

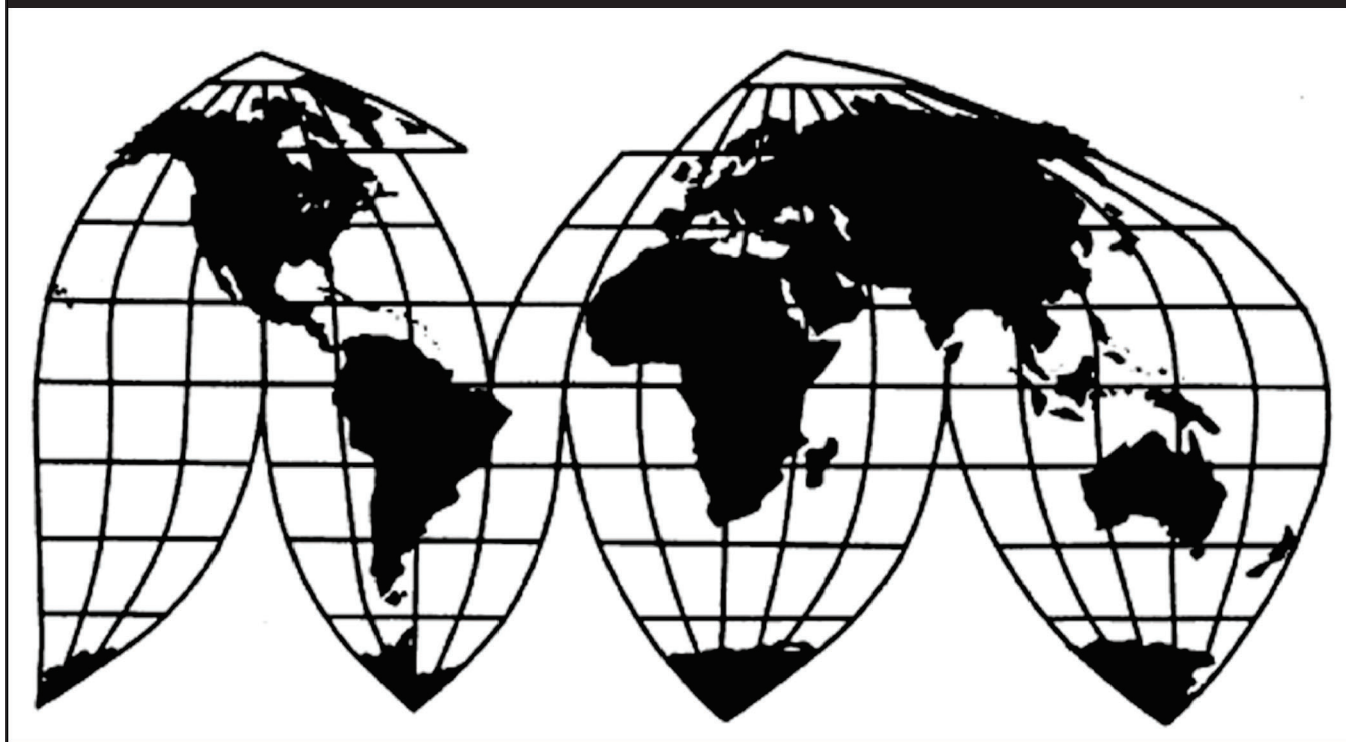
# Certain Pasta from Italy and Turkey

Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Fourth Review)

Publication 4876

April 2019

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified (including by brackets or by parallel lines) in confidential reports and is deleted and replaced with asterisks in public reports.

## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Fourth Review)

Certain Pasta from Italy and Turkey

### DETERMINATIONS

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the countervailing duty orders and antidumping duty orders on certain pasta from Italy and Turkey would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>2</sup>

### BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on August 1, 2018 (83 F.R. 37517) and determined on November 5, 2018 that it would conduct expedited reviews (84 F.R. 4535, February 15, 2019).

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

<sup>2</sup> Commissioner Meredith M. Broadbent dissenting with respect to the imports of certain pasta from Turkey.





## Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping and countervailing duty orders on certain pasta (“pasta” or “dry pasta”) from Italy and Turkey would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1 2</sup>

### I. Background

*Original Investigations.* On May 12, 1995, Borden, Inc., Hershey Foods Corp., and Gooch Foods, Inc. filed antidumping duty and countervailing duty petitions on imports of certain pasta from Italy and Turkey. On June 14, 1996, the U.S. Department of Commerce (“Commerce”) determined that imports of certain pasta from Italy and Turkey were being subsidized and sold at less than fair value (“LTFV”).<sup>3</sup> In July 1996, the Commission found that a domestic industry was materially injured by reason of subsidized and LTFV imports of certain pasta from Italy and Turkey.<sup>4</sup> On July 24, 1996, Commerce issued antidumping and countervailing duty orders for certain pasta from Italy and Turkey.<sup>5</sup>

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<sup>1</sup> Commissioner Broadbent determines that revocation of the antidumping and countervailing duty orders on certain pasta from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time, and that revocation of the antidumping and countervailing duty orders on certain pasta from Turkey would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Separate and Dissenting Views of Commissioner Meredith M. Broadbent. She joins sections I and II of these views unless otherwise stated.

<sup>2</sup> Due to the lapse in appropriations and ensuing cessation of Commission operations, all import injury reviews conducted under authority of Title VII of the Tariff Act of 1930 accordingly have been tolled pursuant to 19 U.S.C. § 1675(c)(5).

<sup>3</sup> *Notice of Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy*, 61 Fed. Reg. 30326 (June 14, 1996); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Pasta from Turkey*, 61 Fed. Reg. 30309 (June 14, 1996); *Final Affirmative Countervailing Duty Determination: Certain Pasta from Italy*, 61 Fed. Reg. 30288 (June 14, 1996); *Final Affirmative Countervailing Duty Determination: Certain Pasta from Turkey*, 61 Fed. Reg. 30366 (June 14, 1996).

<sup>4</sup> *Certain Pasta from Italy and Turkey*, 61 Fed. Reg. 38473 (July 24, 1996); *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final), USITC Publication 2977 (July 1996) (“*Original Determinations*”). Commissioner Watson found that the domestic industry was not materially injured or threatened with material injury by reason of subject imports. *Id.* at 37.

<sup>5</sup> *Notice of Antidumping Duty Order and Amended Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy*, 61 Fed. Reg. 38547 (July 24, 1996); *Notice of Antidumping Duty Order and Amended Final Determination of Sales at Less Than Fair Value: Certain Pasta from Turkey*, 61 Fed. Reg. 38545 (July 24 1996); *Notice of Countervailing Duty Order and Amended Final Affirmative Countervailing Duty Determination: Certain Pasta from Italy*, 61 Fed. Reg. 38544 (July 24, 1996); *Notice of Countervailing Duty Order: Certain Pasta from Turkey*, 61 Fed. Reg. 38546 (July 24, 1996).

*First Reviews.* On September 4, 2001, the Commission determined that it would conduct expedited reviews of the antidumping and countervailing duty orders on certain pasta from Italy and Turkey.<sup>6</sup> In October 2001, the Commission found that revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry.<sup>7</sup> Commerce issued a notice of continuation of the orders, effective November 16, 2001.<sup>8</sup>

*Second Reviews.* On January 5, 2007, the Commission determined to conduct full reviews of the antidumping and countervailing duty orders on certain pasta from Italy and Turkey.<sup>9</sup> In September 2007, the Commission found that revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry.<sup>10</sup> Commerce issued a notice of continuation of the orders, effective October 12, 2007.<sup>11</sup>

*Third Reviews.* On December 10, 2012, the Commission determined to conduct full reviews of the antidumping and countervailing duty orders on certain pasta from Italy and Turkey.<sup>12</sup> In August 2013, the Commission found that revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry.<sup>13</sup> Commerce issued a notice of continuation of the orders, effective September 17, 2013.<sup>14</sup>

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<sup>6</sup> *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Review), 66 Fed. Reg. 50453 (Oct. 3, 2001).

<sup>7</sup> *Certain Pasta from Italy and Turkey*, 66 Fed. Reg. 55697 (Nov. 2, 2001); *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Review), USITC Pub. 3462 (Oct. 2001) (“*First Reviews*”).

<sup>8</sup> *Certain Pasta from Italy and Turkey, and Clad Steel Plate from Japan: Continuation of Countervailing and Antidumping Duty Orders*, 66 Fed. Reg. 57703 (Nov. 16, 2001).

<sup>9</sup> *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review), 72 Fed. Reg. 2558 (Jan. 19, 2007).

<sup>10</sup> *Certain Pasta from Italy and Turkey*, 72 Fed. Reg. 56382 (Oct. 3, 2007); *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review), USITC Pub. 3947 (Sept. 2007) (“*Second Reviews*”).

<sup>11</sup> *Certain Pasta from Italy and Turkey: Continuation of Countervailing and Antidumping Duty Orders*, 73 Fed. Reg. 58052 (Oct. 12, 2007).

<sup>12</sup> *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review), 78 Fed. Reg. 959 (Jan. 4, 2013).

<sup>13</sup> *Certain Pasta from Italy and Turkey*, 78 FR 55095, September 9, 2013; *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review), USITC Pub. 4423 (Aug. 2013) at 1 (“*Third Reviews*”).

Commissioners Johanson and Broadbent determined that revocation of the antidumping and countervailing duty orders on certain pasta from Italy would be likely to lead to continuation or recurrence of material injury to a domestic industry, and further determined that revocation of the antidumping and countervailing duty orders on certain pasta from Turkey would not be likely to lead to continuation or recurrence of material injury to a domestic industry. See *Third Reviews*, USITC Pub. 4423 at 43-66.

<sup>14</sup> *Certain Pasta from Italy and Turkey: Continuation of Antidumping and Countervailing Duty Orders*, 78 Fed. Reg. 57129 (Sept. 17, 2013).

