital expenditures for the domestic industry decreased from \$*** in 2015 to \$*** in 2016 and to \$*** in 2017; they were \$*** in interim 2017 and interim 2018. CR/PR at Table VI-4. *** reported research and development expenses during the POI. CR at VI-11, PR at VI-3. The *** also

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 increased market share at the direct expense of the domestic industry. Consequently, the domestic industry's market share declined and its production, shipments, and revenues were lower than they would have been otherwise. Furthermore, the low-priced subject imports depressed the U.S. producers' prices, which resulted in lower domestic industry revenues than otherwise would have occurred. Reflecting these foregone revenues, the domestic industry's financial indicators declined throughout the POI.

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.¹²¹ Consequently, nonsubject imports cannot explain the magnitude of the domestic industry's decline in market share over the period, nor can they explain the price effects caused by the subject imports' underselling.

We therefore conclude that the subject imports have had a significant impact on the domestic industry.

V. Conclusion

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

reported negative effects on investment and on growth and development that it attributed to subject imports. CR/PR at Table VI-6.

¹²¹ Nonsubject imports' share of apparent U.S. consumption was *** from 2015 to 2017; it was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at Table IV-5.

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 or 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 the Commission's investigations (83 FR 395, January 3, 2018)
January 16, 2018	Commerce's notice of initiation of AD investigation (83 FR 3126, January 23, 2018) and CVD investigation (83 FR 3114, January 23, 2018)
February 12, 2018	Commission's preliminary determinations (83 FR 7077, February 16, 2018)
May 29, 2018	Commerce's preliminary CVD determination and alignment of final determination with AD determination (83 FR 29096, June 22, 2018)
July 30, 2018	Commerce's preliminary AD determination (83 FR 39058, August 8, 2018); scheduling of final phase of Commission's investigations (83 FR 44302, August 30, 2018)
August 8, 2018	Commerce's postponement of final AD determination (83 FR 40226, August 14, 2018)
August 29, 2018	Commerce's amended preliminary affirmative CVD determination (83 FR 45215, September 6, 2018)
December 13, 2018	Commission's hearing
December 21, 2018	Commerce's final AD determination (84 FR 1055, February 1, 2019); Commerce's final CVD determination (84 FR 1064, February 1, 2019)
February 26, 2019	Commission's vote
March 11, 2019	Commission's views

Note.—Due to the lapse in appropriations and ensuing cessation of Commission operations, all import injury investigations conducted under authority of Title VII of the Tariff Act of 1930 accordingly have been tolled pursuant to 19 U.S.C. §§ 1671d(b)(2), 1673d(b)(2).

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 hearing 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, 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 gift wrapping 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 ***. The leading importer of plastic decorative ribbon from nonsubject countries is ***. U.S. purchasers of plastic decorative ribbon are typically retailers; leading purchasers include ***.

Apparent U.S. consumption of plastic decorative ribbon totaled approximately *** pounds (\$***) in 2017. 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 *** pounds (\$***) in 2017, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled 4.9 million pounds (\$18.4 million) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** pounds

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

(\$***) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and 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 2017. U.S. imports are based on questionnaire responses from 22 firms that represented the vast majority of imports from China by value in 2017 under HTS statistical reporting numbers 3920.20.0015 and 3926.40.0010.⁶ Foreign industry data are based on usable responses from one firm in China, Nan Mei.⁷ This firm estimates that it accounted for *** percent of imports from China in 2017.

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 or 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 LTFV and were subsidized by the government of China. On August 26, 2010, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of narrow woven ribbons from China and Taiwan.⁸ On September 1, 2010, Commerce issued a countervailing duty order with subsidy rates of 1.56 percent to 117.95 percent for imports from China.⁹ On September 17, 2010, Commerce’s issued amended antidumping duty orders with weighted-average margins of

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

⁷ In the preliminary phase, the Commission received foreign questionnaire responses from Ningbo Feihong Stationery Co., Ltd, HuiZhou Wonderful Packaging Materials Co., Ltd, Ningbo Junlong Craft Gift Co., Ltd, and Joynice Gifts & Crafts Co., Ltd. These firms did not provide a questionnaire response in the final phase. Data compiled from their questionnaire responses in the preliminary phase of these investigations are presented in appendix D.

⁸ *Narrow Woven Ribbons With Woven Selvedge From China and Taiwan*, 75 FR 53711, September 1, 2010.

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

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.¹⁰

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.¹¹ On December 7, 2015, Commerce determined that revocation of the countervailing duty order on imports of narrow woven ribbons from China would be likely to lead to continuation or recurrence of a countervailable subsidy from 1.56 percent to 117.95 percent.¹² On December 8, 2015, Commerce determined that 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.¹³ 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.¹⁴ 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.¹⁵

¹⁰ *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.

¹¹ *Narrow Woven Ribbons With Woven Selvedge from China and Taiwan; Institution of Five-Year Reviews*, 80 FR 46048, August 3, 2015.

¹² *Narrow Woven Ribbons 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.

¹³ *Narrow Woven Ribbons 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.

¹⁴ *Narrow Woven Ribbons With Woven Selvedge from China and Taiwan*, 81 FR 63494, September 15, 2016.

¹⁵ *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.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On February 1, 2019, Commerce published a notice in the *Federal Register* of its final determination of countervailable subsidies for producers and exporters of plastic decorative ribbon from China.¹⁶ Table I-1 presents Commerce's findings of subsidization of plastic decorative ribbon in China.

Table I-1
Plastic decorative ribbon: Commerce's final subsidy determination with respect to imports from China

Entity	Final countervailable subsidy margin (percent)
Joynice Gifts & Crafts Co., Ltd.	14.27
Seng San Enterprises Co., Ltd.	18.03
Santa's Collection Shaoxing Co. Ltd.	94.67
All others	16.15

Source: 84 FR 1064, February 1, 2019.

Sales at LTFV

On February 1, 2019, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from China.¹⁷ Table I-2 presents Commerce's dumping margins with respect to imports of plastic decorative ribbon from China.

¹⁶ *Certain Plastic Decorative Ribbon From the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 84 FR 1064, February 1, 2019.

¹⁷ *Certain Plastic Decorative Ribbon From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 84 FR 1055, February 1, 2019.

Table I-2**Plastic decorative ribbon: Commerce's final weighted-average LTFV margins with respect to imports from China**

Exporter	Producer	Final dumping margin (percent)
Ningbo Junlong Craft Gift Co., Ltd.	Ningbo Junlong Craft Gift Co. Ltd.	54.21
Ricai Film Artwork Materials Co., Ltd.	Dongguan Ricai Plastic Technology Co., Ltd	62.04
Sun Rich (Asia) Ltd	Kai Feng Decoration (Hui Zhou) Co., Ltd	58.13
Sun Rich (Asia) Ltd	Sheng Yi Decoration (Dong Guan) Co., Ltd	58.13
Joynice Gifts & Crafts Co., Ltd	Joynice Gifts & Crafts Co., Ltd	58.13
Chiapton Gifts Decorative Limited	Nan Mei (Huizhou) Ribbon Art Factory Ltd	58.13
Chiapton Gifts Decorative Limited	Shantou Longhu YingXin Art Craft Factory Co. Ltd	58.13
Colorart Plastic Ribbon Productions Limited	Colorart Industrial Limited	58.13
Zhejiang Shaoxing Royal Arts & Crafts Co., Ltd	Santa's Collection Shaoxing Co. Ltd	58.13
Zhejiang Shaoxing Royal Arts & Crafts Co., Ltd	Zhejiang Shaoxing Royal Arts & Crafts Co., Ltd	58.13
Wingo Gift & Crafts (Shenzhen) Co., Ltd	Wingo Gift & Crafts (Shenzhen) Co., Ltd	58.13
Seng San Enterprises Co., Ltd	Xin Seng San Handicraft (ShenZhen) Co., Ltd	58.13
Xiangxin Decoration Factory	Xiangxin Decoration Factory	58.13
Xinghui Packaging Co. Ltd	Xinghui Packaging Co., Ltd	58.13
Shenzhen SHS Technology R&D Co., Ltd	Shenzhen SHS Technology R&D Co., Ltd	58.13
All others		370.04 ¹

¹ Determined on the basis of total adverse facts available.

Source: 84 FR 1055, February 1, 2019.

THE SUBJECT MERCHANDISE

Commerce's scope

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, but disregarding any features that measure 4 inches or less in width, such as tapering or cutting at the ends or in a bow knot, provided that aggregate length of such features comprises no more than 20% of the length of the ribbon. Subject merchandise includes but is 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.

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, made of fabric, or covered by any other decorative coating such as glitter (whether of plastic or non-plastic materials), and (b) a flexible metal wire at the base which permits attachment to an 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; (9) cords, *i.e.*, multiple strands of materials that have been braided, gimped or twisted together; and (10) ribbons in the form of bows having a 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.

The scope of the investigation excludes shredded plastic film or shredded plastic strip, in each case where the shred does not exceed 5 mm in width and does not exceed 18 inches in length.

The scope of the investigation excludes plastic garlands and plastic tinsel garlands, imported in lengths of not less than three (3) feet. The longitudinal base of these garlands may be made of wire or non-wire material, and these garlands may include plastic die-cut pieces. Also excluded are items made of plastic garland and/or plastic tinsel where the items do not have a tab or other means for attaching the item to an object using adhesives. This exclusion does not apply to plastic garland bows, plastic tinsel bows, or other bow-like products made of plastic garland or plastic tinsel.

The scope of the investigation excludes ribbons made exclusively of fabric formed by weaving or knitting threads together, or by matting, condensing or pressing fibers together to create felt fabric, regardless of thread or fiber composition, including without limitation, fabric ribbons of polyester, nylon, acrylic or terylene threads or fibers. This exclusion does not apply to plastic ribbons that are flocked.

The scope of the investigation excludes ribbons having a width of less than three (3) mm when incorporated by weaving into mesh material (whether flat or tubular) or fabric ribbon (meaning ribbon formed by weaving all or any of the following: man-made fibers, natural fibers, metal threads and/or metalized yarns), in each case only where the mesh material or fabric ribbon is imported in the form of a decorative bow or a decorative bow-like item.

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).

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.¹⁸

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the merchandise subject to these investigations is provided for in HTS subheadings 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, 3926.40.00, 3926.90.99, 4601.99.90, 4602.90.00, 5404.90.00, 5609.00.30, 5609.00.40, 6307.90.98, and 9505.90.40 of the

¹⁸ *Certain Plastic Decorative Ribbon From the People's Republic of China: Final Determination of Sales at Less than Fair Value*, 84 FR 1055, February 1, 2019.

Harmonized Tariff Schedule of the United States (“HTS”). The 2019 general rate of duty is 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, and 3921.90.40, 4.5 percent ad valorem for HTS subheading 5609.00.30, 5.3 percent ad valorem for HTS subheading 3921.90.19, 5.8 percent ad valorem for 3920.30.00 and 3920.49.00, 6.5 percent ad valorem for HTS subheadings 3921.90.15, and 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.

Section 301 tariff treatment

Merchandise classifiable in HTS subheadings 3920.10.00, 3920.20.00, 3920.30.00, 3920.43.50, 3920.49.00, 3920.62.00, 3920.69.00, 3921.90.15, 3921.90.19, and 3921.90.40 was included among the second group of products of China that are subject to an additional 25-percent ad valorem duty (annexes A and B of the USTR notice published at 83 FR 28710) under Section 301 of the Trade Act of 1974.^{19 20}

Merchandise classifiable in HTS subheadings 4601.99.90, 4602.90.00, 5404.90.00, 5609.00.30, and 5609.00.40 was included among the third group of products of China that are subject to an additional duty of 10 percent ad valorem through the close of 2018 and then to an additional duty of 25 percent ad valorem as of January 1, 2019, under HTS heading 9903.88.03.²¹

Merchandise classifiable in HTS subheadings 3926.40.00, 3926.90.99, 6307.90.98, and 9505.90.40 was not included among products of China that are subject to an additional duty and, as such, were omitted from U.S. note 20 to subchapter III of chapter 99.²²

THE PRODUCT

Description and applications

Plastic decorative ribbon are long strips of polymer material that are primarily used in their finished form as gift wrapping. Although the primary end use is gift wrapping, other uses include as balloon strings, decorations to finish floral arrangements, crafts, or decorations that

¹⁹ *Notice of Action and Request for Public Comment Concerning Proposed Determination of Action Pursuant of Section 301: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 28710, June 20, 2018.

²⁰ *HTSUS (2018) Revision 14*, USITC Publication No. 4833, November 2018, pp. 99-III-13 – 99-III-14, 99-III-20.

²¹ *HTSUS (2018) Revision 14*, USITC Publication No. 4833, November 2018, pp. 99-III-21 – 99-III-22, 99-III-34, 99-III-37.

²² *HTSUS (2018) Revision 14*, USITC Publication No. 4833, November 2018, pp. 99-III-13 – 99-III-14.

would be utilized on a mailbox or a grave site as a commemoration of someone's loss.²³ Ribbons can also be used as part of religious customs or ceremonies.²⁴ Holidays in which ribbons are used widely include Christmas and birthdays.²⁵ Ribbons can be sold in straight strips or as a curl ribbon product containing individual separated spiral-shaped material.²⁶ Ribbons can be metalized to give a shiny appearance, embossed for a textured appearance, flocked to give a velvet appearance, or laminated with glitter.²⁷ Ribbons can also be manufactured to contain printed symbols or words.²⁸

Ribbons can be shaped into bows, and the bow products can be made in numerous different colors, 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.²⁹

Some of the factors that are involved in determining the quality of the decorative product include color, packaging, and whether or not the packaging or bows are damaged by being crushed.³⁰ These standards are similar whether the product is produced in the United States or China.³¹

Manufacturing processes

The primary input in producing the subject plastic decorative ribbon is polypropylene.³² Polypropylene is a commodity that is purchased in bulk and is shaped in tiny pellets that are melted and colored during the production process for plastic decorative ribbon.³³ The melted material is extruded to become a master roll of film.³⁴ The master roll will then have different downstream steps depending on the desired product. If the final product is to have a metallic appearance, then the master roll will undergo the metallization process. Metallization is accomplished by purchasing master rolls of metallized polyethylene terephthalate (PET) film and laminating it to the polypropylene master roll or by metallizing in-house. Metallizing can take place directly on the polypropylene master roll, which eliminates the need for the lamination step and gives the product a deeper luster.³⁵

²³ Conference transcript, p. 63 (Pajic); Hearing transcript, p. 21 (Pajic).

²⁴ Bell, Matthew. "In atheistic China, people use ribbons in a park to appeal to 'higher powers,'" *PRI's The World*, December 11, 2013.

²⁵ Hearing transcript, pp. 11-12, 83 (Munyan).

²⁶ Hearing transcript, p. 19 (Boy).

²⁷ Hearing transcript, pp. 16-17 (Boy).

²⁸ Hearing transcript, pp. 16-17 (Boy).

²⁹ Hearing transcript, p.19 (Boy).

³⁰ Conference transcript, p. 65 (Munyan).

³¹ Conference transcript, p. 65 (Munyan).

³² Conference transcript, p. 19 (Pajic); Hearing transcript, p. 11 (Munyan), p. 16 (Boy).

³³ Conference transcript, p. 22 (Boy); Hearing transcript, p. 16 (Boy).

³⁴ Hearing transcript, p. 16 (Boy).

³⁵ Hearing transcript, p. 16 (Boy).

If the desired product is to contain glitter, then the polypropylene master roll undergoes lamination in high-speed coater laminators. The same laminator machines can be used for producing product labels and release liners for the bow tabs.³⁶ If the product is to have a velvet final appearance, then it can be flocked by adhering polyester fibers onto the film.^{37 38} If the desired product is to contain printed information, then it undergoes a printing process where inks are mixed in-house and added onto the master roll.³⁹ The finishing processes for the ribbon include embossing⁴⁰ and hot stamping.⁴¹

The master polypropylene roll is cut into pies, which are the straight wound rolls of film for larger widths. Once the ribbon is slit into its final width, it can either be spooled or moved into the bow production process.⁴²

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.⁴³ Automated machinery is utilized to achieve spooling.

Several types of bows are formed in the bow production process. Mega bows are formed on large bow machines, while separate dedicated machines form tiny bows. 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.⁴⁴

DOMESTIC LIKE PRODUCT ISSUES

During the preliminary phase of these investigations, the petitioner contended that there is one domestic like product, coextensive with the scope of these investigations.⁴⁵ Respondent Impact Innovations, Inc., an importer of subject merchandise, did not object to the

³⁶ Hearing transcript, p. 16 (Boy).

³⁷ Conference transcript, p. 26 (Boy); Hearing transcript, p. 17 (Boy).

³⁸ 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 12, 2019).

³⁹ Conference transcript, p. 25 (Boy); Hearing transcript, p. 17 (Boy).

⁴⁰ Embossing is defined as decorating an object, especially with letters, using special tools that make a raised mark on its surface. Cambridge English Dictionary (accessed February 12, 2019).

⁴¹ 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 February 12, 2019); Hearing transcript, p. 17 (Boy).

⁴² Hearing transcript, p. 17 (Boy).

⁴³ Hearing transcript, pp. 17-18 (Boy).

⁴⁴ Conference transcript, p. 28 (Boy); Hearing transcript, p. 19 (Boy).

⁴⁵ Petitioner's postconference brief, exh. 1, pp. 1-9.

petitioner's definition of the domestic like product during the preliminary phase.⁴⁶ In its preliminary determinations, the Commission concluded that all plastic decorative ribbon within the scope of these investigations possesses similar physical characteristics and is used primarily as decoration in gift wrapping and party crafting. The Commission also concluded that all plastic decorative ribbon can be used interchangeably, is sold to mass market retailers, and is produced in a similar matter at the same facilities, generally using the same employees. Considering the lack of contrary argument and the above analysis, the Commission defined the domestic like product as all plastic decorative ribbon, coextensive with the scope of these investigations.⁴⁷ In the final phase of these investigations, the petitioner contends that there is one domestic like product coextensive with the scope of these investigations.⁴⁸

⁴⁶ Respondent Impact Innovation's postconference brief, p. 2.

⁴⁷ *Plastic Decorative Ribbon from China, Investigation Nos. 701-TA-592 and 731-TA-1400 (Preliminary)*, USITC Publication 4763, February 2018, p. 9.

⁴⁸ Petitioner's prehearing brief, p. 3.

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

U.S. MARKET CHARACTERISTICS

Plastic decorative ribbon 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.³ 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.⁴

Overall, the value of apparent U.S. consumption of plastic decorative ribbon decreased by *** percent during 2015-17. The value of apparent U.S. consumption during interim January-June 2018 was *** percent higher than during January-June 2017.

U.S. PURCHASERS

The Commission received 12 usable questionnaire responses from firms that had purchased plastic decorative ribbon during January 2015-June 2018.⁵ Ten responding purchasers are retailers, and 2 responding purchasers are distributors. In general, U.S. purchasers were located throughout the contiguous United States. The responding purchasers were primarily big-box retail stores and outlets, and distributors. The largest purchasers of plastic decorative ribbon from January 2015 to June 2018 were ***.⁶

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 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 *Plastic Decorative Ribbon from China, Invs. Nos. 701-TA-592 and 731-TA-1400 (Preliminary)*, USITC Publication 4763, February 2018, II-1.

⁴ Conference transcript, pp. 62-63 (Pajic).

⁵ Of the 12 responding purchasers, 11 purchased domestic plastic decorative ribbon, 11 purchased imported plastic decorative ribbon from China, and 3 purchased imported plastic decorative ribbon from other sources. *** submitted both importer and purchaser questionnaires.

⁶ Purchasers *** accounted for *** percent of the value of apparent U.S. consumption of plastic decorative ribbon from January 2015 to June 2018. *** also submitted purchaser questionnaires.

CHANNELS OF DISTRIBUTION

U.S. producers sold plastic decorative ribbon mainly to retailers, and most of the remainder of sales were to distributors (table II-1).⁷ Producer ***. Importers of plastic decorative ribbon from China sold the vast majority to retailers, followed by distributors.

*** and 7 of 20 importers reported increased sales of plastic decorative ribbon over the internet. Most firms reported that sales over the internet were minimal or small in 2017, but growing as a percentage of sales.⁸ U.S. producer *** reported increased competition over the internet, while U.S. producer *** reported that internet competition was too small to have an impact. Four importers reported increased competition over the internet, 11 reported no change, and 2 importers reported fluctuating competition over the internet since January 1, 2015.

Table II-1

Plastic decorative ribbon: U.S. producers' and importers' U.S. shipment value, by sources and channels of distribution, January 2015-June 2018

* * * * *

GEOGRAPHIC DISTRIBUTION

*** subject U.S. 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 facilities, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold 31.3 percent within 100 miles of their U.S. points of shipment, 29.0 percent between 101 and 1,000 miles, and 39.7 percent over 1,000 miles.

⁷ 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).

⁸ *** and three importers (***) reported that sales over the internet were between 1 and 5 percent of sales in 2017. Importer *** reported that 60 percent of its sales were over the internet in 2017.

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	***	10
Other ¹	***	5
All regions (except Other)	***	8
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

Table II-3 provides a summary of the supply factors regarding plastic decorative ribbon from U.S. producers and a Chinese producer (Nan Mei).⁹ U.S. and Chinese producers have similarly low levels of capacity utilization and similar inventory levels.¹⁰ The vast majority of U.S. producers' shipments of plastic decorative ribbon are to U.S. markets, while the majority of the Chinese producer's shipments of plastic decorative ribbon are to non-U.S. export markets.

⁹ Data on the Chinese industry is based on a single foreign producer questionnaire response.

¹⁰ Inventory levels may vary throughout the year due to seasonal demand for plastic decorative ribbon.

Table II-3

Plastic decorative ribbon: Supply factors that affect the ability to increase shipments to the U.S. market

Country	Capacity (1,000 square yards)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2017 (percent)		Able to shift to alternate products
	2015	2017	2015	2017	2015	2017	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	*** of 2
China	***	***	***	***	***	***	***	***	*** of 1

Note.—Responding U.S. producers accounted for virtually all U.S. production of plastic decorative ribbon in 2017. The responding foreign producer/exporter firm accounted for less than *** percent of U.S. imports of plastic decorative ribbon from China during 2017. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from China, please refer to Part I, “Summary Data and Data Sources.”

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

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 and increasing amount of unused capacity, and the ability to increase shipments from inventory.¹¹ 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.

The decline of domestic capacity utilization from *** percent in 2015 to *** percent in 2017 was a result of decreased production, as capacity remained constant from 2015 to 2017. U.S. producers’ inventory levels suggest that U.S. producers may have limited 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-year seasonal demand.

The value of U.S. producers’ exports, as a share of total shipments, was small and decreased from 2015 to 2017. The sole reported export market is ***. ***. ***.

¹¹ Seasonal demand causes inventory levels to change throughout the year.

Subject imports from China

Based on available information, Chinese producer, Nan Mei, has the ability to respond to changes in demand with large changes in the quantity 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 inventories, the *** to shift production to or from alternate products, and potential impact from the announcement and introduction of Section 301 trade actions.¹²

Nan Mei's capacity remained unchanged from 2015 to 2017, while production increased slightly. This relatively low level of capacity utilization suggests that Nan Mei may have the ability to respond to changes in prices with large changes in the quantity produced.

Nan Mei's shipments to the Chinese market as a percentage of total shipments in 2017 were *** percent, while its exports to non-U.S. markets were *** percent of total shipments in 2017. These data indicate that Nan Mei has the ability to shift shipments of large quantities of plastic decorative ribbon between markets. Nan Mei reported that ***.

Imports from nonsubject sources

Nonsubject imports accounted for less than *** percent of total U.S. imports by value and quantity in 2017. Sources of nonsubject imports identified during the investigation included the Czech Republic, Taiwan, and the United Kingdom.¹³

Supply constraints

None of the responding U.S. producers, foreign producers, or purchasers reported any supply constraints since January 2015. Only one firm, importer ***, reported supply constraints; it reported that the antidumping duty order would disrupt and possibly close its business.

New suppliers

No purchasers reported that new suppliers entered the U.S. market since January 1, 2015.

¹² In August 2018, the USTR released a second tranche list of imports from China proposed to become subject to a 25 percent additional tariff. *Office of the United States Trade Representative webpage*, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/august/ustr-finalizes-second-tranche>, retrieved November 9, 2018. See Part I and subheading *Section 301 tariff treatment* for additional information.