*Current Reviews.* On August 1, 2018, the Commission instituted the current five-year reviews and determined on November 5, 2018 to conduct expedited reviews.<sup>15</sup> The Commission received a joint response to its notice of institution from four participating domestic interested parties: A. Zerega's Sons, Inc. ("A. Zerega's"), Dakota Growers Pasta Company, Inc. ("Dakota"), Riviana Foods, Inc. ("Riviana"), and TreeHouse Foods, Inc. ("TreeHouse") (collectively, "the domestic interested parties").<sup>16</sup> The Commission also received two responses to its notice of institution from respondent interested parties: the Government of the Republic of Turkey ("GOT")<sup>17</sup> and Italian producer and exporter Industria Alimentare Colavita, S.p.A. ("Indalco").<sup>18</sup> On February 22, 2019, the domestic interested parties filed comments with the Commission pursuant to 19 C.F.R. § 207.62(d).<sup>19</sup>

In these reviews, U.S. industry data are based on the information submitted by the domestic interested parties in their response to the notice of institution. These producers estimate that they collectively accounted for \*\*\* percent of domestic production of subject merchandise in 2017.<sup>20</sup> U.S. import data and related information are based on official import statistics and information submitted by interested parties.<sup>21</sup> Foreign industry data and related information are based on information in the original investigations and prior reviews, information provided by the interested parties in these reviews, and publicly available information, such as Global Trade Atlas ("GTA") data, gathered by staff.<sup>22</sup> Italian producer and

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<sup>15</sup> *Certain Pasta from Italy and Turkey; Institution of Five-Year Reviews*, 83 Fed. Reg. 37517 (Aug. 1, 2018). The Commission determined that the domestic interested party group response to its notice of institution was adequate and that the respondent interested party group response was inadequate in each review.

Chairman Johanson and Commissioner Broadbent found that the respondent interested party group response on the orders concerning pasta from Turkey was adequate and voted to conduct a full review of the orders on subject imports of pasta from Turkey, and also voted to conduct a full review of the orders on pasta from Italy in order to promote administrative efficiency. Explanation of Commission Determination on Adequacy, EDIS Doc. 655366 (Sept. 11, 2018).

<sup>16</sup> Domestic Interested Parties' Response to Notice of Institution, EDIS Doc. No. 654521 (Aug. 31, 2018) ("Domestic Response").

\*\*\*. Confidential Report ("CR"), Memorandum INV-QQ-117 (Oct. 23, 2018) at I-2 n.5; Public Report ("PR") at I-2 n.5; Domestic Response at 19.

<sup>17</sup> GOT Response to the Notice of Institution, EDIS Doc. No. 654538 (Aug. 31, 2018) ("GOT Response").

<sup>18</sup> Indalco Response to the Notice of Institution, EDIS Doc. No. 654560 (Aug. 31, 2018) ("Indalco Response").

<sup>19</sup> Domestic Interested Parties' Final Comments, EDIS Doc. No. 667841 (Feb. 22, 2019) ("Domestic Final Comments").

<sup>20</sup> CR/PR at Table I-1; Domestic Response at 21-22.

<sup>21</sup> See generally CR at I-25 to I-30, PR at I-18 to I-23.

<sup>22</sup> See CR at I-31 to I-40, PR at I-24 to I-31.

exporter Indalco estimated that it accounted for \*\*\* of total Italian pasta production in 2017.<sup>23</sup> No foreign producer or exporter of certain pasta from Turkey participated in these reviews.<sup>24</sup>

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>25</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>26</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>27</sup>

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

Imports covered by this order are shipments of certain non-egg dry pasta in packages of five pounds four ounces or less, whether or not enriched or fortified or containing milk or other optional ingredients such as chopped vegetables, vegetable purees, milk, gluten, diastasis, vitamins, coloring and flavorings, and up to two percent egg white. The pasta covered by the scope of the Order is typically sold in the retail market, in fiberboard or cardboard cartons, or polyethylene or polypropylene bags of varying dimensions.

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<sup>23</sup> CR/PR at Table I-1; Supplemental Response of Indalco (Oct. 1, 2018), EDIS Doc. No. 657337 (“Supplemental Indalco Response”) at 1.

<sup>24</sup> CR/PR at Table I-1. The GOT provided capacity and production data for the Turkish industry for 2016, undated capacity utilization data for the Turkish industry, and 2017 data on Turkish exports of pasta, as well as a list of Turkish exporters. It also provided data on Turkey’s gross domestic product, global pasta consumption, and global pasta markets. GOT Response at 2-3, 5-8, 11-15; Supplemental Response of GOT to the Notice of Institution (Oct. 1, 2018), EDIS Doc. No. 657285 (“Supplemental GOT Response”) at 1-2.

<sup>25</sup> 19 U.S.C. § 1677(4)(A).

<sup>26</sup> 19 U.S.C. § 1677(10); see, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748–49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90–91 (1979).

<sup>27</sup> See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8–9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

Excluded from the scope of the order are refrigerated, frozen, or canned pastas, as well as all forms of egg pasta, with the exception of non-egg dry pasta containing up to two percent egg white. Multicolored pasta, imported in kitchen display bottles of decorative glass that are sealed with cork or paraffin and bound with raffia, is excluded from the scope of the Order. Pursuant to the Department's May 12, 2011 changed circumstances review effective January 1, 2009, gluten free pasta is also excluded from the scope of the Order. Effective January 1, 2012, ravioli and tortellini filled with cheese and/or vegetables are also excluded from the scope of the Order.

Also excluded are imports of organic pasta from Italy that are certified by an EU authorized body in accordance with the United States Department of Agriculture's National Organic Program for organic products. The organic pasta certification must be retained by exporters and importers and made available to U.S. Customs and Border Protection or the Department of Commerce upon request.

The merchandise subject to this order is currently classifiable under items 1901.90.90.95 and 1902.19.20 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise subject to the Order is dispositive.<sup>28 29</sup>

Pasta is a basic foodstuff that is made from durum wheat semolina and water. It is formed by mixing semolina (and possibly flour) and water into a dough that is then rolled to a uniform thickness or extruded. It is sold in refrigerated, frozen, canned, or dry forms. Dry pasta is pasta that has been dried into a brittle form that is ready for cooking or for incorporation into

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<sup>28</sup> *Issues and Decision Memorandum for the Final Results of the Expedited Fourth Sunset Review of the Countervailing Duty Order on Certain Pasta from Italy*, Commerce memorandum dated November 28, 2018, EDIS Doc. No. 667835 (Att. 1402575) ("Italy CVD IDM") at 6. The scope of the Turkey antidumping and countervailing duty orders is similar to that for the Italy orders, but does not include the exclusions with respect to multicolored pasta, gluten free pasta, ravioli and tortellini filled with cheese and/or vegetables, and organic pasta from Italy certified by the EU. Moreover, the Turkey orders only include merchandise classifiable under HTS 1902.19.20. *See also Issues and Decision Memorandum for the Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders on Certain Pasta from Italy and Turkey*, Commerce memorandum dated November 28, 2018, EDIS Doc. No. 667835 (Att. 1402574) ("Italy and Turkey AD IDM") at 2-3; *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Certain Pasta from Turkey*, Commerce memorandum dated November 28, 2018, EDIS Doc. No. 667835 (Att. 1402576) ("Turkey CVD IDM") at 5.

<sup>29</sup> HTS subheading 1902.19.20 covers goods outside the scope of these orders, as it also includes some nonsubject merchandise (e.g. dry non-egg pasta in packages greater than five pounds four ounces). As part of the changes to the HTS in 2017, the HTS statistical reporting number 1901.90.9095 was changed to 1901.90.9195 and is described as "food preparations of flour, meal, starch or malt extract, not containing cocoa powder or containing less than 50% cocoa powder (by weight), not elsewhere specified or included." CR at I-12 n.35 and 36, PR at I-10 n.35 and 36.

downstream products such as macaroni and cheese, canned soup, or other prepared foods. The scope of Commerce's reviews includes only the dry form of pasta that is "non-egg."<sup>30</sup>

In the original investigations,<sup>31</sup> the Commission addressed several domestic like product issues: (1) whether the domestic like product should be defined to include dry pasta for sale to the industrial market (*i.e.*, to producers who incorporate dry pasta into downstream products); (2) whether the domestic like product should be defined to include dry egg pasta not included within the scope definition; (3) whether enriched and non-enriched dry pasta constitute separate like products; and (4) whether organic and non-organic pasta constitute separate like products. The Commission found that all dry pasta shared the same basic characteristics and uses, and was manufactured with the same basic production equipment and processes. While the products at issue had some distinctive features, such variations were present throughout the continuum of dry pasta products and thus did not create clear dividing lines between any of the dry pasta products. Therefore, the Commission determined that there was one domestic like product consisting of all dry pasta.<sup>32</sup> The Commission also included in the domestic like product dry egg pasta that was not encompassed within the scope, but did not include any limitation on the size of the packaging (the scope definition contains such a limitation).<sup>33</sup>

In the first, second, and third five-year reviews, no party requested the Commission to define the domestic like product differently than it did in the original investigations, and the Commission found that nothing in the record warranted revisiting the Commission's original like product definition. Accordingly, the Commission again defined the domestic like product as all dry pasta.<sup>34</sup>

In these reviews, the domestic interested parties have stated that the domestic like product should continue to be defined as all dry pasta,<sup>35</sup> and no party has requested the Commission to define the like product differently.<sup>36</sup> The record contains no information

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<sup>30</sup> CR at I-13 to I-14, PR at I-10 to I-11.

<sup>31</sup> In the preliminary determinations of the original investigations, the Commission found two domestic like products consisting of (1) dry pasta other than oriental-style noodles and (2) oriental-style noodles. It determined that imports of oriental-style noodles from both Italy and Turkey were negligible, and the investigations were accordingly terminated with respect to oriental-style noodles. *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365-366 (Preliminary) and 731-TA-734-735, USITC Pub. 2905 (July 1995) at I-8, I-16 to I-17.

<sup>32</sup> *Original Determinations*, USITC Pub. 2977 at 7-12. Commissioner Bragg found that the domestic like product consisted of dry non-egg pasta. *Id.* at 7 n.15, 35-36.

<sup>33</sup> *Original Determinations*, USITC Pub. 2977 at 7-12.

<sup>34</sup> *First Reviews*, USITC Pub. 3462 at 4-5; *Second Reviews*, USITC Pub. 3947 at 5-6; *Third Reviews*, USITC Pub. 4423 at 7. In the first review determinations, as in the original investigations, Commissioner Bragg defined the domestic like product as dry non-egg pasta. *First Reviews*, USITC Pub. 3462. at 5 n.16.

<sup>35</sup> Domestic Response at 23.

<sup>36</sup> CR at I-23 to I-24, PR at I-17 to I-18. Indalco reported that they were not "in a position to state an opinion" on the Commission's definitions of the domestic like product and the GOT commented "not applicable." See *id.*; Indalco Response at 9; GOT Response at 15.

indicating that the characteristics of dry pasta have changed since the prior proceedings.<sup>37</sup> Based on the analysis in the original investigations, the record in these reviews, and the lack of any contrary argument, we again define a single domestic like product encompassing all dry pasta.

## **B. Domestic Industry and Related Parties**

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>38</sup> 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.

Section 771(4)(B) of the Tariff Act, known as the related parties 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.<sup>39</sup> Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation.<sup>40</sup>

In the original investigations, the Commission defined the domestic industry to include all producers of dry pasta. There were two related parties, but the Commission declined to exclude them under 19 U.S.C. § 1677(4)(B).<sup>41</sup>

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<sup>37</sup> See generally CR at I-11 to I-17, PR at I-9 to I-13.

<sup>38</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>39</sup> 19 U.S.C. § 1677(4)(B).

<sup>40</sup> The primary factors the Commission examines 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.

<sup>41</sup> *Original Determinations*, USITC Pub. 2977 at 12-13. The two related parties were \*\*\*. Confidential Views of the Commission, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final), EDIS Doc. 657778 (July 1996) (“Confidential Original Determinations”) at 15-16.

In the first five-year reviews, there were four related parties, but the Commission declined to exclude them and again found the domestic industry to be all domestic producers of dry pasta.<sup>42</sup>

In the second five-year reviews, there were five related (or potentially related) parties, and Italian respondents in those reviews argued that two of them should be excluded from the domestic industry.<sup>43</sup> The Commission declined to exclude any domestic producers, again finding a single domestic industry consisting of all domestic producers of dry pasta.<sup>44</sup>

In the third five-year reviews, there were three U.S. producers that were related parties. The Commission declined to exclude any domestic producers, again finding a single domestic industry consisting of all domestic producers of dry pasta.<sup>45</sup>

In these fourth five-year reviews, the domestic interested parties agree with the definition of the domestic industry in the original investigations and no respondent parties argue for a change from the prior proceedings.<sup>46</sup> However, these reviews raise the issue of whether appropriate circumstances exist to exclude certain U.S. producers from the domestic industry pursuant to the related parties provision. In particular, the domestic interested parties reported that TreeHouse and Riviana are related to foreign producers or exporters of the subject merchandise in Italy, and that nonparticipating domestic producer Barilla USA is related to an Italian producer and an importer of the subject merchandise.<sup>47</sup> No U.S. producer reported importing subject pasta from Turkey.

\*\*\* imported \*\*\* pounds of subject merchandise from Italy in 2017, but reported \*\*\* pounds of U.S. commercial shipments of subject imports from Italy during the same year.<sup>48</sup> \*\*\* produced \*\*\* pounds of subject merchandise in 2017, and the ratio of \*\*\* U.S. commercial

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<sup>42</sup> *First Reviews*, USITC Pub.3462 at 6, n.22. The related parties were \*\*\*. Confidential Views of the Commission, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Review), EDIS Doc. 657779 (Oct. 2001) (“Confidential First Review Determinations”) at 8, n.22.

<sup>43</sup> Italian respondents argued that AIPC and Dakota should be excluded from the domestic industry. *Second Reviews*, USITC Pub. 3947 at 7-8.

<sup>44</sup> *Second Reviews*, USITC Pub. 3947 at 7-9. The related parties were \*\*\*. Confidential Views of the Commission, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review), EDIS Doc. 657781 (Sept. 2007) (“Confidential Second Review Determinations”) at 11.

<sup>45</sup> *Third Reviews*, USITC Pub. 4423 at 9. The related parties were AIPC, Barilla America, and New World. *Id.*

<sup>46</sup> Domestic Response at 23; Indalco Response at 9; GOT Response at 15.

<sup>47</sup> Domestic interested parties report that Riviana is related to Italian producers Pastaficio Lucio Garofalo S.p.A. and Bertagni 1882 S.p.A., while TreeHouse is related to both Pasta Lenzi Srl and Pastaficio Annoni in Italy, and \*\*\*. Domestic Response at 19; CR at I-2 n.5, PR at I-2 n.5. With regard to Barilla USA, since only data for the participating U.S. producers was submitted in these reviews, there is no relevant data provided for this related party that could be excluded from the domestic industry compilation in these reviews. Domestic Response at 19.

<sup>48</sup> Domestic Response at Exhibit 10. Although no further clarification on the data in Exhibit 10 was provided, it would appear that \*\*\*. *Id.* at 19.



shipments of imports from Italy to domestic production was \*\*\* percent.<sup>49</sup> \*\*\* imported \*\*\* pounds of subject merchandise from Italy in 2017, constituting \*\*\* percent of total subject imports from Italy during that year.<sup>50</sup> \*\*\* produced \*\*\* pounds of subject merchandise in 2017, and the ratio of \*\*\* total subject imports to domestic production was \*\*\* percent.<sup>51</sup>

Both \*\*\* and \*\*\* support the continuation of the order, and no party has advocated for their exclusion from the domestic industry. Both of the domestic producers' imports (or U.S. commercial shipments of imports) from Italy represent small percentages of its domestic production of dry pasta over the period of review. \*\*\*.<sup>52</sup> Based on the record, we find that their primary interest appears to lie in domestic production rather than importation.

Thus, we find that appropriate circumstances do not exist to exclude either Riviana or TreeHouse from the domestic industry as related parties<sup>53</sup> and define the domestic industry as all U.S. producers of dry pasta.

### III. Cumulation

#### A. Legal Standard

With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.<sup>54</sup>

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<sup>49</sup> Domestic Response at Exhibit 10. \*\*\* reported an operating income of \$\*\*\* in 2017. *Id.*

<sup>50</sup> Domestic Response at Exhibit 10.

<sup>51</sup> Domestic Response at Exhibit 10. \*\*\* reported an operating income of \$\*\*\* in 2017. *Id.*

<sup>52</sup> Domestic Response at Exhibit 10.

<sup>53</sup> CR at I-23 to I-24, PR at I-17 to I-18; Domestic Response at Exhibit 10. In their discussion of supply conditions, Indalco reported that several of the large U.S. pasta producers, namely Barilla USA, American-Italian Pasta Company, Dakota, and New World Pasta Company ("New World"), are related to Italian or other foreign producers of certain pasta. In addition, it stated that the U.S. producers have begun to directly import certain pasta from Italy, Mexico, or other markets. Nevertheless, Indalco reported that it was not "in a position to state an opinion" on the Commission's definitions of the domestic industry. Indalco Response at 2; CR at I-24. The limited information on the record of this proceeding does not establish that, even assuming arguendo that any of the aforementioned firms is a related party, appropriate circumstances exist to warrant its exclusion from the domestic industry. Moreover, the existence of such circumstances would make no difference to the record of these reviews because none of those firms reported data for the Commission to exclude.

<sup>54</sup> 19 U.S.C. § 1675a(a)(7).

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.<sup>55</sup> The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

## **B. The Prior Proceedings**

In the original investigations, the Commission found a reasonable overlap of competition between and among the domestic like product and subject imports from Italy and Turkey, and therefore cumulated subject imports for its material injury determinations.<sup>56</sup>

In the first, second, and third reviews, the Commission found that subject imports from both countries would be likely to have a discernible adverse impact on the domestic industry if the orders were revoked. The Commission also found that a reasonable overlap of competition between the subject imports and the domestic like product would be likely if the orders were revoked. The Commission did not find any significant differences in the likely conditions of competition between Italy and Turkey, and therefore exercised its discretion to cumulate imports from both countries.<sup>57</sup>

## **C. Analysis**

In these reviews, the statutory threshold for cumulation is satisfied because all reviews were initiated on the same day: August 1, 2018.<sup>58</sup> In addition, we consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports: (1) whether imports from any of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a

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<sup>55</sup> 19 U.S.C. § 1677(7)(G)(i); *see also, e.g., Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337–38 (Ct. Int'l Trade 2008).

<sup>56</sup> *Original Determinations*, USITC Pub. 2977 at 19-23.

<sup>57</sup> *First Reviews*, USITC Pub. 3462 at 6-10; *Second Reviews*, USITC Pub. 3947 at 11-14; *Third Reviews*, USITC Pub. 4423 at 10-19.

<sup>58</sup> *Certain Pasta from Italy and Turkey: Institution of Five-Year Reviews*, 83 Fed. Reg. 37517 (Aug. 1, 2018).

likelihood of a reasonable overlap of competition among subject imports and the domestic like product; and (3) whether subject imports are likely to compete in the U.S. market under different conditions of competition.<sup>59</sup>

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

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.<sup>60</sup> Neither the statute nor the Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.<sup>61</sup> With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Based on the record in these reviews, we do not find that imports from either of the subject countries are likely to have no discernible adverse impact on the domestic industry in the event of revocation of the corresponding orders.<sup>62</sup>

*Italy.* During the original investigations, subject imports from Italy ranged from 214.0 million pounds in 1993 to 322.5 million pounds in 1995 and accounted for \*\*\* percent of apparent U.S. consumption.<sup>63</sup> During the prior reviews, subject imports from Italy were also present in the U.S. market. In these fourth five-year reviews, subject imports from Italy have increased irregularly over the period of review from 291.1 million pounds in 2013 to 348.8 million pounds in 2017.<sup>64</sup>

The domestic interested parties identified nearly 60 Italian producers/exporters currently engaged in the production of pasta.<sup>65</sup> GTA data indicate that exports of dry pasta from Italy remained significant, and the United States represented the Italians’ fourth largest export market throughout the period of review following Germany, the United Kingdom, and France.<sup>66</sup> In light of the foregoing, including Italy’s high degree of export orientation and maintained interest in the U.S. market, we do not find that subject imports from Italy would

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<sup>59</sup> The domestic interested parties argue that subject imports from both subject countries should be cumulated for the purposes of these reviews. Domestic Final Comments at 3-6. Neither respondent interested party addressed the issue of cumulation in its submissions.

<sup>60</sup> 19 U.S.C. § 1675a(a)(7).

<sup>61</sup> SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

<sup>62</sup> The domestic interested parties argue that revocation of the orders in these reviews would have a discernible adverse impact on the domestic industry. Domestic Final Comments at 4.

<sup>63</sup> CR/PR at Appendix C.

<sup>64</sup> CR/PR at Tables I-4 and I-6.