¹³ *Plastic Decorative Ribbon from China, Invs. Nos. 701-TA-592 and 731-TA-1400 (Preliminary)*, USITC Publication 4763, February 2018, II-5.

U.S. demand

Plastic decorative ribbon is a mature product category, and demand in the United States remained mostly stable over the period of investigation.¹⁴ U.S. demand for plastic decorative ribbon is seasonal, and driven in large part by sales made towards the end of the calendar year.¹⁵ 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 to this level of responsiveness are the lack of price-competitive 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 its use in gift wrapping, holiday decorations, and party crafting.¹⁶ When used as giftwrapping, the cost of the plastic decorative ribbon as a share of the total value of the gift, including the giftwrapping, typically would be very small.¹⁷

Business cycles

*** and 15 of 21 importers indicated that the market was subject to business cycles.¹⁸ In narrative responses, *** and 12 importers reported that demand is seasonal, peaking during the Christmas holiday season. Producers and importers were asked to report the three months with their largest sales. *** and seven of 14 responding importers reported that most demand occurs during October – December.¹⁹ *** and all seven responding importers that reported concentrated demand during October – December reported that 35 to 100 percent of their sales were during these 3 months.

Demand trends

U.S. producer Hallmark reported *** in U.S. demand, and U.S. producer Berwick reported *** in U.S. demand for plastic decorative ribbon since January 1, 2015 (table II-4).

¹⁴ Petitioner's prehearing brief, p. 14.

¹⁵ Petitioner's posthearing brief, p. 4.

¹⁶ Petition, p. 7.

¹⁷ Cost shares for plastic decorative ribbon may vary based on end use. Some suppliers reported a 100 percent cost share for the sale of plastic decorative ribbon, and other suppliers reported a cost share as low as 1 percent when the value of a gift is substantially larger than the cost of the plastic decorative ribbon.

¹⁸ *** was the only firm to report distinct conditions of competition, citing low priced imports from China.

¹⁹ Some firms reported concentrated sales in January, February, May, June, July, August, and September.

Importers were split between no change, decreased demand, and fluctuating demand. The majority of purchasers reported no change in demand. Firms reporting no change in demand usually cited little or no change in the cost of raw materials. Firms reporting decreased demand for plastic decorative ribbon cited a shift to gift bags, soft demand, a mature product category, and a shift to online purchases.²⁰ Firms reporting fluctuating demand usually cited petroleum price fluctuations impacting raw material costs.

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

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	***	***	***	***
Importers	---	8	6	4
Purchasers	---	7	1	4
Demand outside the United States				
U.S. producers	***	***	***	***
Importers	---	4	1	2
Purchasers	1	6	---	---

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

Substitute products

*** and a majority of importers (12 of 20) reported that there are substitutes for plastic decorative ribbon, including woven ribbon, fabric ribbon, craft ribbon, and raffia ribbon. The majority of responding purchasers (8 of 10) reported that there are no substitutes for plastic decorative ribbon. The most commonly reported substitute among purchasers was woven/fabric ribbon. Firms reported that substitutes for plastic decorative ribbon generally have a higher cost.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported plastic decorative ribbon depends on factors such 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.

²⁰ *Plastic Decorative Ribbon from China, Invs. Nos. 701-TA-592 and 731-TA-1400 (Preliminary)*, USITC Publication 4763, February 2018, p. II-6.

Lead times

Plastic decorative ribbon is primarily made on a produced-to-order basis. U.S. producers and importers reported that *** percent and 70.9 percent, respectively, of their commercial shipments were produced-to-order, with lead times varying between *** days for U.S. producers and averaging 75 days for importers.²¹ The remaining *** percent of U.S. producers' and 29.1 percent of importers' commercial shipments came from inventories, with lead times averaging *** for U.S. producers and 15 days for importers.

Knowledge of country sources

Eleven purchasers indicated they had marketing/pricing knowledge of domestic product, 11 of product from China, and 3 of product from nonsubject countries (including Guatemala, Indonesia, and Taiwan).

As shown in table II-5, most purchasers and their customers never make purchasing decisions based on the producer or country of origin. Of the two purchasers that reported that they "always" make decisions based the producer, both firms cited quality standards as reasons for producer-based purchasing decisions. Other reasons cited by firms that "usually" or "sometimes" base purchasing decisions on producers include availability, cost, delivery, quality, reliability, and established supplier relationships. Reasons cited for purchasing decisions based on country of origin include a "Made in the USA" initiative, cost, lead time, and "unique formats" of plastic decorative ribbon that may not be available in the United States.

Table II-5
Plastic decorative ribbon: Purchasing decisions based on producer and country of origin

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	2	2	2	6
Purchaser's customers make decision based on producer	---	---	1	11
Purchaser makes decision based on country	1	---	4	7
Purchaser's customers make decision based on country	---	---	2	10

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for plastic decorative ribbon were quality (9 firms), price/cost (9 firms), and availability/supply (2 firms) as shown in table II-6. Quality was the most frequently cited first-most as well as second-most important factor (cited by 4 firms), followed by price/cost (3 firms).

²¹ Lead times for "produced to order" deliveries may vary depending on order size, number of unique items/components, and location and timing in relation to the seasonal production cycle. *** questionnaire response, section IV-26.

Table II-6
Plastic decorative ribbon: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Quality	4	4	1	9
Price/cost	3	3	3	9
Availability/supply	2	---	---	2
Other ¹	3	5	7	---

¹ Other factors cited by firms include contracts, delivery, design, packaging, payment terms, product range/assortment, service, and supplier familiarity/history.

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

The majority of responding purchasers (6 of 10) reported that they “sometimes” base purchase decisions on price (3 reported that they “usually” do and 1 reported that it “always” does).

Importance of specified purchase factors

Purchasers were asked to rate the importance of 17 factors in their purchasing decisions (table II-7). The factors rated as very important by more than half of responding purchasers were availability, delivery terms, delivery time, packaging, price, product consistency, quality meets industry standards, and reliability of supply.

Table II-7
Plastic decorative ribbon: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Price	11	---	1
Product consistency	10	2	---
Reliability of supply	10	2	---
Availability	9	3	---
Delivery time	9	3	---
Quality meets industry standards	9	2	1
Packaging	8	3	1
Delivery terms	7	4	1
Availability of bundles and assortments	5	3	4
Product range	5	6	1
Quality exceeds industry standards	5	6	1
Specialty and custom designs	5	4	3
Minimum quantity requirements	4	3	5
Technical support/service	4	5	3
U.S. transportation costs	4	5	3
Discounts offered	3	5	4
Extension of credit	2	1	9

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

Supplier certification

Seven of 12 responding purchasers require their suppliers to become certified or qualified to sell plastic decorative ribbon to their firm. Purchasers reported that the time to qualify a new supplier ranged from 30 to 90 days, usually based on quality, cost, and financial considerations. No purchasers reported that any supplier had failed in its attempt to qualify plastic decorative ribbon or had lost its approved status since 2015.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2015 (table II-8); half of responding purchasers reported that their domestic purchases were constant while a plurality reported increased purchases of imported product from China. Reasons reported for changes in sourcing included availability, cost, customer demand, design, quality, and store openings or closures. Two of 12 responding purchasers reported that they had changed suppliers since January 1, 2015. Specifically, purchaser *** dropped purchases from Berwick because it consolidated suppliers, and increased purchases from Country Silk and Expressive Design group because they offered additional looks/designs. Purchaser *** dropped purchases from Berwick, Nygala, and Regent Products, and increased purchases from Designer Greetings.

Table II-8
Plastic decorative ribbon: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	---	3	---	6	3
China	---	2	4	2	3
Other	8	---	2	1	---
Sources unknown	10	---	1	---	---

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

Importance of purchasing domestic product

All 11 responding purchasers reported that none of their purchases were required to be domestic.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing plastic decorative ribbon produced in the United States, China, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 17 factors for which they were asked to rate the importance.

A majority of purchasers reported that U.S.- and Chinese-produced plastic decorative ribbon were comparable on most factors. A majority of purchasers reported that U.S. product

rated inferior with respect to price. Equal numbers of purchasers rated U.S.-produced product as superior and comparable for delivery time, and equal numbers of purchasers rated U.S.-produced product as inferior and comparable for product range. Of the factors reported to be very important by more than half of respondents in table II-7 (availability, delivery terms, delivery time, packaging, price, product consistency, quality meets industry standards, and reliability of supply), most purchasers reported that U.S.-produced product was comparable to product imported from China. Price was an exception, with most purchasers reporting that U.S.-produced product was inferior for price (table II-9).

Table II-9
Plastic decorative ribbon: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting								
	U.S. vs. China			U.S. vs. nonsubject countries			China vs. nonsubject countries		
	S	C	I	S	C	I	S	C	I
Price ¹	---	3	5	---	---	1	1	1	---
Product consistency	---	8	---	---	1	---	1	1	---
Reliability of supply	---	6	1	---	1	---	1	1	---
Availability	1	6	2	---	1	---	1	1	---
Delivery time	4	4	---	1	---	---	1	---	1
Quality meets industry standards	1	7	---	---	1	---	1	1	---
Packaging	---	7	1	---	1	---	---	2	---
Delivery terms	---	5	3	---	1	---	1	1	---
Availability of bundles and assortments	1	7	---	1	---	---	1	1	---
Product range	---	4	4	---	1	---	1	1	---
Quality exceeds industry standards	---	7	---	---	1	---	---	2	---
Specialty and custom designs	---	5	3	---	1	---	---	2	---
Minimum quantity requirements	2	6	---	1	---	---	---	2	---
Technical support/service	---	7	---	---	1	---	---	2	---
U.S. transportation costs ¹	1	5	---	1	---	---	---	2	---
Discounts offered	---	6	1	---	1	---	---	2	---
Extension of credit	---	6	---	---	1	---	---	2	---

¹ A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

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

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 and nonsubject sources, U.S. producers, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-10, *** U.S. producers reported that plastic decorative ribbon from all sources can *** be used interchangeably, and a

majority of importers and purchasers reported that they can “always” or “frequently” be used interchangeably. Importers reported that interchangeability may depend on the capabilities of suppliers to customize styles, or the availability of different sized orders.

Table II-10
Plastic decorative ribbon: Interchangeability between plastic decorative ribbon produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	11	4	5	---	5	4	2	---
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	8	3	2	---	3	2	1	---
China vs. nonsubject	***	***	***	***	7	3	1	1	3	2	1	---

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

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

As shown in table II-11, all responding purchasers reported that both domestically produced product and product imported from China “always” or “usually” met minimum quality specifications.

Table II-11
Plastic decorative ribbon: Ability to meet minimum quality specifications, by source¹

Source	Always	Usually	Sometimes	Rarely or never
United States	5	6	---	---
China	5	5	---	---
All other sources	1	---	1	---

¹ Purchasers were asked how often domestically produced or imported plastic decorative ribbon meets minimum quality specifications for their own or their customers' uses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of plastic decorative ribbon from the United States, China, or nonsubject countries. As seen in table II-12, U.S. producers reported that differences other than price are “****” or “****” significant. Responses from importers and purchasers were more varied, with a plurality reporting that differences other than price are “sometimes” significant. Significant differences reported other than price include product innovations, product range and styles, lead times, and order volume requirements.

Table II-12
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	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	3	4	10	2	2	1	7	---
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	2	2	6	3	2	---	3	1
China vs. nonsubject	***	***	***	***	---	1	5	4	2	---	2	2

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates; no parties specifically commented on these estimates in their prehearing or posthearing briefs.

U.S. supply elasticity

The domestic supply elasticity²² for plastic decorative ribbon measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of plastic decorative ribbon. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced plastic decorative ribbon. Analysis of these factors indicates that the U.S. industry has the ability to greatly increase or decrease shipments to the U.S. market; an estimate in the range of 6 to 10 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for plastic decorative ribbon measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of plastic decorative ribbon. This estimate depends on factors such as the existence, availability, and commercial viability of substitute products, as well as the component share of the plastic decorative ribbon in the production of any downstream products. Based on the available information, the aggregate demand for plastic decorative ribbon is likely to be moderately inelastic due to the relatively low cost share of ribbon; a range of -0.5 to -1.0 is suggested.

²² A supply function is not defined in the case of a non-competitive market.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.²³ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced plastic decorative ribbon and plastic decorative ribbon imported from China is likely to be high and in the range of 7-10. Plastic decorative ribbon from China are often indistinguishable from domestically produced product, and consumption is likely to be highly responsive to changes in relative price.²⁴

²³ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This metric reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

²⁴ Petitioner's prehearing brief, p. 6, and posthearing brief, p. 2.

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 2017.

U.S. PRODUCERS

The Commission issued a U.S. producers' questionnaire to six firms based on information contained in the petitions. Two firms provided usable data on their productive operations. Staff believes that these responses represent the vast majority of known U.S. production of plastic decorative ribbon. Table III-1 lists U.S. producers of plastic decorative ribbon, their production locations, positions on the petitions, and shares of total production in 2017.

Table III-1
Plastic decorative ribbon: U.S. producers, their positions on the petitions, production locations, and shares of reported production, 2017

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

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms. Berwick, ***.¹ In addition, as discussed in greater detail below, *** directly import the subject merchandise. *** also purchased subject merchandise from ***.

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

* * * * *

¹ ***.

U.S. producers' changes in operations

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2015 as reported by U.S. producers in their questionnaire responses.

Table III-3
Plastic decorative ribbon: U.S. producers' reported changes in operations, since January 1, 2015

* * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

After increasing by *** percent from 2015 to 2016, U.S. producers' total capacity to produce plastic decorative ribbon returned to the same quantity in 2017 as it was in 2015. This fluctuation in production capacity reflects ***. Berwick's production capacity was ***. Table III-4 and figure III-1 present data on U.S. producers' production, production capacity, and capacity utilization.

Table III-4
Plastic decorative ribbon: U.S. producers' capacity, production, and capacity utilization, 2015-17, January to June 2017, and January to June 2018

* * * * *

Figure III-1
Plastic decorative ribbon: U.S. producers' capacity, production, and capacity utilization, 2015-17, January to June 2017, and January to June 2018

* * * * *

From 2015 to 2017, U.S. producers' total production decreased by *** percent. The decrease in production primarily reflects ***. Hallmark noted that ***.² According to Berwick, ***.³ U.S. producers' production was *** percent higher in January-June 2018 than in January-June 2017 as ***.

U.S. producers' capacity utilization decreased from *** percent in 2015 to *** percent in 2016 and to *** percent in 2017. ***. ***. Hallmark's capacity utilization *** than Berwick's for each full year and interim period. The domestic industry's average capacity utilization was *** percentage points higher in January-June 2018 than in January-June 2017.

² ***, email correspondence with USITC staff, October 22, 2018.

³ ***, email correspondence with USITC staff, October 23, 2018.

Alternative products

Berwick reported ***. As shown in table III-5, plastic decorative ribbon accounted for between *** percent and *** percent of *** total production on shared equipment during 2015-17. ***. ***.

Table III-5

Plastic decorative ribbon: U.S. producers' overall capacity and production on the same equipment as subject production, 2015-17, January to June 2017, and January to June 2018

* * * * *

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

By value,⁴ U.S. shipments accounted for more than *** percent of U.S. producers' total shipments throughout 2015-17 and *** shipments in January-June 2018. Berwick accounted for *** percent of all U.S. shipments in each year during 2015-17. The value of U.S. producers' U.S. shipments decreased by *** percent from 2015 to 2017, with most of the decrease occurring from 2016 to 2017. The value of Berwick and Hallmark's U.S. shipments was *** in 2017 than in 2015. U.S. producers' U.S. shipments, by value, were *** percent lower in January-June 2018 than in January-June 2017. Table III-6 presents data on U.S. producers' U.S. shipments, export shipments, and total shipments.

Table III-6

Plastic decorative ribbon: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2015-17, January to June 2017, and January to June 2018

* * * * *

U.S. shipments during July-December 2017, by value, were more than *** greater than in January-June 2017. This trend in the value of U.S. shipments can be attributed to ***.

⁴ In 2017, the petitioner requested and the Committee for Statistical Annotation of Tariff Schedules approved the use of kilograms as the unit of measure for HTS statistical reporting numbers 3920.20.0015 and 3926.40.0010 because that measurement information is more readily available to reporting entities than square yards, which was the unit of measure used during the preliminary phase of these investigations (prior to 2017, no data was collected for import volumes).

Consequently for this final phase, the Commission requested that U.S. producers and U.S. importers report the quantity of their total shipments in pounds. However, similarly to the preliminary phase, responding U.S. importers struggled to provide consistent and reliable quantity data for their U.S. imports and U.S. shipments. Most responding firms recorded imports in per-package units of measurement (i.e., packs or bags) and employed different methodologies to convert the quantity of their total shipments of plastic decorative ribbon from a per-package unit of measurement into pounds. Due to these factors, value is the primary metric used to analyze trends in the U.S. producers' shipment data, although quantity data in pounds is included as reported in the questionnaire responses.

According to Berwick, sales negotiation typically occurs between October-April, most production occurs during April-September, and shipments usually occur between September and November, ahead of the holiday season.⁵ Berwick begins sales negotiations early in the calendar year in order to meet heightened demand in the last months of the calendar year.⁶

U.S. producers' U.S. shipments, by quantity, decreased by *** percent during 2015-17, ***. U.S. producers' U.S. shipments were *** percent lower in January-June 2018 than in January-June 2017. There were *** internal consumption or transfers to related firms during the period for which data were collected.

The average unit value of U.S. producers' U.S. shipments increased from \$*** per pound in 2015 to \$*** per pound in 2016 and then decreased to \$*** per pound in 2017. The unit value of ***'s U.S. shipments was *** than the unit value of ***'s U.S. shipments in 2015, 2016, and 2017. According to Hallmark's representative, ***. ***.⁷ ***, Berwick sells several of its products in value or multi-packs.⁸ ***, the average unit value of the domestic industry's U.S. shipments is primarily a reflection of ***. The unit value of *** U.S. shipments was *** in January-June 2018 than in January-June 2017 while the unit value of ***.

U.S. producers' export shipments, by value, accounted for less than *** percent of U.S. producers' total shipments in each full year and the interim period with *** accounting for over *** percent of export shipments throughout 2015-17. The value of export shipments decreased by *** percent between 2015 and 2017, with the majority of the decrease occurring from 2016 to 2017. It was *** percent lower in January-June 2018 than in January-June 2017.

The average unit value of U.S. producers' export shipments increased from \$*** per pound in 2015 to \$*** per pound in 2016 and to \$*** per pound in 2017. The unit value of Hallmark's export shipments was *** per pound during 2015-17 while the unit value of Berwick's export shipments ranged from \$*** per pound to \$*** per pound. However, the average unit value of U.S. producers' export shipments primarily reflects ***. The average unit value of U.S. producers' export shipments was several times higher in January-June 2018 than in January-June 2017 because ***. Berwick and Hallmark exported to ***.

U.S. producers' U.S. shipments by product type

Table III-7 presents U.S. producers' U.S. shipments by product type. U.S. producers' U.S. shipments of plastic decorative ribbon in bow form, by value, decreased by *** percent from

⁵ Conference transcript, pp. 15-16 (Pajic); petitioner's prehearing brief, pp. 12-13.

⁶ Petitioner's prehearing brief, p. 12.

⁷ ***, email correspondence with USITC staff, October 22, 2018.

⁸ Berwick's webpage, <http://www.berwickoffraywholesale.com/c-1-bows.aspx>, accessed October 24, 2018.

2015 to 2017. It was *** percent higher in January-June 2018 than in January-June 2017. The value of U.S. producers' U.S. shipments of plastic decorative ribbon in spool form decreased by *** percent from 2015 to 2017 and was *** percent lower in January-June 2018 than in January-June 2017.

Table III-7
Plastic decorative ribbon: U.S. producers' U.S. shipments by product type, 2015-17, January to June 2017, and January to June 2018

* * * * *

By quantity, U.S. producer's U.S. shipments of plastic decorative ribbon were ***. However, in January-June 2017 and January-June 2018, the majority of U.S. shipments were plastic decorative ribbon in spool form while in July-December 2017, the majority of U.S. shipments were plastic decorative ribbon in bow form. Berwick notes that ***. ***.⁹

The average unit value of U.S. producers' U.S. shipments of plastic decorative ribbon in bow form was *** the average unit value of their U.S. shipments of plastic decorative ribbon in spool form in each year during 2015-17. According to Berwick's counsel, ***.¹⁰ ***.

U.S. PRODUCERS' INVENTORIES

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of those inventories to U.S. producers' production, U.S. shipments, and total shipments. Fluctuating year to year, U.S. producers' end-of-period inventories increased by *** percent from 2015 to 2016 and then decreased by *** percent in 2017, ending *** percent lower in 2017 than in 2015 as production decreased at a higher rate than U.S. shipments. End-of-period inventories in January-June 2018 were *** percent higher than in January-June 2017. End-of-period inventories in January-June 2017 were *** greater than in the end of calendar year 2017. Most of the decrease in inventories during the second half of 2017 is driven by large volumes of shipments during September-November in preparation for the holiday season. The ratios of inventories to U.S. production and U.S. shipments were *** percentage points and *** percentage points lower, respectively, in 2017 than in 2015. The ratios of U.S. producers' inventories to U.S. production and to U.S. shipments were greater in January-June 2018 than in January-June 2017 by *** percentage points and *** percentage points, respectively.

Table III-8
Plastic decorative ribbon: U.S. producers' inventories, 2015-17, January to June 2017, and January to June 2018

* * * * *

⁹ ***, email correspondence with USITC staff, October 31, 2018.

¹⁰ ***, email correspondence with USITC staff, November 5, 2018.

U.S. PRODUCERS' IMPORTS

Data for U.S. producers' U.S. imports and purchases of plastic decorative ribbon are presented in table III-9. Berwick and Hallmark imported plastic decorative ribbon from China during 2015-17. Berwick also facilitated imports through affiliated entities based in China. Throughout 2015-17, the value of Berwick's facilitated imports was greater than the value of imports for which Berwick served as the U.S. importer of record. The ratio of Berwick's own imports from China, by value, to its U.S. production ranged from *** percent in 2016 to *** percent in 2015 and 2017 while the ratio of its facilitated imports, by value, to U.S. production ranged from *** percent in 2015 to *** percent in 2017. The ratio of Hallmark's imports from China to its U.S. production ranged from *** percent in 2015 to *** percent in 2017 and the ratio of its facilitated imports ranged from *** percent in 2015 to *** percent in 2017.

Table III-9

Plastic decorative ribbon: U.S. producers' U.S. production and imports, 2015-17, January to June 2017, and January to June 2018

* * * * *

According to its representatives, Berwick facilitates the importation of plastic decorative ribbon from China because the cost of such products is below Berwick's cost of production, enabling Berwick to continue to participate in the industry and earn a profit.¹¹ Hallmark's representative stated that ***.¹² Hallmark ***.¹³ ***.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The number of production related workers ("PRWs") increased by *** percent from 2015 to 2016 and then decreased by *** percent from 2016 to 2017, ending *** percent lower in 2017 than in 2015. ***. The number of PRWs was *** percent higher in January-June 2018 than in January-June 2017, reflecting ***. Productivity decreased during 2015-17, but was higher in January-June 2018 than in January-June 2017. U.S. producers' unit labor costs increased by *** percent from 2015 to 2017, but were *** percent lower in January-June 2018 than in January-June 2017. Table III-10 presents U.S. producers' employment-related data from January 2015 to June 2018.

Table III-10

Plastic decorative ribbon: U.S. producers' employment-related data, 2015-17, January to June 2017, and January to June 2018

* * * * *

¹¹ Hearing transcript, p. 54 (Pajic).

¹² ***, email correspondence with USITC staff, October 22, 2018.

¹³ Ibid; ***, phone conversation with USTIC staff, February 11, 2019.

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

U.S. IMPORTERS

The Commission issued a U.S. importers' questionnaire to 45 firms believed to be U.S. 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 22 companies, representing a vast majority of known U.S. imports from China, by value, in 2017 under HTS statistical reporting numbers 3920.20.0015 and 3926.40.0010.² ³ Twelve firms indicated that they had not imported plastic decorative ribbon into the United States since January 1, 2015.⁴ 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 2017.