<sup>65</sup> Domestic Response at 9.

<sup>66</sup> CR/PR at Table I-8.

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

*Turkey.* During the original period of investigation, the quantity of subject imports from Turkey increased from 48.8 million pounds in 1993 to 64.0 million pounds in 1994, and then declined to 57.0 million pounds in 1995, accounting for under 2.0 percent of apparent U.S. consumption throughout the period of investigation.<sup>67</sup> In these fourth five-year reviews, subject imports from Turkey have increased from 5.5 million pounds in 2013 to 18.3 million pounds in 2017.<sup>68</sup>

The domestic interested parties identified 25 producers currently engaged in the production of pasta in Turkey.<sup>69</sup> They also argue that the Turkish pasta capacity and production have grown significantly since the last review, and are estimated to expand in the near future. GTA data indicate that exports of dry pasta from Turkey increased irregularly from 1.4 billion pounds in 2013 to 2.2 billion pounds in 2017, making it the second leading pasta exporter in the world.<sup>70</sup> Turkey's two largest export markets for dry pasta in 2017 were Angola and Benin. Certain dry wheat pasta from Turkey is subject to antidumping and countervailing duties in Canada.<sup>71</sup> In light of the foregoing, including the Turkish industry's increasing production, capacity, export volumes, and the increasing volume of subject imports from Turkey in the U.S. market during the period of review, we do not find that subject imports from Turkey would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

## 2. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.<sup>72</sup> Only a "reasonable overlap" of competition is required.<sup>73</sup> In five-year reviews, the

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<sup>67</sup> CR/PR at Appendix C.

<sup>68</sup> CR/PR at Table I-4.

<sup>69</sup> Domestic Response at 11.

<sup>70</sup> CR/PR at Tables I-10 and I-11.

<sup>71</sup> CR at I-38 to I-39, PR at I-30; Domestic Final Comments at 17-18.

<sup>72</sup> The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

<sup>73</sup> *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); *Wieland Werke*, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); *United States Steel Group v. United States*, 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in (Continued...)

relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.<sup>74</sup>

In the original investigations, the Commission found a reasonable overlap of competition among the domestic like product and imports from Italy and Turkey.<sup>75</sup> In the prior reviews, the Commission again found a likely reasonable overlap of competition among the domestic like product and subject imports from Italy and Turkey.<sup>76 77</sup>

*Fungibility.* In the original investigations, the Commission found that domestically produced dry pasta and subject imports from Italy were substantially fungible and that the domestic product and subject imports from Turkey were sufficiently fungible for purposes of finding a reasonable overlap of competition, despite some reported differences in quality; it also found that subject imports from Italy and Turkey were likewise fungible to a limited but sufficient degree.<sup>78</sup> In prior reviews, the Commission again found sufficient fungibility to support finding a reasonable overlap of competition.<sup>79</sup> There is no new information on the record of these reviews to warrant a different finding.<sup>80</sup>

*Geographic Overlap.* In the original investigations, the Commission found sufficient geographic overlap between the domestic like product and subject imports from Italy and Turkey, stating that domestically produced pasta was sold nationwide, while subject imports from Italy and Turkey were sold predominantly in the Northeast and on the West Coast of the United States. In the prior reviews, the Commission again found a reasonable overlap of competition between the domestic like product and subject imports.<sup>81</sup> In the current reviews, U.S. imports of dry pasta from Italy have entered the U.S. market through all four borders of entry (East, North, South, and West) from 2013 to 2017; subject imports from Turkey also

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(...Continued)

competition and has declined to cumulate subject imports. *See, e.g., Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812–813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761–762 (Final), USITC Pub. 3098 at 13–15 (Apr. 1998).

<sup>74</sup> *See generally, Cheflin Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

<sup>75</sup> *Original Determinations*, USITC Pub. 2977 at 19–23.

<sup>76</sup> *First Reviews*, USITC Pub. 3462 at 6–10; *Second Reviews*, USITC Pub. 3947 at 11–14; *Third Reviews*, USITC Pub. 4423 at 14–16.

<sup>77</sup> The domestic interested parties argue that if the orders were revoked, subject imports and the domestic like product would continue to be generally fungible, be sold through overlapping channels of distribution and be simultaneously present in the U.S. market. Domestic Final Comments at 5–6.

<sup>78</sup> *Original Determinations*, USITC Pub. 2977 at 20–22.

<sup>79</sup> *First Reviews*, USITC Pub. 3462 at 6–10; *Second Reviews*, USITC Pub. 3947 at 11–14; *Third Reviews*, USITC Pub. 4423 at 14–16.

<sup>80</sup> CR at I-31, PR at I-24.

<sup>81</sup> *First Reviews*, USITC Pub. 3462 at 6–10; *Second Reviews*, USITC Pub. 3947 at 11–14; *Third Reviews*, USITC Pub. 4423 at 14–16.

utilized all four borders of entry in every year of the period of review, except for the Northern borders of entry in 2013.<sup>82</sup>

*Channels of Distribution.* In the original investigations, the Commission found that subject imports from Italy and Turkey and the domestic like product moved in very similar channels of distribution. The Commission found that there was overlap in the retail grocery chain channel and the wholesale distributor channels in the retail market, as well as more limited overlap in the food service market.<sup>83</sup> In the prior reviews, the Commission found that subject imports and the domestic like product were likely to move in similar channels of distribution.<sup>84</sup> There is no new information on the record of these reviews to indicate that the channels of distribution have changed or are likely to do so upon revocation of the orders.<sup>85</sup>

*Simultaneous Presence in Market.* In the original investigations, the Commission determined that domestic pasta and subject imports were simultaneously present in the U.S. market throughout the period examined.<sup>86</sup> In the first five-year reviews, no new evidence was presented concerning the simultaneous presence factor.<sup>87</sup> In the second five-year reviews, monthly import data indicated that imports from both Italy and Turkey were present throughout the period of review, with the limited exception of two months for Turkey in 2001.<sup>88</sup> In the third five-year reviews, imports from Italy were present in the U.S. market in all months of the period of review, while imports from Turkey were present in all but three months of the period of review.<sup>89</sup> In the current reviews, imports from Italy and Turkey were present in the U.S. market during every month of the period of review, from 2013 to 2017.<sup>90</sup>

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

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<sup>82</sup> CR at I-31, PR at I-24.

<sup>83</sup> *Original Determinations*, USITC Pub. 2977 at 22.

<sup>84</sup> *First Reviews*, USITC Pub. 3462 at 6-10; *Second Reviews*, USITC Pub. 3947 at 11-14; *Third Reviews*, USITC Pub. 4423 at 14-16.

<sup>85</sup> CR at I-31, PR at I-24.

<sup>86</sup> *Original Determinations*, USITC Pub. 2977 at 23.

<sup>87</sup> *First Reviews*, USITC Pub. 3462 at 10.

<sup>88</sup> *Second Reviews*, USITC Pub. 3947 at 13-14.

<sup>89</sup> *Third Reviews*, USITC Pub. 4423 at 16.

<sup>90</sup> CR at I-31, PR at I-24.

### 3. Likely Conditions of Competition

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether subject imports from the subject countries would compete under similar or different conditions in the U.S. market if the orders under review were revoked.

In the first and second five-year reviews, the Commission exercised its discretion to cumulate subject imports from both subject countries.<sup>91</sup> In the third reviews, the Commission majority again exercised its discretion to cumulate subject imports from both subject countries.<sup>92</sup>

The domestic interested parties argue that there have been no changes in the conditions of competition during the current period of review that would warrant the Commission not cumulating subject imports for the purpose of these reviews.<sup>93</sup> Neither respondent interested party addressed the discretionary factors that the Commission may examine in its cumulation analysis.

We find that the record in these reviews does not indicate that there would likely be any significant difference in the conditions of competition among subject imports upon revocation of the orders. Accordingly, we exercise our discretion to cumulate subject imports from Italy and Turkey.<sup>94</sup>

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<sup>91</sup> *First Reviews*, USITC Pub. 3462 at 10; *Second Reviews*, USITC Pub. 3947 at 14.

<sup>92</sup> *Third Reviews*, USITC Pub. 4423 at 19, 43. Commissioners Johanson and Broadbent declined to exercise their discretion to cumulate subject imports from the two subject countries, as they found that subject imports from Italy and Turkey would likely compete under different conditions of competition in the United States. *Id.* at 43.

<sup>93</sup> Domestic Final Comments 3-6.

<sup>94</sup> Chairman Johanson notes that the volume of subject imports from Turkey in 2012, the last full year of the prior review period, was \*\*\* pounds and such imports were \*\*\* percent of apparent U.S. consumption. CR/PR at Tables I-5 and I-6. Based on the data in this expedited record, subject imports from Turkey were 18.3 million pounds in 2017, up 231 percent since 2013, when they were 5.5 million pounds. CR/PR at Table I-4. Subject imports from Turkey were \*\*\* percent of apparent U.S. consumption in 2017. CR, PR at Table I-6. These subject import levels for pasta from Turkey are unprecedented from any of the prior reviews and, while the overall volume with the orders in place remains low, Chairman Johanson cannot find, as he did in the third review, that the trends in subject import volume and market share are “markedly different” for Italy and Turkey. USITC Pub. 4423 at 50. To the contrary, the trends are similar on this record. CR/PR at Tables I-4 and I-6.

Moreover, according to a recent decision of the Canadian International Trade Tribunal (“CITT”) cited in the staff report, CR at I-39 n.103, PR at I-30 n.103 (*citing* Canadian International Trade Tribunal, Dry Wheat Pasta, Inquiry No. NQ-2017-005, Aug. 10, 2018 (“CITT Op.”), EDIS Doc. No. 660900), imports of high-quality, low-priced pasta from Turkey surged into the Canadian market in 2015-2016, gaining five percentage points of market share and injuring the domestic industry during the period of investigation. See CITT Op. at ¶¶ 2, 3, 62, 98, 131. The inability of the Turkish industry to establish a significant presence in a high value market such as Canada, which respondents in the third review indicated was similar to the United States in terms of consumer preferences and pricing, weighed in Chairman Johanson’s decision not to cumulate subject imports from Italy and Turkey in the third review. (Continued...)

## D. Conclusion

Based on the record, we find that subject imports from Italy and Turkey would not be likely to have no discernible adverse impact on the domestic industry if the corresponding antidumping and countervailing duty orders were revoked. We also find a likely reasonable overlap of competition among the subject imports and between the subject imports and the domestic like product and that imports from both of the subject countries are likely to compete in the U.S. market under similar conditions of competition should the orders be revoked. We therefore exercise our discretion to cumulate subject imports from Italy and Turkey for our analysis of whether material injury to the domestic industry is likely to continue or recur if the orders were to be revoked.

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

### A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>95</sup> The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>96</sup> Thus, the likelihood standard is prospective in

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USITC Pub. 4423 at 50. It no longer appears likely on this record, however, that pasta from Turkey, in the event of revocation of the orders and in the reasonably foreseeable future, would face issues of perception of quality or product acceptance that establish likely different conditions of competition in the U.S. market. Chairman Johanson therefore joins the majority in exercising his discretion to cumulate subject imports from Italy and Turkey on this expedited record. He parts from the majority in only one respect: he voted for a full review of the orders on Turkey and Italy, finding that the respondent interested party group response on the orders on Turkey was adequate. In his view, the issues discussed above, and others, including the Turkish industry’s significant increase in capacity and excess capacity since the third review, and its narrowing the gap on Italy in terms of being the global leader in exporting pasta, would have benefited from the further development and scrutiny that a full review would have provided.

<sup>95</sup> 19 U.S.C. § 1675a(a).

<sup>96</sup> SAA, H.R. Rep. No. 103-316, vol. I at 883-84 (1994). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material (Continued...))



nature.<sup>97</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>98</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>99</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>100</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>101</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>102</sup> The statute further provides

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injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

<sup>97</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>98</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>99</sup> 19 U.S.C. § 1675a(a)(5).

<sup>100</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>101</sup> 19 U.S.C. § 1675a(a)(1).

<sup>102</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the orders under review. CR at I-7, PR at I-6.

that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.<sup>103</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>104</sup> In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>105</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>106</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>107</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to

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<sup>103</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>104</sup> 19 U.S.C. § 1675a(a)(2).

<sup>105</sup> 19 U.S.C. § 1675a(a)(2)(A–D).

<sup>106</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

<sup>107</sup> 19 U.S.C. § 1675a(a)(4).

which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>108</sup>

As discussed above, only Indalco and the GOT participated in these expedited reviews as respondent interested parties.<sup>109</sup> The record, therefore, contains limited new information with respect to the industries in Italy and Turkey that produce subject merchandise. There also is limited information on the dry pasta market in the United States during the period of review. Accordingly, for our determinations, we rely as appropriate on the facts available from the original investigations and the prior reviews and the limited new information on the record of these reviews.

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

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>110</sup>

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

In the original investigations, the Commission noted that \*\*\* percent of domestic production was captively consumed, but found that the statutory captive production provision did not apply because pasta was the predominant material input for the downstream products.<sup>111</sup> The Commission found that U.S. demand for dry pasta had increased steadily throughout the period of investigation. The Commission stated that the U.S. market was served by different brands with different characteristics, quality and prices, but brand loyalty was limited, and switching between brands occurred due to factors such as perceived quality, price and packaging. The Commission found that the U.S. market was not highly segmented on the basis of quality differences, and there was instead a continuum of products with respect to price and quality. There was, however, no direct correlation between prices and quality (actual or perceived), in part because of the use of promotions, which were very important for purchasing decisions both for the domestic product and subject imports. The Commission found that price was an important factor in purchasing decisions for both domestic product and

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<sup>108</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>109</sup> Although the Commission determined that these responses were individually adequate, the Commission found that the respondent interested party group response was inadequate. See section I, *supra* (explanation of Commission determination on adequacy).

<sup>110</sup> 19 U.S.C. § 1675a(a)(4).

<sup>111</sup> *Original Determinations*, USITC Pub. 2977 at 14; Confidential Original Determinations at 17.

subject imports, and that, overall, competition between them existed on the basis of price, although brand image and perceived quality differences also influenced purchasing decisions to some extent. While imports from Italy possessed an image of perceived higher quality, this did not consistently translate into higher price levels.<sup>112</sup>

In the first five-year reviews, the Commission found that the subject imports and domestic pasta were generally substitutable, although the Commission noted some perceptions of quality differences between products from different sources. The Commission found that price continued to play an important role in purchasing decisions, and the use of promotions was very important. Apparent U.S. consumption of dry pasta had increased since the original investigations, but it appeared that the increasing use of ready-to-eat meals slowed or reversed this trend. The domestic industry continued to consolidate, but the industry expanded its production capacity. Nonsubject imports were not a major supplier of pasta to the U.S. market.<sup>113</sup>

In the second five-year reviews, the Commission found that demand for pasta was down over the period, in part because of low-carbohydrate diet trends and small but growing demand for fresh pasta. The Commission noted that the structure of the domestic industry had changed significantly since 2000, given the departure of several firms from the pasta business, their sales of brands and production facilities to other producers, and Barilla's opening of a production facility in the United States and announced plans for a second U.S. facility. Nonsubject imports' market share increased from 7.5 percent in 2001 to 9.8 percent in 2006. The Commission stated that all major U.S. pasta producers reported significant increases in the costs of raw materials in interim period 2007 over interim period 2006. The Commission also stated that semolina made from durum wheat was the largest single raw material cost for U.S. pasta producers, and that durum wheat prices appeared to be rising, at least in part in response to farm-level pressures to convert durum wheat fields to the production of corn for biofuels.<sup>114</sup>

In the third five-year reviews, the Commission found that demand for pasta had been flat over the period and was expected to remain flat in the foreseeable future, despite an increase in certain limited market segments such as whole wheat pasta. The Commission noted that significant consolidation of retail and food service operations during the period of review would likely make entry into the U.S. market easier for subject imports. The domestic industry had changed significantly since the prior reviews with a number of acquisitions and reorganizations. In particular, the four largest domestic producers were owned by large multinational companies and Barilla opened a new production facility in New York in 2007. Nonsubject imports accounted for between \*\*\* percent and \*\*\* percent of apparent U.S. consumption during the period of review.<sup>115</sup> The Commission found that there was a moderate degree of substitutability among subject imports from both countries and the domestic like

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<sup>112</sup> *Original Determinations*, USITC Pub. 2977 at 14-19.

<sup>113</sup> *First Reviews*, USITC Pub.3462 at 14.

<sup>114</sup> *Second Reviews*, USITC Pub. 3947 at 17-19.

<sup>115</sup> *Third Reviews*, USITC Pub. 4423 at 25; Confidential Third Review Determinations, EDIS Doc. No. 657782 at 37.

product, price was an important factor in purchasing decisions, and the U.S. pasta market was by and large a commodity market. The Commission stated that semolina made from durum wheat was the largest single raw material cost for U.S. pasta producers, and that durum wheat prices were highly volatile and experienced significant fluctuations during the period of review.<sup>116</sup>

## **2. The Current Reviews**

The following conditions of competition inform our determinations.

### **a. Demand Conditions**

The overall U.S. pasta market has contracted slightly in recent years with growth restricted to relatively small specialty segments such as organic or gluten-free pasta.<sup>117</sup> The U.S. market remains the second largest pasta market in the world, after Italy. Apparent U.S. consumption was \*\*\* pounds in 2017, which is lower than U.S. consumption at the end of each of the prior five-year review periods and during each year of the original investigations.<sup>118</sup> The domestic interested parties contend that demand for pasta has declined over the period of review, reflecting longer-term dietary trends limiting the intake of carbohydrates. They also state that U.S. demand for pasta tends to be countercyclical, increasing in a recession as consumers turn to pasta as a low-cost product, and that consumption trends in the U.S. market are expected to continue to trend downward in the future, as the economy continues to improve.<sup>119</sup> On the other hand, the GOT contends that demand conditions are strong in the United States and further argues that at least one leader in the pasta industry expects pasta demand in the United States to expand in tandem with U.S. economic growth and increased consumer spending.<sup>120</sup>

### **b. Supply Conditions**

As in the prior proceedings, domestic producers were the largest source of supply to the U.S. market in 2017; their share of apparent U.S. consumption was \*\*\* percent. Nonsubject imports' share of apparent U.S. consumption was \*\*\* percent, and cumulated subject imports' share was \*\*\* percent.<sup>121</sup>

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<sup>116</sup> *Third Reviews*, USITC Pub. 4423 at 23-28.

<sup>117</sup> CR at I-19, PR at I-14.

<sup>118</sup> CR/PR at Table I-5 and Appendix C.

<sup>119</sup> Domestic Response at 22.

<sup>120</sup> GOT Response at 3. Indalco indicated that it has "little specific information on this subject in the U.S. market." Indalco Response at 8.

<sup>121</sup> CR/PR at Table I-6.

In the current reviews, the domestic interested parties identified 11 known and currently operating U.S. producers of dry pasta.<sup>122</sup> There have been no significant changes in the structure of the domestic pasta industry since the last reviews, although there have been some ownership changes.<sup>123</sup> Mexico and China were the largest sources of nonsubject imports of dry pasta during the period of review.<sup>124</sup>

### **c. Substitutability and Other Conditions**

The record in these expedited reviews contains nothing to indicate that the substitutability between U.S.-produced pasta and subject imports or the importance of price has changed since the prior proceedings.<sup>125</sup> The domestic interested parties argue that the U.S. market for pasta remains highly price-sensitive as a result of the substitutable nature of the domestic like product and subject merchandise.<sup>126</sup> Accordingly, we find that the domestic like product and subject imports are generally substitutable and that price is an important factor in purchasing decisions.

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

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

In the original investigations, the Commission found that the quantity of cumulated subject imports increased steadily from 262.8 million pounds to 379.5 million pounds between 1993 and 1995, while the share of apparent U.S. consumption held by subject imports increased from 9.3 percent in 1993 to 12.2 percent in 1995. The Commission stated that the increase in market share came at the expense of the domestic industry, whose market share declined from 87.0 percent in 1993 to 83.5 percent in 1995. The Commission also noted that the rate of increase in subject import volumes far exceeded the rate of increase in domestic consumption.<sup>127</sup>

In the first five-year reviews, the Commission found that cumulated subject imports totaled 418.3 million pounds in 1998, 347.4 million pounds in 1999, and 312.2 million pounds in 2000. The Commission stated that there was a significant decline in the volume of subject imports from Turkey after the imposition of the orders, but subject imports from Italy did not decline until after the conclusion of a Commerce anti-circumvention inquiry in 1998. Based on

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<sup>122</sup> CR at I-18, PR at I-13.