Table IV-1
Plastic decorative ribbon: U.S. importers, their headquarters, and share of total imports by source, 2017

* * * * *

¹ The Commission issued questionnaires to firms identified in the petitions, 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 2017. 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 petitioner requested and the Committee for Statistical Annotation of Tariff Schedules approved the use of kilograms as the unit of measure for HTS statistical reporting numbers 3920.20.0015 and 3926.40.0010 in 2017 because that measurement information is more readily available to reporting entities than square yards, which was the unit of measure used during the preliminary phase of these investigations (prior to 2017, no data was collected for import volumes). Consequently, the Commission requested that U.S. importers provide quantity data in pounds. However, similar to the preliminary phase, responding U.S. importers struggled to provide consistent and reliable quantity data. Most firms recorded their imports and U.S. shipments in per-package units of measurement (i.e. packs or bags) and employed different methodologies to convert the quantity of their imports and U.S. shipments of plastic decorative ribbon from a per-package unit of measurement into pounds. Due to these factors, the data coverage for these investigations was calculated based on value. Value is also the primary metric used to analyze trends in the U.S. importers' U.S. import and U.S. shipment data, although quantity data in pounds is included as reported in questionnaire responses.

³ The Commission received partial questionnaire responses from ***. ***, email correspondence with USITC Staff, October 31, 2018. The quantity and value of ***. Consequently, *** responses were not incorporated into the report.

⁴ These firms are: ***, ***, ***, Letter to the Commission, September 28, 2018.

U.S. IMPORTS

The value of U.S. importers' U.S. imports from China fluctuated year to year, increasing by 30.8 percent from 2015 to 2016 and then decreasing by 7.4 percent from 2016 to 2017, ending 21.1 percent higher in 2017 than in 2015. *** accounted for most of the total value of U.S. importers' U.S. imports in 2017. Two of those four firms reported an increase in the value of their imports from China between 2015 and 2017. Overall, eighteen firms reported imports throughout 2015-17, with ten of those firms reporting more imports, by value, in 2017 than in 2015. The value of U.S. imports from China was 15.9 percent higher in January-June 2018 than in January-June 2017. U.S. imports from nonsubject sources accounted for *** percent of the total value of U.S. importers' U.S. imports of plastic decorative ribbon. Only *** imported plastic decorative ribbon from nonsubject sources. *** imported plastic decorative ribbon from the Czech Republic and the United Kingdom.

Between 2015 and 2017, responding U.S. importers' U.S. imports of plastic decorative ribbon from China, by quantity, increased by 47.7 percent, with the majority of the increase occurring from 2015 to 2016. In 2017, *** accounted for the majority all responding U.S. importers' U.S. imports from China, by quantity. The quantity of responding U.S. importers' U.S. imports from China was 19.9 percent higher in January-June 2018 than in January-June 2017.

The average unit value of responding U.S. importers' U.S. imports of plastic decorative ribbon from China decreased from \$4.57 per pound in 2015 to \$4.36 per pound in 2016 and to \$3.75 per pound in 2017. There was some variance in the unit values reported by responding importers. Sixteen of 22 importers reported unit values between \$*** per pound and \$*** per pound throughout 2015-17. However, the average unit value primarily reflects data reported by larger U.S. importers such as ***.

The firm-by-firm variance in unit values can be attributed, in part, to a large majority of importers having to convert the quantity of their U.S. imports from a per-package unit of measurement to pounds, with firms using different methodologies for that conversion.⁵ This variance can also be attributed to product mix. U.S. importers handle a wide assortment of plastic decorative ribbon products, which differ in value. They also sell plastic decorative ribbon products in different types of packaging. For example, American Greetings and Hallmark sell some of their plastic decorative ribbon products as single items while Target, Family Dollar, Dollar Tree, and Berwick sell some of their plastic decorative ribbon products in multi-packs.⁶

⁵ In the preliminary phase of these investigations, responding importers also struggled to provide U.S. import quantity data in square yards. These firms utilized a variety of methodologies to convert the quantity of their U.S. imports from a per-package unit of measurement into square yards, which resulted in a wide range of unit values.

⁶ ***, email correspondence with USITC staff, October 22, 2018; *Berwick's webpage*, <http://www.berwickoffraywholesale.com/c-1-bows.aspx>, accessed October 24, 2018; *American Greetings' webpage*, https://www.americangreetings.com/gift-packaging/gift-wrap/bows/_/N-18ggrvu, accessed November 5, 2018; *Target's webpage*, <https://www.target.com/s/gift+wrap+bows>, accessed November 5, 2018; *Family Dollar's webpage*, <https://www.familydollar.com/products->

(continued...)

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, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Value (1,000 dollars)				
U.S. imports from.-- China	15,199	19,874	18,413	4,469	5,181
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Quantity (1,000 pounds)				
U.S. imports from.-- China	3,323	4,562	4,910	1,335	1,600
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per pound)				
U.S. imports from.-- China	4.57	4.36	3.75	3.35	3.24
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Ratio to U.S. production				
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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.

(...continued)

[services/products/holiday-gift-wrap](https://www.dollartree.com/services/products/holiday-gift-wrap), accessed November 5, 2018; *Dollar Tree’s webpage*, <https://www.dollartree.com/bulk/Plastic-Bow>, accessed November 5, 2018.

Figure IV-1
Plastic decorative ribbon: U.S. import volumes and prices, 2015-17, January to June 2017, and January to June 2018

* * * * *

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁷ 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.⁸ Imports from China accounted for *** percent of total imports of plastic decorative ribbon by value from December 2016 to November 2017. Table IV-3 presents data for U.S. imports of plastic decorative ribbon from China and nonsubject sources during December 2016-November 2017.

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

Item	December 2016 through November 2017	
	Quantity (1,000 pounds)	Share of quantity (percent)
U.S. imports from-- China	4,827	***
Nonsubject sources	***	***
All import sources	***	***

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

U.S. importers' U.S. shipments by product type

Table IV-4 presents U.S. importers' U.S. shipments of imports from China by product type.⁹ U.S. importers' U.S. shipments of plastic decorative ribbon from China in bow form, by

⁷ 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)).

⁸ Section 771 (24) of the Act (19 U.S.C § 1677(24)).

⁹ ***. However, U.S. shipments from nonsubject sources were not included in table IV-4 because of their low volume and volatile unit value.

value, increased by 40.9 percent from 2015 to 2017. This change primarily reflects the U.S. shipments of ***, which accounted for a majority of the total increase. In 2017, *** accounted for the largest share, by value, of U.S. shipments of plastic decorative ribbon in bow form from China (**% percent), followed by *** (**% percent). Nineteen firms shipped plastic decorative ribbon from China in bow form in each year during 2015-17, with eleven of those firms reporting more of such shipments in 2017 than in 2015. Plastic decorative ribbon in bow form accounted for **% percent, **% percent, and **% percent of U.S. shipments from China, by value, in 2015, 2016, and 2017, respectively. Plastic decorative ribbon in bow form accounted for **% percent and **% percent of U.S. importers' U.S. shipments from China, by value, in January-June 2017 and January-June 2018, respectively.

Table IV-4
Plastic decorative ribbon: U.S. importers' U.S. shipments from China, by product type, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Value (1,000 dollars)				
Bow	23,158	31,956	32,641	***	10,801
Spool	***	***	***	***	***
Other	***	***	***	***	***
U.S. shipments: China	***	***	***	***	***
	Quantity (1,000 pounds)				
Bow	2,527	3,135	3,721	***	1,107
Spool	***	***	***	***	***
Other	***	***	***	***	***
U.S. shipments: China	***	***	***	***	***
	Unit value (dollars per pound)				
Bow	9.16	10.19	8.77	***	9.75
Spool	***	***	***	***	***
Other	***	***	***	***	***
U.S. shipments: China	***	***	***	***	***
	Share of value (percent)				
Bow	***	***	***	***	***
Spool	***	***	***	***	***
Other	***	***	***	***	***
U.S. shipments: China	***	***	***	***	***
	Share of quantity (percent)				
Bow	***	***	***	***	***
Spool	***	***	***	***	***
Other	***	***	***	***	***
U.S. shipments: China	100.0	100.0	100.0	100.0	100.0

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

The value of responding U.S. importers' U.S. shipments of plastic decorative ribbon from China in spool form increased by *** percent from 2015 to 2017, with the majority of the increase occurring from 2015 to 2016. In 2017, *** accounted for the largest share, by value, of U.S. shipments of plastic decorative ribbon from China in spool form (*** percent), followed by *** (*** percent). Eight firms shipped plastic decorative ribbon from China in spool form in each year during 2015-17, with four of those firms reporting more U.S. shipments from China in 2017 than in 2015. By value, plastic decorative ribbon in spool form accounted for a minority share of all U.S. shipments of plastic decorative ribbon from China (*** percent in 2015, *** percent in 2016, and *** percent in 2017). The average unit value of responding U.S. importers' U.S. shipments of plastic decorative ribbon from China in bow form was greater than the average unit value of their U.S. shipments of plastic decorative ribbon from China in spool form in 2015, 2016, and 2017.¹⁰

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-5 and figure IV-2 present data on apparent U.S. consumption of plastic decorative ribbon and market share.¹¹ Between 2015 and 2017, apparent U.S. consumption, by value, decreased by *** percent. It was *** percent higher in January-June 2018 than in January-June 2017. By quantity, apparent U.S. consumption increased by *** percent from 2015 to 2017 and was *** percent higher in January-June 2018 and January-June 2017. Berwick notes that demand for plastic decorative ribbon can vary year to year due to consumption spending and GDP.¹²

U.S. producers' share of the U.S. market, by value, decreased by *** percentage points from 2015 to 2017 and was *** percentage points lower in January-June 2018 than in January-June 2017. Conversely, subject imports' share of the U.S. market increased by *** percentage points between 2015 and 2017. It was *** percentage points higher in January-June 2018 than in January-June 2017. Imports from nonsubject sources accounted for *** percent of the U.S. market throughout 2015-17.

¹⁰ As discussed in greater detail in part III, the difference between the unit values of bows and spooled ribbon is largely attributed to ***.

¹¹ Subject imports' share of the market is likely *** because *** U.S. import data was not incorporated into the report due to issues with its quantity data.

¹² Petitioner's postconference brief, p. 10.

Table IV-5
Plastic decorative ribbon: Apparent U.S. consumption and market shares, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. imports.-- China	15,199	19,874	18,413	4,469	5,181
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. imports.-- China	3,323	4,562	4,910	1,335	1,600
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.-- China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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.

Figure IV-2
Plastic decorative ribbon: Apparent U.S. consumption, 2015-17, January to June 2017, and January to June 2018

* * * * *

U.S. PRODUCERS' AND U.S. IMPORTERS' U.S. SHIPMENTS BY MONTH AND BY QUARTER

Table IV-6 and figures IV-3, IV-4, and IV-5 present apparent U.S. consumption of plastic decorative ribbon by month from January 2017 to June 2018. By value, the majority of U.S. producers' U.S. shipments (***) percent) and U.S. importers' U.S. shipments from China (***) percent) in 2017 were during July-December. This trend is due to greater demand during the holiday season.¹³

U.S. importers ship their plastic decorative ribbon further out from the demand period because of longer lead times due to Chinese-produced plastic decorative ribbon having to be received by ports and shipped to import distribution centers.¹⁴ U.S. producers, conversely, are much closer in distance to their customers, which allows them to produce plastic decorative ribbon closer to the demand period. Consequently, U.S. producers can ship most of their plastic decorative ribbon in September, October, and November to meet holiday demand.¹⁵ This difference in lead time explains, in part, why U.S. producers accounted for the majority of U.S. shipments in the third and fourth quarters in 2017 while U.S. importers accounted for most U.S. shipments in the first and second quarters in 2017.

The average unit value of U.S. importers' U.S. shipments from China was greater than the average unit value of U.S. producers' U.S. shipments in each month during January-August 2017. However, the average unit value of U.S. producers' U.S. shipments was *** greater than the average unit value of U.S. importers' U.S. shipments from China in the highest demand months of 2017 (September, October, and November).

¹³ As discussed in greater detail in part III, Berwick arranges its operations so that the majority of its U.S. shipments occur during September-November. Sales negotiations and production of in-demand products are typically completed by September.