<sup>123</sup> CR at I-18 to I-19, PR at I-13 to I-14; Domestic Response at 22. Ownership changes during the current review period included: Post Holdings acquired Dakota in 2013 and in 2018 announced that its pasta business would be part of 8<sup>th</sup> Avenue Food and Provisions; TreeHouse acquired AIPC in February 2016; and New World Pasta merged into Riviana effective January 2017. *Id.*

<sup>124</sup> CR/PR at Table I-4.

<sup>125</sup> CR at I-13 to I-20, PR at I-10 to I-15.

<sup>126</sup> Domestic Response at 15; Domestic Final Comments at 6-7.

<sup>127</sup> *Original Determinations*, USITC Pub. 2977 at 25.

the facts available, the Commission found that the likely volume of imports would be significant in the foreseeable future if the orders were revoked given the large capacity for production of pasta in Italy and Turkey, the continued commitment of Italian exporters to the U.S. market, and the decline in Turkish exports to other markets.<sup>128</sup>

In the second five-year reviews, the Commission observed that Italian producers significantly increased production and that subject imports from Italy maintained a significant presence in the U.S. market throughout the period of review despite the orders. Italian producers' average unit values ("AUVs") for exports of pasta to the United States were significantly higher than those for exports to their three largest export markets in Europe, suggesting that the United States would be an attractive market if the orders were revoked. The Commission noted that while subject imports from Turkey declined over the period, Turkish pasta exports increased significantly, and Turkish capacity utilization decreased from 92.5 percent in 2004 to 68.5 percent in 2006. The Commission found that the Turkish industry was highly export oriented and the United States remained a very attractive market for Turkish pasta exporters. The Commission found that Italian and Turkish producers would have an incentive to ship significant volumes of additional exports to the United States in the event of revocation based on: (1) the substantial volume of subject imports during the original investigations and gains in market share for subject imports; (2) the size and export orientations of both industries; (3) the importance of the U.S. market to both industries; and (4) the fact that there had been substantial volumes of subject imports in the U.S. market during the period of review notwithstanding the restraining effects of the orders.<sup>129</sup>

In the third five-year reviews, the Commission majority found that subject imports maintained a significant and continuous presence in the U.S. market. Moreover, the Commission noted that Italy and Turkey remained the two largest pasta exporting countries in the world. Given the subject producers' significant cumulated capacity, their substantial unused capacity, their inventories,<sup>130</sup> their export orientation, and the attractiveness and accessibility of the U.S. market, the Commission found that the volume of cumulated subject imports would be significant relative to production and consumption in the United States if the orders were revoked.<sup>131</sup>

## 2. The Current Reviews

The record indicates that, on a cumulated basis, subject producers of pasta from Italy and Turkey have the means and the incentive to export subject merchandise to the U.S. market in significant volumes within a reasonably foreseeable time if the antidumping and

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<sup>128</sup> *First Reviews*, USITC Pub. 3462 at 15-16.

<sup>129</sup> *Second Reviews*, USITC Pub. 3947 at 19-21.

<sup>130</sup> In 2012, foreign producers' cumulated inventories of subject merchandise (233.5 million pounds) were equivalent to approximately 7.5 percent of apparent U.S. consumption during that year. *Third Reviews*, USITC Pub. 4423 at 30-31.

<sup>131</sup> *Third Reviews*, USITC Pub. 4423 at 30-33.

countervailing duty orders were revoked. The cumulated subject industries have substantial production capacity and are export oriented. Furthermore, the United States remains an important and attractive export market for pasta.

Since the original investigations, cumulated subject imports from Italy and Turkey have maintained a presence in the U.S. market, including during the current period of review, despite the antidumping and countervailing duty orders. Cumulated subject imports totaled 296.7 million pounds in 2013, 326.4 million pounds in 2014, 325.6 million pounds in 2015, 361.4 million pounds in 2016, and 367.2 million pounds in 2017.<sup>132</sup> Cumulated subject import market share was \*\*\* percent in 2017, whereas it ranged from 9.3 to 12.2 percent during the original investigation.<sup>133</sup>

In these reviews, the record contains only limited data concerning the pasta industries in the subject countries. Most of the contemporaneous information available about the subject industries has been provided by the domestic interested parties, which provided a list of nearly 60 firms in Italy and nearly 28 firms in Turkey engaged in the production and/or export of pasta.<sup>134</sup> Domestic parties argue that although the discipline of the orders forced subject producers to reduce the volume of their exports to the United States, they have continued to demonstrate an interest in the U.S. market, have extensive production capacity and unused capacity, which they have expanded during the current period of review, and remain export-oriented.<sup>135</sup>

Further, available GTA data indicate that Italy and Turkey are the two largest pasta exporting countries in the world. Their cumulated export volume increased from 5.4 billion pounds in 2013 to 6.2 billion pounds in 2017.<sup>136</sup> The U.S. market is attractive, as it is the world's second largest, and appears to be relatively high-priced.<sup>137</sup> Thus, subject producers have an incentive to increase exports to the United States if the orders were to be revoked. Finally, there are new import restraints imposed by Canada against shipments of pasta from Turkey.<sup>138</sup> These orders provide further incentive for Turkish producers to direct export

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<sup>132</sup> CR/PR at Table I-4.

<sup>133</sup> CR/PR at Table I-6 and Appendix C.

<sup>134</sup> Domestic Response at Exhibit 6.

<sup>135</sup> Domestic Final Comments at 10-18.

<sup>136</sup> CR/PR at Table I-11.

<sup>137</sup> CR at I-19, PR at I-14. Relying on data from Eurostat export statistics, the domestic interested parties report that, in 2017, the AUVs of Italian exports of pasta to countries other than the United States averaged \$0.47/lb, compared to \$0.66/lb for exports to the United States. Similarly, the AUVs of Turkish exports of pasta to third countries averaged \$0.21/lb, compared to \$0.26/lb for exports to the United States that year. Domestic Final Comments at 21.

<sup>138</sup> CR at I-38 to I-39, PR at I-30; Domestic Final Comments at 17-18.

The CITT found that the dumped and subsidized imports of the subject merchandise from Turkey materially injured the Canadian industry by targeting the most price-sensitive segment of the dry wheat pasta market, *i.e.* the retail sector, in which the vast majority of Canadian production was sold at competitive and falling prices as either private-label pasta or established national brands. According to the CITT, the subject merchandise from Turkey established a significant foothold in Canada in 2015 after (Continued...)



shipments to the U.S. market. Thus, the available information supports the conclusion that the subject imports likely would increase in volume and capture significant market share within a reasonably foreseeable time if the orders were revoked.

Based on the above, in particular the continued and increasing presence of subject imports in the U.S. market even under the discipline of the order, the size of the subject industries and their export orientation, the attractiveness of the U.S. market, and the new barriers in Canada, we find that subject producers would likely increase their exports to the United States if the antidumping and countervailing duty orders were to be revoked. Accordingly, we conclude that the likely volume of cumulated subject imports, both in absolute terms and relative to U.S. consumption, would likely be significant if the orders were revoked.

#### **D. Likely Price Effects**

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

In the original investigations, the Commission found that, despite some perceived quality differences, the subject imports and domestic like product were substitutable to a significant degree, because of their common end use. The Commission observed that the domestic producers had traditionally employed a “three-tiered” pricing structure, with the first-tier consisting of popular forms, such as spaghetti and elbows, and the other two tiers consisting of lower volume products. The Commission found that the importers of subject merchandise were undermining the pricing structure by “line pricing,” using the same prices per pound for different cuts of pasta. The Commission found that prices for the domestic product rose somewhat during the period, but the domestic industry was not able to raise its prices sufficiently to cover the increase in its raw materials and selling, general, and administrative costs, due in significant degree to the subject imports. The Commission also found that there was underselling by the Italian product, which would have been expected to be priced higher than the domestic product given its perceived higher quality. With regard to subject imports from Turkey, the Commission noted pervasive underselling. The Commission concluded that the subject imports had suppressed domestic prices to a significant degree.<sup>139</sup>

The Commission found that the limited record in the first five-year reviews showed a decline in the AUVs for the subject imports from both Italy and Turkey despite the existence of

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(...Continued)

acquiring the private-label account of a major Canadian retailer, Loblaws, at the expense of a domestic producer. CR at I-39 n.103, PR at I-30 n.103; CITT Op., EDIS Doc. No. 660900.

The findings of the CITT regarding the adverse impact on the Canadian pasta market of the dumped and subsidized imports of pasta from Turkey appear to be contrary to the testimony by Turkish respondents in the Commission’s third five-year reviews; in that review, these respondents reported that they were unable to establish a significant presence in Canada despite continuing, high level efforts. Furthermore, these respondents asserted that Canada was similar to the United States in terms of consumer preferences and pricing. See *Third Reviews, Additional and Dissenting Views of Commissioners David S. Johanson and Meredith M. Broadbent*, USITC Pub. 4423 at 58.

<sup>139</sup> *Original Determinations*, USITC Pub. 2977 at 25-28.

the orders, while the AUVs of nonsubject imports remained relatively stable. The Commission concluded that in the absence of the orders, the subject imports would likely significantly undersell the domestic like product to gain market share and have significant depressing or suppressing effects on prices of the domestic like product given the likely significant volume of imports, the substitutability of the subject imports and domestic pasta, the persistent underselling by the subject imports in the original investigations, and the continuing decline in AUVs.<sup>140</sup>

In the second five-year reviews, the Commission found that price continued to be the most important factor for a majority of purchasers, after quality considerations, and that subject imports were generally substitutable with the domestic like product. The Commission found that subject imports generally undersold the domestic like product over the period of review (with some overselling by subject imports from Italy) even with the orders in place, and that the margins of underselling were substantial in the case of subject imports from Turkey. The U.S. producers had higher unit values for their sales in 2005 and 2006; the Commission observed that this was attributable, at least in part, to their ability to pass through to their customers their increased costs for transportation and durum wheat. The Commission found that high and rising costs for the U.S. industry would exacerbate the price effects resulting from increased volumes of low-priced cumulated subject imports. The Commission concluded that, if the orders were revoked, subject imports from Italy and Turkey likely would undersell the domestic like product, and those imports would have a significant depressing or suppressing effect on prices for the domestic like product.<sup>141</sup>

In the third five-year reviews, the Commission found that price continued to be an important factor for purchasers and that there was a moderate degree of interchangeability between subject imports from Italy and Turkey and the domestic like product. The Commission found that subject imports successfully competed head-to-head with the domestic like product on the basis of price to obtain particular sales during the period of review. Cumulated subject imports continued to undersell the domestic like product over the period of review, in 99 out of 122 quarterly comparisons, by an average margin of 28.4 percent, even with the orders in place. The Commission also observed that the U.S. producers were expected to face higher durum wheat costs in the near future, and significant volumes of low-priced subject imports again would likely constrain the domestic industry's ability to raise prices to cover increased costs. The Commission concluded that, if the orders were revoked, subject imports from Italy and Turkey likely would undersell the domestic like product to a significant degree, and those imports would have a significant depressing or suppressing effect on prices for the domestic like product.<sup>142</sup>

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<sup>140</sup> *First Reviews*, USITC Pub.3462 at 17.