¹⁴ Hearing transcript, p. 57 (Munyan).

¹⁵ Ibid.

Table IV-6
Plastic decorative ribbon: U.S. producers' and U.S. importers' U.S. shipments by month and by quarter, January 2017 through June 2018

Period of shipment	U.S. producers	China	Nonsubject sources	All import sources	U.S. producers and U.S. importers combined
Monthly	Value (1,000 dollars)				
2017.--					
January	***	***	***	***	4,327
February	***	***	***	***	3,234
March	***	***	***	***	3,915
April	***	***	***	***	4,037
May	***	***	***	***	3,968
June	***	***	***	***	4,855
July	***	***	***	***	4,848
August	***	***	***	***	11,345
September	***	***	***	***	19,316
October	***	***	***	***	20,605
November	***	***	***	***	15,662
December	***	***	***	***	5,679
2018.--					
January	***	***	***	***	4,333
February	***	***	***	***	3,276
March	***	***	***	***	3,604
April	***	***	***	***	4,409
May	***	***	***	***	4,706
June	***	***	***	***	3,825
Quarterly	Value (1,000 dollars)				
2017.--					
Jan-Mar	***	***	***	***	11,476
Apr-Jun	***	***	***	***	12,860
Jul-Sep	***	***	***	***	35,509
Oct-Dec	***	***	***	***	41,946
2018.--					
Jan-Mar	***	***	***	***	11,213
Apr-Jun	***	***	***	***	12,940

Table continued on the next page

Table IV-6--Continued

Plastic decorative ribbon: U.S. producers' and U.S. importers' U.S. shipments by month and by quarter, January 2017 through June 2018

Period of shipment	U.S. Producers	China	Nonsubject source	All import sources	U.S. producers and U.S. importers combined
Monthly	Quantity (1,000 pounds)				
2017.--					
January	***	***	***	***	491
February	***	***	***	***	337
March	***	***	***	***	462
April	***	***	***	***	454
May	***	***	***	***	498
June	***	***	***	***	497
July	***	***	***	***	551
August	***	***	***	***	1,416
September	***	***	***	***	1,972
October	***	***	***	***	1,800
November	***	***	***	***	1,263
December	***	***	***	***	580
2018.--					
January	***	***	***	***	498
February	***	***	***	***	404
March	***	***	***	***	449
April	***	***	***	***	453
May	***	***	***	***	540
June	***	***	***	***	421
Quarterly	Quantity (1,000 pounds)				
2017.--					
Jan-Mar	***	***	***	***	1,290
Apr-Jun	***	***	***	***	1,448
Jul-Sep	***	***	***	***	3,938
Oct-Dec	***	***	***	***	3,643
2018.--					
Jan-Mar	***	***	***	***	1,350
Apr-Jun	***	***	***	***	1,414

Table continued on the next page.

Table IV-6--Continued

Plastic decorative ribbon: U.S. producers' and U.S. importers' U.S. shipments by month and by quarter, January 2017 through June 2018

Period of shipment	U.S. producers	China	Nonsubject source	All import sources	U.S. producers and U.S. importers combined
Monthly	Unit value (dollars per pound)				
2017.--					
January	***	***	***	***	17.34
February	***	***	***	***	19.10
March	***	***	***	***	17.48
April	***	***	***	***	17.56
May	***	***	***	***	16.07
June	***	***	***	***	19.55
July	***	***	***	***	17.51
August	***	***	***	***	15.80
September	***	***	***	***	19.26
October	***	***	***	***	21.89
November	***	***	***	***	23.26
December	***	***	***	***	20.05
2018.--					
January	***	***	***	***	17.21
February	***	***	***	***	16.31
March	***	***	***	***	16.05
April	***	***	***	***	19.63
May	***	***	***	***	17.35
June	***	***	***	***	18.18
Quarterly	Unit value (dollars per pound)				
2017.--					
Jan-Mar	***	***	***	***	8.89
Apr-Jun	***	***	***	***	8.88
Jul-Sep	***	***	***	***	9.02
Oct-Dec	***	***	***	***	11.51
2018.--					
Jan-Mar	***	***	***	***	8.30
Apr-Jun	***	***	***	***	9.15

Table continued on the next page.

Table IV-6--Continued

Plastic decorative ribbon: U.S. producers' and U.S. importers' U.S. shipments by month and by quarter, January 2017 through June 2018

Period of shipment	U.S. producers	China	Nonsubject source	All import sources	U.S. producers and U.S. importers combined
Monthly	Share of value across (percent)				
2017.-- January	***	***	***	***	100.0
February	***	***	***	***	100.0
March	***	***	***	***	100.0
April	***	***	***	***	100.0
May	***	***	***	***	100.0
June	***	***	***	***	100.0
July	***	***	***	***	100.0
August	***	***	***	***	100.0
September	***	***	***	***	100.0
October	***	***	***	***	100.0
November	***	***	***	***	100.0
December	***	***	***	***	100.0
2018.-- January	***	***	***	***	100.0
February	***	***	***	***	100.0
March	***	***	***	***	100.0
April	***	***	***	***	100.0
May	***	***	***	***	100.0
June	***	***	***	***	100.0
Quarterly	Share of value across (percent)				
2017.-- Jan-Mar	***	***	***	***	100.0
Apr-Jun	***	***	***	***	100.0
Jul-Sep	***	***	***	***	100.0
Oct-Dec	***	***	***	***	100.0
2018.-- Jan-Mar	***	***	***	***	100.0
Apr-Jun	***	***	***	***	100.0

Note. — Some of the reported data may be at different levels of trade since some U.S. importers sell their imports at the retail level of trade, instead of selling their imports at the wholesale level of trade. 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.

Figure IV-3

Plastic decorative ribbon: Value of monthly U.S. shipments in the market, January 2017 through June 2018

* * * * *

Figure IV-4

Plastic decorative ribbon: Monthly shares based on value, January 2017 through June 2018

* * * * *

Figure IV-5

Plastic decorative ribbon: Average unit values of monthly U.S. shipments in the market, January 2017 through June 2018

* * * * *

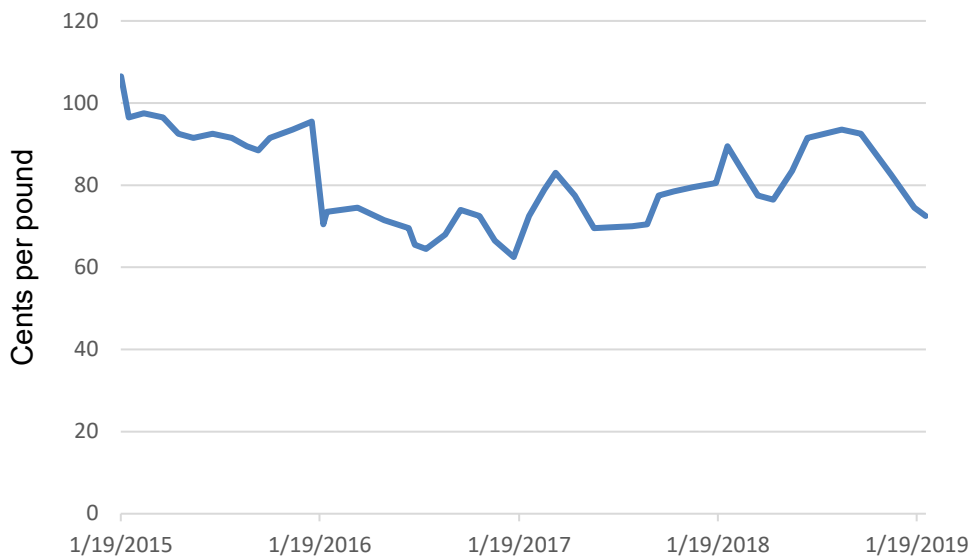
PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Plastic decorative ribbon is typically made from polypropylene, but may also be made from a combination or mixture of different plastics. They may also include other materials for metallized or other finishes.¹ As seen in figure V-1, the price of polypropylene decreased from 106.5 cents per pound on January 19, 2015 to 62.5 cents per pound on January 9, 2017, a drop of 41.3 percent. Prices then increased to 72.5 cents per pound on February 4, 2019, an increase of 16.0 percent. Raw materials, as a share of COGS, decreased from *** percent in 2015 to *** percent in 2017, and was *** percent in January-June 2018.

Figure V-1
Polypropylene, resin grade: homopolymer injection GP, annual volumes of about 2 million to 5 million pounds, cents per pound, January 19, 2015 to February 4, 2019



Source: Plastic News, <http://www.plasticsnews.com/resin/commodity-thermoplastics/historical-pricing?grade=1310705|Vol2>, accessed February 6, 2019.

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

Transportation costs to the U.S. market

Transportation costs for plastic decorative ribbon shipped from China to the United States averaged 11.1 percent during 2017. These estimates were derived from official import data and represent the transportation and other charges on imports.²

U.S. inland transportation costs

*** 8 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 0.5 to 7 percent.

Importers of plastic decorative ribbon for their own use were requested to estimate U.S. inland transportation costs (from the port of importation to the point of use). Fourteen importers responded that the U.S. inland transportation costs for such imports were between 2 and 40 percent of the total cost.³

PRICING PRACTICES

Pricing methods

*** reported using set price lists, and *** reported setting price through transaction-by-transaction negotiations and contracts. Transaction-by-transaction negotiations were the most common price-setting method among importers, while the second-most common price-setting method was set price lists (table V-1). "Other" pricing methods reported included: "full-cost price models," prices negotiated at time of purchase, "all goods for \$1.00," and large orders negotiated as necessary.

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

Method	U.S. producers	Importers
Transaction-by-transaction	***	5
Contract	***	3
Set price list	***	4
Other	***	6
Responding firms	2	11

¹ The sum of responses down 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.

² The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2017 and then dividing by the customs value based on the HTS subheading 3920.20.0015.

³ Nine firms estimated transportation cost of between 2 and 10 percent, 2 firms estimated 20 percent, one firm estimated 15 percent, and one firm estimated 40 percent.

U.S. producers reported selling *** of their plastic decorative ribbon through *** (table V-2). About half of responding importers reported selling most of their plastic decorative ribbon in the spot market.

Table V-2
Plastic decorative ribbon: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2017

Type of sale	U.S. producers	Importers
Long-term contracts	***	23.5
Annual contracts	***	---
Short-term contracts	***	25.7
Spot sales	***	50.8

Note.--Because of rounding, figures may not add to 100 percent.

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

***. ***. ***. Importers' short-term contracts ranged from 30 to 110 days, typically fixed both price and quantity, and typically do not include a meet-or-release provision. Importer *** reported offering long-term contracts of 2 years with price renegotiation and no meet-or-release provision, and importer *** reported long-term contracts of 5 years with no price renegotiation, no meet-or-release provision, and fixed prices.

One purchaser reported that it purchases product weekly, 2 purchase monthly, 2 purchase seasonally, and 5 purchase annually. All responding purchasers reported that their purchasing frequency had not changed since 2015. Most (10 of 11) purchasers contact 1 to 5 suppliers before making a purchase.⁴

Sales terms and discounts

*** and 8 of 11 responding importers typically quote prices on an f.o.b. basis. *** reported using volume discounts, while most responding importers (7 of 11) reported no discounts. ***. Six of the 12 responding importers reported sales terms of net 30 days, one importer sold net 60, and the remaining five importers reported other terms, including retail sales, payment terms that last for the duration of a selling season, and terms that vary by customer.

Price leadership

Only one purchaser each reported Berwick and Hallmark as price leaders.

⁴ Purchaser *** reported contacting up to 15 suppliers before making a purchase.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following plastic decorative ribbon products shipped to unrelated U.S. customers during January 2015-June 2018.

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-- 12-18 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 of 4-10: 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 four to ten ribbon eggs (or kegs) per package.

One U.S. producer and three 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 these firms accounted for approximately *** percent of U.S. producers' commercial shipments of plastic decorative ribbon and *** percent of U.S. commercial shipments of subject imports from China in 2017.

Import purchase costs

In addition to price data, the Commission also requested that importers provide landed duty-paid values and quantities for imports used for internal consumption or retail sales. Twelve importers provided such data, and their purchase cost data for imports of products 1-3 are presented alongside the price data.

These importers were asked to identify the benefits of directly importing plastic decorative ribbon as opposed to purchasing it from a U.S. producer or importer. Reasons for

⁵ ***. Importer *** reported selling product 1 in the third quarter of 2016, and selling products 2 and 3 in the both third quarter of 2016 and the third quarter of 2017. Importer *** reported selling products 2 and 3 in the third quarter of 2016.

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.

directly importing included availability, customized looks and packs, delivery time, lower cost, and product range.

Six importers estimated that they saved between *** percent of the landed duty-paid value by importing themselves rather than purchasing from a domestic producer or importer. Importer *** reported that there has been a consolidation of suppliers in the U.S. market, which allowed U.S. prices to increase at a faster rate than import prices. Importer *** reported that imports provide better value and styles that are not available through U.S. producers. Importer *** reported the import of unique bows that include non-ribbon embellishments.

Price data and import purchase cost data for products 1-3 are presented in tables V-3 to V-5 and figures V-2 to V-4.

Table V-3

Plastic decorative ribbon: Weighted-average f.o.b. prices, landed duty-paid values, and quantities of domestic and imported product 1, and margins of underselling/(overselling), by quarters, January 2015-June 2018.

* * * * *

Table V-4

Plastic decorative ribbon: Weighted-average f.o.b. prices, landed duty-paid values, and quantities of domestic and imported product 2, and margins of underselling/(overselling), by quarters, January 2015-June 2018.

* * * * *

Table V-5

Plastic decorative ribbon: Weighted-average f.o.b. prices, landed duty-paid values, and quantities of domestic and imported product 3, and margins of underselling/(overselling), by quarters, January 2015-June 2018.

* * * * *

Figure V-2

Plastic decorative ribbon: Weighted-average f.o.b. prices, landed duty-paid values, and quantities of domestic and imported product 1, by quarters, January 2015-June 2018.

* * * * *

Figure V-3

Plastic decorative ribbon: Weighted-average f.o.b. prices, landed duty-paid values, and quantities of domestic and imported product 2, by quarters, January 2015-June 2018.

* * * * *

Figure V-4

Plastic decorative ribbon: Weighted-average f.o.b. prices, landed duty-paid values, and quantities of domestic and imported product 3, by quarters, January 2015-June 2018.

* * * * *

Price and import purchase cost trends

In general, U.S. producers' prices ***. For product 3, U.S. producers' prices were ***. Products 1 and 2 imported from China were ***, so there was insufficient data to reveal clear price trends. ***.

In contrast to infrequent Chinese prices, import purchase cost data from China were available for most quarters. Import purchase costs were relatively stable for product 1, and increased overall during January 2015-June 2018. Product 2 import purchase costs remained mostly stable in 2015-16, and then became irregular and volatile in 2017 and January-June 2018. Import purchase cost data for product 3 displayed some volatility and decreased during January 2015-June 2018.

Table V-6 summarizes the price and cost trends, by country and by product. As shown in the table, domestic price changes ranged from a *** percent decline to a *** percent increase during January 2015-June 2018. The petitioner explained that domestic price variation was attributable to a mix of products, seasonal products for different occasions, and variation in the number of ribbon bows in a bag or box.⁷ Import price changes were not calculated due to a limited number of quarters with reported sales. Import purchase cost changes ranged from a *** percent decline to a *** percent increase.

⁷ Hearing transcript, pp. 66-67 (Munyan).

Table V-6

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

Item	Number of quarters	Low price per unit (pound, bag or egg)	High price per unit (pound, bag, or egg)	Change in price or cost ¹ (percent)
Product 1				
United States (price)	13	***	***	***
China (price)	1	***	***	***
China (purchase cost)	14	***	***	***
Product 2				
United States (price)	14	***	***	***
China (price)	2	***	***	***
China (purchase cost)	11	***	***	***
Product 3				
United States (price)	6	***	***	***
China (price)	6	***	***	***
China (purchase cost)	12	***	***	***

¹ Percentage change from the first quarter in 2015 to the second quarter in 2018. The percentage change was not calculated for products that were shipped infrequently.

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

Price comparisons

As shown in table V-7, prices for plastic decorative ribbon imported from China were below those for U.S.-produced product in 4 of 9 instances (**); margins of underselling ranged from ** percent. In the remaining 5 instances (**), prices for product from China were between ** percent above prices for the domestic product.

Table V-7

Plastic decorative ribbon: Instances of underselling/overselling and the range and average of margins, January 2015-June 2018

Source	Underselling				
	Number of quarters	Quantity ¹ (units of pounds, bags, or eggs)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Total	4	NA ²	***	***	***
Source	(Overselling)				
	Number of quarters	Quantity ¹ (units of pounds, bags, or eggs)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Total	5	NA ²	***	***	***

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

² Quantities were not totaled due to differing units of measurement.

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

LOST SALES AND LOST REVENUE

In the preliminary phase of these investigations, the Commission requested that U.S. producers of plastic decorative ribbon report purchasers where they experienced instances of lost sales or revenue due to competition from imports of plastic decorative ribbon from China during January 2014-September 2017. U.S. producer Berwick submitted lost sales and lost revenue allegations. Berwick identified *** firms where it lost sales or revenue (***) consisting of lost sales allegations, *** lost revenue allegation, and *** with both types of allegations). Allegations were spread throughout the 2015-17 time frame.

In the final phase of these investigations, of the 2 responding U.S. producers, *** had to reduce prices and roll back announced price increases, and had lost sales.

Staff contacted 33 purchasers and received responses from 12 purchasers.⁸ Responding purchasers reported purchasing and importing \$*** of plastic decorative ribbon during January 2015-June 2018 (table V-8).

⁸ *** did not report quantities of purchases and imports.

Of the 12 responding purchasers, 6 reported that, since 2015, they had purchased plastic decorative ribbon imported from China instead of U.S.-produced plastic decorative ribbon. Five of these purchasers reported that Chinese import prices were lower than U.S.-produced product, and two of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. One purchaser estimated the value of plastic decorative ribbon from China purchased instead of domestic product to be *** (table V-9). Purchasers identified design, fashion trends, packaging, quality, specialty formats, and supplier satisfaction as non-price reasons for purchasing imported rather than U.S.-produced product.

Table V-8
Plastic decorative ribbon: Purchasers' responses to purchasing patterns

* * * * *

Of 12 responding purchasers, one reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China, but did not estimate a price reduction (six reported that U.S. producers did not reduced prices and four reported that they did not know).

Table V-9
Plastic decorative ribbon: Purchasers' responses to purchasing subject imports instead of domestic product

* * * * *

In responding to the lost sales lost revenue survey, two purchasers provided additional information on purchases and market dynamics. Purchaser *** reported that its increase in purchases in 2017 was attributable to a single customer for in-store displays. Purchaser *** reported that purchases were handled by a “scan-based trading relationship” with a vendor.

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

Staff verified the results of *** with its company records. The verification adjustments were incorporated into this report.² ***.

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 (“AUV”) 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, 2015-17, January-June 2017, and January-June 2018

* * * * *

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, 2015-17, January-June 2017, and January-June 2018

* * * * *

Net sales quantity and value

As shown in table VI-1 from 2015 to 2017, the net sales volume for plastic decorative ribbon decreased by *** percent, while net sales revenue decreased by *** percent. Similarly, both sales volume and value were lower in the first half of 2018 (“interim 2018”) than the first half of 2017 (“interim 2017”). The net sales AUV (per-pound) increased from \$*** in 2015 to

¹ ***.

² Staff verification report, ***.

\$*** in 2016, but decreased to \$*** in 2017. When comparing the interim periods, the net sales AUV was higher in interim 2018 (\$***) than during interim 2017 (\$***).³ On a company-specific basis, both companies reported ***. ***.⁴

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 (interim 2017) and *** percent (2016). On a unit basis (per-pound), other factory costs increased irregularly from \$*** in 2015 to \$*** in 2017, and were higher in interim 2018 (\$***) than in interim 2017 (\$***).⁵

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 (interim 2017). On a unit basis (per-pound), raw material costs increased from \$*** in 2015 to \$*** in 2017, and were higher in interim 2018 (\$***) than in the same period in 2017 (\$***).⁶

Direct labor, the last component of COGS, accounted for between *** percent (2016) and *** percent (interim 2017) of overall COGS. On a unit basis, direct labor fluctuated in a relatively small range during the annual periods, increasing from \$*** per pound in 2015 and 2016 to \$*** per pound in 2017. The per-pound cost of direct labor was higher in interim 2018, at \$*** per pound, compared to \$*** per pound in interim 2017.

Overall, the plastic decorative ribbon industry's gross profit decreased from \$*** in 2015 to \$*** in 2017, and was lower in interim 2018 (\$***) than in interim 2017 (\$***). The decrease from 2015 to 2017 was due to a decrease in the gross profit margin (a decrease in the net sales AUV and an increase in the per-pound COGS) coupled with a lower volume of net sales. Net sales AUVs were higher in interim 2018 than in interim 2017, but there was a larger increase in the per-pound COGS, which led to a lower gross profit margin in interim 2018. This lower gross profit margin, coupled with lower net sales volume, led to the industry's lower gross profit in interim 2018.

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 during the annual-year periods, from *** percent in 2015 to *** percent in 2017. The industry's SG&A expense ratio during the interim periods was much higher (*** percent in interim 2017 and *** percent in interim 2018).⁷ Operating income followed a similar trend as gross profit and

³ The large difference ***.

⁴ ***.

⁵ ***.

⁶ ***.

⁷ The higher SG&A expense ratio during the interim periods was ***.

decreased from \$*** in 2015 to \$*** in 2017, and was lower in interim 2018 (***) than in interim 2017 (***)⁸.

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 fluctuated within a relatively small range from 2015 to 2017 (between \$*** and \$***). The other expenses reported in the interim periods were low, relative to the annual-year periods, but did not vary by much between the interim-year periods. By definition, items classified at this level in the income statement only affect net income or (loss). Overall net income for plastic decorative ribbon decreased from \$*** in 2015 to \$*** in 2017. In the first half of 2018 the industry reported a ***, compared to *** in the same period in 2017.⁹

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-4 presents capital expenditures by firm. Reported capital expenditures decreased from 2015 to 2017, and were lower in interim 2018 than in interim 2017. The ***.¹⁰ Neither firm reported ***.

Table VI-4
Plastic decorative ribbon: Capital expenditures of U.S. producers, 2015-17, January-June 2017, and January-June 2018

* * * * *

ASSETS AND RETURN ON ASSETS

Table VI-5 presents data on the U.S. producers' total assets and their return on assets ("ROA").¹¹ The plastic decorative ribbon industry's total net assets decreased from *** in 2015 to \$*** in 2017. The average operating ROA decreased from *** percent in 2015 to *** percent in 2017.

⁸ ***.

⁹ Due to the differences in ***.

¹⁰ ***.

¹¹ 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.

Table VI-5
Plastic decorative ribbon: U.S. producers' total assets and return on assets, 2015-17

* * * * *

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.

Table VI-6
Plastic decorative ribbon: Actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2015

* * * * *

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, 2015

* * * * *

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 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 a foreign producers' or exporters' questionnaire to 45 firms believed to produce and/or export plastic decorative ribbon from China.³ Usable responses to the Commission's questionnaire were received from one firm: Nan Mei Decorative Ribbons Co. Ltd, ("Nan Mei").⁴ ⁵ Nan Mei's exports to the United States accounted for approximately *** percent of U.S. imports of plastic decorative ribbon from China in 2017. According to estimates requested of Nan Mei, the production of plastic decorative ribbon in China reported in its questionnaire response accounted for *** percent of overall production of plastic decorative ribbon in China in 2017. Table VII-1 presents information on the plastic decorative ribbon operations of the responding producer and exporter in China.

Table VII-1
Plastic decorative ribbon: Summary data for producer in China, 2017

* * * * *

Changes in operations

Nan Mei did not report any changes in its plastic decorative ribbon operations since January 1, 2015.