<sup>141</sup> *Second Reviews*, USITC Pub. 3947 at 22-23.

<sup>142</sup> *Third Reviews*, USITC Pub. 4423 at 35-36.

## **2. The Current Reviews**

The record indicates that subject imports and the domestic like product are generally substitutable and price continues to be an important factor in purchasing decisions. The record does not contain new pricing data due to the expedited nature of these reviews. We have found, however, that subject import volumes would likely increase significantly upon revocation of the orders. Given the continued attractiveness of the U.S. market and the importance of price in purchasing decisions, subject producers would be likely to resume the behavior observed in the original investigations, exporting significant volumes of subject merchandise at low prices to gain market share. These subject imports would likely significantly undersell the domestic like product, as they did during the original investigations and prior reviews, and would likely force the domestic industry to lower prices or lose sales.

In light of these considerations, we conclude that subject imports would likely have significant adverse price effects upon revocation of the orders.

### **E. Likely Impact**

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

In the original investigations, the Commission found that increasing volumes of subject imports suppressed prices of domestic pasta. As a result, the domestic industry was unable to raise prices to cover increasing raw materials and selling, general and administrative costs. The domestic industry also lost market share despite the growing demand for pasta in the United States. The Commission concluded that these circumstances had a significant adverse impact on the domestic industry's financial performance, resulting in operating losses at the end of the period of investigation.<sup>143</sup>

In the first five-year reviews, there was limited information available concerning the condition of the domestic industry. The Commission found that while the industry's capacity and production were greater than at the time of the original investigations, the AUVs of domestic shipments had fallen and other information suggested that the domestic industry was experiencing some difficulties. Given the limited growth in demand and likely significant underselling by the subject imports, the Commission found that a significant increase in subject imports likely would have a significant adverse impact on the production, shipments, sales, employment, market share, and revenues of the domestic industry, which would result in eroding the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, the Commission found that revocation of the orders would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.<sup>144</sup>

In the second five-year reviews, the Commission found that the domestic industry demonstrated moderate improvements in its revenues, shipments, and sales during 2005 and

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<sup>143</sup> *Original Determinations*, USITC Pub. 2977 at 29-30.

<sup>144</sup> *First Reviews*, USITC Pub. 3462 at 17-18.

2006, due to increasing demand for pasta and the ability of the domestic industry to recoup increasing costs for transportation and durum wheat through higher prices. However, the Commission found that the domestic industry's market share and capacity utilization remained flat during the period, while employment declined and wages trended downward over the majority of the period. The industry reported declining operating margins from 2001 through 2004, followed by increases from 2005 through 2007. The Commission did not find the industry to be vulnerable given its profitability in 2005 and 2006 and its ability to pass through its increased raw materials costs to purchasers during those years. However, the Commission found it likely that the domestic industry would not be able to raise its prices sufficiently to cover probable continued increases in its raw materials costs in the presence of high volumes of low-priced subject imports. The Commission stated that the likely significant volume of low-priced subject imports and the likely adverse price effects of those imports likely would have a significant adverse impact on the production, shipments, sales and revenues of the domestic industry, which in turn would likely have a direct adverse impact on the industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.<sup>145</sup>

In the third five-year reviews, the Commission found that the domestic industry generally performed well during the period of review, although a number of performance indicators increased from 2007 to a peak in 2010 before declining somewhat in 2011 and 2012. The domestic industry's production capacity, production, employment, and wages all increased over the period of review (with the exception of 2012). The Commission also found that net sales demonstrated moderate improvements, net sales value increased irregularly and U.S. shipments increased from 2007 to 2010 before declining somewhat in 2011 and 2012. The domestic industry's market share increased from 2007 to 2009 but declined to a period of review low in 2012. The industry reported increasing operating margins from 2007 to 2010, with a slight decline in 2012. Based on these performance indicators, the Commission did not find the industry to be vulnerable. However, the Commission found that the likely significant volume of low-priced subject imports and the likely adverse price effects of those imports likely would have a significant adverse impact on the production, shipments, sales and revenues of the domestic industry, which in turn would likely have a direct adverse impact on the industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.<sup>146</sup> Thus, the Commission concluded that subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably

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<sup>145</sup> *Second Reviews*, USITC Pub. 3947 at 23-26.

<sup>146</sup> The Commission also noted that the increased consolidation of retail and food service purchasers since the original investigations had made it easier for subject imports to gain market share at the expense of the domestic industry, in that a relatively small number of purchasing decisions by a few very large purchasers based on price could result in a significant increase in subject import volume. *Third Reviews*, USITC Pub. 4423 at 39.

foreseeable time.<sup>147</sup> In its non-attribution analysis, the Commission found that although nonsubject imports increased irregularly during the period of review, their AUVs were comparable to the AUVs of the domestic industry. It also observed that increased nonsubject import competition did not prevent the domestic industry from performing well, and there was no evidence on the record to suggest that nonsubject foreign producers had the incentive to increase their presence in the U.S. market in the foreseeable future.<sup>148</sup>

## 2. The Current Reviews

In these expedited reviews, the information available on the domestic industry's condition is limited. In 2017, the domestic industry's production capacity was \*\*\* pounds, its production was \*\*\* pounds, and its capacity utilization rate was \*\*\* percent.<sup>149</sup> In the same year, the industry's domestic shipments were \*\*\*, accounting for \*\*\* percent of apparent U.S. consumption by volume.<sup>150</sup> Its net sales revenues were \$\*\*\*, and its operating income was \$\*\*\*, equivalent to \*\*\* percent of net sales.<sup>151</sup> The limited evidence in these expedited reviews is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders.

Based on the information available in these reviews, we find that revocation of the orders would likely lead to a significant volume of subject imports and that these imports would likely undersell the domestic like product to a significant degree, resulting in significant price depression or suppression for the domestic like product and/or a loss of market share for the domestic industry. We find that the increased subject import competition that would likely occur after revocation of the orders would likely have a significant impact on the domestic industry. The domestic industry would likely lose market share to subject imports and/or experience lower prices due to competition from subject imports, which would adversely

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<sup>147</sup> *Third Reviews*, USITC Pub. 4423 at 37-39. The Commission found additional support in evidence that, as in the original investigations, U.S. demand for pasta was projected to be flat for the foreseeable future, so the likely significant increase in subject import volumes would come at the domestic industry's expense. *Id.* at 39.

<sup>148</sup> *Third Reviews*, USITC Pub. 4423 at 40.

<sup>149</sup> CR/PR at Table I-3. The domestic industry's capacity was 3.7 billion pounds in 1995, 3.4 billion pounds in 2006, and 3.2 billion pounds in 2012. *Id.* Its production was 2.6 billion pounds in 1995, \*\*\* pounds in 2000, 2.7 billion pounds in 2006, and 2.5 billion pounds in 2012. *Id.* Its capacity utilization rate was 70.6 percent in 1995, 80 percent in 2006, and 76.8 percent in 2012. *Id.* Capacity and capacity utilization data are not available for 2000. *Id.*

<sup>150</sup> CR/PR at Tables I-5 and I-6. Domestic producers' U.S. shipments were 2.6 billion pounds in 1995, \*\*\* pounds in 2000, 2.7 billion pounds in 2006, and 2.4 billion pounds in 2012. CR/PR at Table I-5. The AUV of the domestic industry's U.S. shipments in 2017 (\$\*\*\*/lb) was lower than in 2012 (\$0.75/lb) but higher than the AUVs in 2006 (\$0.45/lb), 2000 (\$0.45/lb), and 1995 (\$0.48/lb). CR/PR at Table I-3.

<sup>151</sup> CR/PR at Table I-3. The domestic industry's net sales revenues in 2017 were lower than the last year of the prior reviews and the original investigations (\$1.9 billion in 2012 and \$1.2 billion in 1995). Similarly, the operating income and the ratio of operating income to net sales in 2017 were lower than in 2012 (\$271.5 million and 14.5 percent, respectively). *Id.*

impact its production, shipments, sales, and/or revenue. These reductions would likely have a direct adverse impact on the domestic industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute likely injury from other factors to the subject imports. The volume of nonsubject imports increased from 372.7 million pounds in 2013 to 410.4 million pounds 2016, and then declined to 392.6 million pounds in 2017.<sup>152</sup> Nonsubject imports' market share in 2017 was \*\*\* percent, higher than their \*\*\* percent market share in 2012.<sup>153</sup> There is no indication or argument on the record of these reviews that the presence of nonsubject imports would prevent cumulated subject imports from Italy and Turkey from significantly increasing their presence in the U.S. market in the event of revocation of the antidumping and countervailing duty orders, given the export orientation of the subject industries and the relative attractiveness of the U.S. market. Moreover, given the substitutability of the subject imports, regardless of source, and the fact that the domestic industry is currently the largest supplier to the U.S. market, any increase in cumulated subject import volume and market penetration is likely to come, at least in substantial proportion, at the expense of the domestic industry. In light of these considerations, we find that the effects we have attributed to the subject imports are distinguishable from any effects likely from nonsubject imports in the event of revocation.

Accordingly, we find that revocation of the antidumping and countervailing duty orders on pasta from Italy and Turkey would likely have a significant adverse impact on domestic producers of pasta within a reasonably foreseeable time.

## **V. Conclusion**

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

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<sup>152</sup> CR/PR at Table I-4.

<sup>153</sup> CR/PR at Table I-6.