Operations on plastic decorative ribbon

Table VII-2 presents information on Nan Mei's plastic decorative ribbon operations. Nan Mei's production capacity *** at *** pounds during 2015-17 and was *** pounds in January-June 2017 and January-June 2018. Nan Mei expects its production capacity *** pounds in 2018 and 2019. Fluctuating year to year, Nan Mei's production *** percent from 2015 to 2016 and then *** percent in 2017, ending *** percent *** in 2017 than in 2015. According to Nan Mei, ***.⁶ Nan Mei's production was *** percent higher, by *** pounds, in January-June 2018 than

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

⁴ In the preliminary phase of these investigations, the Commission received questionnaire responses from Ningbo Feihong Stationary Co., Ltd, HuiZhou Wonderful Packaging Materials Co., Ltd., Ningbo Junlong Craft Gift Co., Ltd., and Joynice Gifts & Crafts Co., Ltd. According to estimates requested by the Commission, these firms accounted for approximately *** percent, *** percent, *** percent, and *** percent of China's exports of plastic decorative ribbon to the United States in 2017. These firms did not to participate in the final phase. Chinese industry data from the preliminary phase are presented in appendix D. In the preliminary phase, the Commission requested production and shipment data in square yards, and thus Chinese industry data from the preliminary phase are presented in square yards.

⁵ Nan Mei reported that plastic decorative ribbon represented *** percent of its total sales in the most recent fiscal year.

⁶ ***, email correspondence with USITC staff, October 22, 2018.

in January-June 2017. Nan Mei projects its production to decrease by *** percent in 2018 and *** from 2018 to 2019. Nan Mei’s capacity utilization ranged from *** percent in 2015 to *** percent in 2016 and was *** percentage points higher in January-June 2018 than in January-June 2017. Capacity utilization is projected to be *** percent in 2018 and in 2019.

Table VII-2

Plastic decorative ribbon: Data for producer in China, 2015-17, January to June 2017 and January to June 2018, and projection for calendar years 2018 and 2019

* * * * *

Home market shipments accounted for *** percent of Nan Mei’s total shipments in 2015, 2016, and 2017 while export shipments accounted for *** percent of Nan Mei’s total shipments in each year. Although ***, its export shipments to the United States *** percent from 2015 to 2017, with the majority of the increase occurring from 2015 to 2016. Nan Mei’s export shipments to the United States were *** percent *** in January-June 2018 than in January-June 2017. Nan Mei ***.⁷

Alternative products

Nan Mei did not report production of other products using the same equipment and machinery used to produce plastic decorative ribbon.

Exports

According to Global Trade Atlas (“GTA”) data, the leading export markets for plastic sheets, strips, and other plastic items (including plastic decorative ribbon) from China are the United States, India, Hong Kong, the United Kingdom, and Japan. In 2017, by value, the United States was the largest export market for plastic sheets, strips, and other plastic items from China, accounting for 25.0 percent of total exports, followed by India, which accounted for 6.6 percent. Table VII-3 presents export data for plastic sheets, strips, and other items from China.⁸

⁷ ***, email correspondence with USITC staff, October 22, 2018.

⁸ GTA data for HTS subheadings 3920.20 and 3926.40 may include products that are outside the scope of these investigations, and thus may be overstated.

Table VII-3
Plastic sheets, strips, and other items: Exports from China by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
China exports to the United States	1,125,890	888,439	904,829
China exports to other major destination markets.--			
India	241,017	214,582	239,113
Hong Kong	178,411	152,942	182,928
United Kingdom	162,606	148,951	155,336
Japan	127,817	117,036	126,520
Germany	126,119	112,054	109,445
Netherlands	127,316	102,847	105,191
Malaysia	126,500	95,647	87,490
Vietnam	85,985	91,582	87,315
All other destination markets	1,989,348	1,635,214	1,620,567
Total China exports	4,291,008	3,559,293	3,618,735
	Quantity (1,000 pounds)		
China exports to the United States	429,971	418,002	397,706
China exports to other major destination markets.--			
India	101,609	97,886	109,998
Hong Kong	97,110	47,537	76,012
United Kingdom	72,733	65,613	73,099
Japan	79,177	73,710	76,951
Germany	53,142	52,664	54,782
Netherlands	54,599	55,498	58,433
Malaysia	78,687	76,261	62,392
Vietnam	67,140	75,395	78,048
All other destination markets	1,000,987	964,432	969,941
Total China exports	2,035,154	1,926,997	1,957,361

Table continued on the next page.

Table VII-3--Continued
Plastic sheets, strips, and other items: Exports from China by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Unit value (dollars per pound)		
China exports to the United States	2.62	2.13	2.28
China exports to other major destination markets.--			
India	2.37	2.19	2.17
Hong Kong	1.84	3.22	2.41
United Kingdom	2.24	2.27	2.13
Japan	1.61	1.59	1.64
Germany	2.37	2.13	2.00
Netherlands	2.33	1.85	1.80
Malaysia	1.61	1.25	1.40
Vietnam	1.28	1.22	1.12
All other destination markets	1.99	1.70	1.67
Total China exports	2.11	1.85	1.85
	Share of value (percent)		
China exports to the United States	26.2	25.0	25.0
China exports to other major destination markets.--			
India	5.6	6.0	6.6
Hong Kong	4.2	4.3	5.1
United Kingdom	3.8	4.2	4.3
Japan	3.0	3.3	3.5
Germany	2.9	3.1	3.0
Netherlands	3.0	2.9	2.9
Malaysia	2.9	2.7	2.4
Vietnam	2.0	2.6	2.4
All other destination markets	46.4	45.9	44.8
Total China exports	100.0	100.0	100.0

Source: Official export statistics under HTS subheadings 3920.20 and 3926.40 as reported by China in the Global Trade Atlas database, accessed October 23, 2018.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-4 presents data on U.S. importers' reported inventories of plastic decorative ribbon. U.S. importers' end-of-period inventories of imports from China decreased by 29.3 percent from 2015 to 2017. End-of-period inventories were *** percent higher in January-June 2018 than in January-June 2017. *** held the majority of the inventories during 2015-17 (*** percent in 2015, *** percent in 2016, and *** percent in 2017).

Table VII-4
Plastic decorative ribbon: U.S. importers' end-of-period inventories of imports by source, 2015-17, January to June 2017, and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Inventories (1,000 pounds); Ratios (percent)				
Imports from China Inventories	164	144	116	111	***
Ratio to U.S. imports	4.9	3.2	2.4	4.2	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from nonsubject sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

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

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of plastic decorative ribbon from China after June 30, 2018. Responding importers reported *** pounds of arranged imports from China, the majority of which was scheduled for delivery in July-September 2018. Table VII-5 presents shipments of plastic decorative ribbon arranged for U.S. importation after June 30, 2018.

Table VII-5
Plastic decorative ribbon: Arranged imports, July 2018 through June 2019

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Staff did not find any antidumping or countervailing duty orders in third-country markets on plastic decorative ribbon from China.

INFORMATION ON NONSUBJECT COUNTRIES

According to GTA data, the four largest nonsubject exporters of plastic sheets, strips, and other plastic items (including plastic decorative ribbon), by value, in 2017 were Germany, Italy, Belgium, and Turkey. These nonsubject countries represented 22.7 percent of total global

exports by value. Table VII-6 presents data for global exports of plastic sheets, strips, and other items.⁹

Table VII-6
Plastic sheets, strips, and other items: Global exports by exporter, 2015-17

Exporter	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
United States	618,346	595,157	624,508
China	4,291,008	3,559,293	3,618,735
All other major reporting exporters.--			
Germany	1,074,140	1,083,669	1,221,577
Italy	815,380	798,881	863,602
Belgium	556,340	519,483	494,936
Turkey	335,168	323,165	365,746
Netherlands	334,114	368,723	350,622
Japan	329,137	330,756	345,781
United Kingdom	356,567	327,915	342,783
Portugal	243,260	237,709	291,221
Mexico	260,452	251,070	244,519
France	229,306	225,996	242,113
All other exporters	4,276,145	4,018,284	3,973,435
Total global exports	13,719,363	12,640,100	12,979,579
	Share of value (percent)		
United States	4.5	4.7	4.8
China	31.3	28.2	27.9
All other major reporting exporters.--			
Germany	7.8	8.6	9.4
Italy	5.9	6.3	6.7
Belgium	4.1	4.1	3.8
Turkey	2.4	2.6	2.8
Netherlands	2.4	2.9	2.7
Japan	2.4	2.6	2.7
United Kingdom	2.6	2.6	2.6
Portugal	1.8	1.9	2.2
Mexico	1.9	2.0	1.9
France	1.7	1.8	1.9
All other exporters	31.2	31.8	30.6
Total global exports	100.0	100.0	100.0

Source: Official export statistics under HS subheading 3920.20 and 3926.40 as reported by various statistical authorities in the Global Trade Atlas database, accessed November 20, 2018.

⁹ GTA data for HTS subheadings 3920.20 and 3926.40 may include products that are outside the scope of these investigations, and thus may be overstated.

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 395 January 3, 2018	<i>Plastic Decorative Ribbon from China; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-01-03/pdf/2017-28340.pdf
83 FR 3114 January 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
83 FR 3126 January 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 7077 February 16, 2018	<i>Plastic Decorative Ribbon From China; Determinations</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-02-16/pdf/2018-03207.pdf
83 FR 29096 June 22, 2018	<i>Certain Plastic Decorative Ribbon From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-06-22/pdf/2018-13429.pdf
83 FR 39058 August 8, 2018	<i>Certain Plastic Decorative Ribbon From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-08-08/pdf/2018-16900.pdf
83 FR 40226 August 14, 2018	<i>Certain Plastic Decorative Ribbon From the People’s Republic of China: Postponement of Final Determination of Sales at Less Than Fair Value</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-08-14/pdf/2018-17413.pdf
83 FR 44302 August 30, 2018	<i>Plastic Decorative Ribbon From China; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-08-30/pdf/2018-18797.pdf

83 FR 45215 September 6, 2018	<i>Certain Plastic Decorative Ribbon from the People's Republic of China: Amended Affirmative Countervailing Duty Determination</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-09-06/pdf/2018-19336.pdf
84 FR 1055 February 1, 2019	<i>Certain Plastic Decorative Ribbon From the People's Republic of China: Final Determination of Sales at Less Than Fair Value</i>	https://www.govinfo.gov/content/pkg/FR-2019-02-01/pdf/2019-00755.pdf
84 FR 1064 February 1, 2019	<i>Certain Plastic Decorative Ribbon From the People's Republic of China: Final Affirmative Countervailing Duty Determination</i>	https://www.govinfo.gov/content/pkg/FR-2019-02-01/pdf/2019-00754.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Plastic Decorative Ribbon from China
Inv. Nos.: 701-TA-592 and 731-TA-1400 (Final)
Date and Time: December 13, 2018 - 9:30 a.m.

Sessions will be held in connection with these investigations in the Main Hearing Room (Room 101), 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

Keith W. Pfeil, Executive Vice President – Finance and Chief
Financial Officer, Berwick Offray, LLC

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

Julie Pajic, Director of Pricing, Berwick Offray, LLC

Dr. Seth T. Kaplan, President, International Economic Research LLC

Travis Pope, Associate, Capital Trade Inc.

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, 2015-17, January to June 2017, and January to June 2018

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

	Reported data					Period changes			
	2015	Calendar year 2016	2017	January to June 2017 2018		2015-17	Comparison years 2015-16 2016-17		Jan-Jun 2017-18
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. imports--									
China:									
Quantity.....	3,323	4,562	4,910	1,335	1,600	47.7	37.3	7.6	19.9
Value.....	15,199	19,874	18,413	4,469	5,181	21.1	30.8	(7.4)	15.9
Unit value.....	\$4.57	\$4.36	\$3.75	\$3.35	\$3.24	(18.0)	(4.8)	(13.9)	(3.3)
Ending inventory quantity.....	164	144	116	111	***	(29.3)	(12.1)	(19.6)	***
Nonsubject sources:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
U.S. producers:									
Average capacity quantity.....	***	***	***	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***	***	***	***
Hours worked.....	***	***	***	***	***	***	***	***	***
Wages paid.....	***	***	***	***	***	***	***	***	***
Hourly wages.....	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour).....	***	***	***	***	***	***	***	***	***
Unit labor costs.....	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
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).....	***	***	***	***	***	***	***	***	***

Notes: Shares and ratio shown as "0.0" represent values greater than zero, but less than "0.05" percent. Due to reporting issues with quantity measurement, consumption based on value is 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

APPENDIX D

CHINESE INDUSTRY DATA FROM THE PRELIMINARY PHASE

Table D-1

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.

Table D-2

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.