## **Separate and Dissenting Views of Commissioner Meredith M. Broadbent**

### **I. Introduction**

Based on the record in these fourth five-year reviews, I determine that revocation of the antidumping and countervailing duty orders on imports of certain pasta (“pasta”) from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. I also determine that revocation of the antidumping and countervailing duty orders on imports of pasta from Turkey would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

Due to the expedited nature of these reviews, my determinations are based in large part on the record of the third reviews in which I reached the same findings with respect to both countries. During the adequacy phase, I concluded that both the domestic and Turkish respondent group responses were adequate and voted to conduct full reviews of the orders on imports from Italy and Turkey. Based on the limited additional information available on the record of these expedited reviews, I do not find sufficient evidence to depart from my previous conclusions regarding cumulation, conditions of competition, or the likely volume, pricing, and impact of subject imports from either of the subject countries.

I join the Views of the Commission unless otherwise stated. I write separately to discuss my findings on cumulation and the likelihood of continuation or recurrence of material injury by reason of subject imports from Italy and Turkey.

### **II. Cumulation**

In these reviews, I do not exercise my discretion to cumulate subject imports from Italy and Turkey.

#### **A. Likelihood of No Discernible Adverse Impact**

In the third reviews, I considered the large sizes of the pasta industries in Italy and Turkey, their substantial global exports of pasta, the continued presence of subject imports from both countries in the U.S. market (albeit far more limited for Turkish pasta than for Italian pasta), and evidence of subject imports from both countries being sold at lower prices in the United States. In light of this evidence, I did not conclude that subject imports from either country would likely have no discernible adverse impact on the domestic industry if the orders were revoked.<sup>1</sup>

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<sup>1</sup> *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365-366 and 731-TA-734-345 (Third Review), USITC Pub. 4423 (August 2013) (“Third Reviews Determinations”) at 45-46.

Although information on the Italian and Turkish industries provided by foreign producers is limited due to the expedited nature of these current reviews,<sup>2</sup> other information indicates that the industries in Italy and Turkey continue to be large and export-oriented.<sup>3</sup> Subject imports from both countries also remained present in the U.S. market throughout the period of review, although at far lower volumes from Turkey than from Italy.<sup>4</sup> The Commission did not collect pricing data in these expedited reviews. However, the average unit values (“AUVs”) of subject imports from Italy remained comparable to the AUVs of responding U.S. producers’ U.S. commercial shipments, while the AUVs of subject imports from Turkey

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<sup>2</sup> The Commission received two responses to its notice of institution from respondent interested parties: the Government of the Republic of Turkey (“GOT”) and Industria Alimentare Colavita, S.p.A. (“Indalco”), an Italian producer and exporter. CR/PR at Table I-1. The GOT provided capacity and production data for the full Turkish industry for 2016, undated capacity utilization data for the Turkish industry, and 2017 data on Turkish exports of pasta, as well as a list of Turkish exporters. It also provided data on Turkey’s gross domestic product, global pasta consumption, and global pasta markets. Indalco provided capacity and production data and estimated that it accounted for \*\*\* of total Italian pasta production in 2017. Response of the GOT to the Notice of Institution (August 31, 2018), EDIS Doc. No. 654538 (“GOT Response”) at 2-3, 5-8, 11-15; Supplemental Response of GOT to the Notice of Institution (Oct. 1, 2018), EDIS Doc. No. 657285 (“Supplemental GOT Response”) at 1-2; Supplemental Response of Indalco (Oct. 1, 2018), EDIS Doc. No. 657337 (“Supplemental Indalco Response”) at 1.

<sup>3</sup> Other than the information provided by the small U.S. producer Indalco, only limited information is available with respect to the overall size of the Italian industry. In the third five-year review, 18 Italian producers representing 36.8 percent of Italian production reported production capacity of 3.3 billion pounds and production of 2.8 billion pounds in 2012. CR/PR at Table I-7. According to domestic parties, there were nearly 60 Italian producers/exporters currently engaged in the production of pasta during these reviews. A. Zerega’s Sons, Inc.; Dakota Growers Pasta Company, Inc.; Riviana Foods, Inc.; and TreeHouse Foods, Inc. (“domestic parties”) also provided data from the Union of Organizations of Manufactures of Pasta Products of the E.U. (“UNAFPA”) indicating that the Italian industry had production of 7.2 billion pounds of pasta in 2015. This data may be overstated due to uncertainty regarding the definition of “pasta” used in this source’s reporting of foreign industry production. Domestic Interested Parties’ Response to Notice of Institution, EDIS Doc. No. 654521 (Aug. 31, 2018) (“Domestic Response”) at 9, Exhibit 3.

According to data provided by GOT, the Turkish industry produced 3.3 billion pounds and had capacity to produce \*\*\* pounds of pasta in 2016. Domestic parties provided UNAFPA data demonstrating production volumes of 2.9 billion pounds in 2015. GOT identified \*\*\* exporters of pasta to the United States, consistent with domestic parties’ estimate of 28 Turkish producers currently engaged in the production of pasta. GOT Response at 12-13; Supplemental GOT Response at 1-2; Domestic Response at 12, Exhibit 3.

Both the Italian and Turkish industries continued to export large volumes of pasta throughout the period of review, with Italy exporting 4.0 billion pounds of pasta globally and Turkey exporting 2.2 billion pounds of pasta globally in 2017. CR/PR at Tables I-8 and I-10.

<sup>4</sup> The volume of subject imports from Italy was 348.8 million pounds and the volume of subject imports from Turkey was 18.3 million pounds in 2017. CR/PR at Table I-4.



remained well below the AUVs of U.S. producers' U.S. commercial shipments.<sup>5</sup> The limited additional information on the record of these current reviews therefore does not contradict the findings I made in the third reviews with respect to Italy and Turkey. I do not find that the subject imports from Italy and Turkey would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

### **B. Likelihood of Reasonable Overlap of Competition**

In the third reviews, I found that subject imports from Italy and, to a lesser extent, Turkey, were fungible with the domestic like product. Subject imports from Italy and Turkey were fungible with each other to a limited degree. I further concluded that, upon revocation, imports from Italy and Turkey and the domestic like product would likely be sold in certain overlapping channels of distribution and in common geographic markets, and would be simultaneously present in the U.S. market, albeit in very different volumes. Based on these considerations, I found that there would likely be a reasonable overlap of competition between and among subject imports from Italy and Turkey and the domestic like product if the orders were revoked.<sup>6</sup> There is no new information on the record of these reviews which contradicts these conclusions from the third reviews.<sup>7</sup> I therefore find that there would likely be a reasonable overlap of competition among subject imports from Italy and Turkey and between subject imports and the domestic like product in the event of revocation of the orders.

### **C. Likely Conditions of Competition and Other Considerations**

During the third reviews, I found that during both the original investigations and subsequent review periods, subject imports from Italy and Turkey had different levels and forms of participation in the U.S. market. Subject imports from Turkey had consistently participated along the fringes of the U.S. market despite being sold at far lower prices than the domestic like product or subject imports from Italy, reflecting purchaser perceptions that the Turkish pasta was inferior to other types of pasta in the U.S. market with respect to quality, product consistency, brand loyalty and recognition, and country image. By contrast, subject imports from Italy had long been widely accepted and well regarded throughout the U.S. market, such that subject imports from Italy remained a substantial minority supplier to the U.S. market while being sold at consistently competitive prices.<sup>8</sup>

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<sup>5</sup> CR/PR at Table I-3 and Table I-4. The AUV of subject imports from Italy was \$0.70 per pound in 2017, the AUV of subject imports from Turkey was \$0.31 per pound in 2017, and the AUV of U.S. producers' U.S. commercial shipments was \$\*\*\* per pound.

<sup>6</sup> Third Reviews Determinations at 46-47.

<sup>7</sup> CR at I-31; PR at I-24.

<sup>8</sup> Third Reviews Determinations at 48-49.

Therefore, I found that subject imports from Italy were well positioned to leverage a strong reputation for quality and product acceptance as a result of continued market presence, importer and purchaser recognition, and participation in multiple distribution channels, while subject imports from Turkey did not have any of those advantages. In addition, the long-term consistency of pre- and post-order U.S. market conditions suggested that these relative advantages would remain if the orders were revoked. Furthermore, these competitive differences also appeared to exist in markets outside the United States, with only limited Turkish exports to the high value markets of the European Union (“EU”) and Canada and more substantial Turkish exports to lower-priced global markets. For all of these reasons, I found that subject imports of pasta from Italy and Turkey would likely compete in the U.S. market under different conditions of competition if the orders were revoked.<sup>9</sup>

In these current reviews, the limited additional information on the record does not contradict the findings I made in the third reviews with respect to the likelihood that subject imports from Italy and Turkey would compete under different conditions of competition upon revocation. Due to the expedited nature of these current reviews, we do not have any additional information about purchaser perceptions of the domestic like product or imports from Italy or Turkey, and therefore I have limited information with which to analyze the extent to which purchaser acceptance for Italian and Turkish pasta has changed. However, the record demonstrates that subject imports from Italy have continued to remain present in the U.S. market in substantial volumes, totaling 348.8 million pounds in 2017 or \*\*\* percent of apparent U.S. consumption, higher than during any prior review or during the original investigation.<sup>10</sup> Subject imports from Italy reached these higher volumes while being sold at AUVs that were comparable to the AUVs of U.S. producers’ commercial shipments but over twice the AUVs of subject imports from Turkey.<sup>11</sup> The evidence with respect to recent volumes and prices suggests that subject imports from Italy continue to have the same levels of market acceptance and recognition in the United States that have prevailed since the original investigations.

By contrast, the record demonstrates that subject imports from Turkey have continued to remain at low volumes. The volume of subject imports from Turkey in 2017 was 18.3 million pounds, a level well below Turkish imports during the original investigations which were even then participating “along the fringes of the U.S. market.”<sup>12</sup> Apparent U.S. consumption is understated in these expedited reviews due to the Commission receiving U.S. shipment data from U.S. producers accounting for only \*\*\* percent of domestic production, and therefore subject import market shares are substantially overstated.<sup>13</sup> Even taking this into account, however, subject imports from Turkey accounted for only \*\*\* percent of apparent U.S.

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<sup>9</sup> Third Reviews Determinations at 49-50.

<sup>10</sup> CR/PR at Table I-4 and Table I-6, Appendix C.

<sup>11</sup> CR/PR at Table I-3 and Table I-4. The AUV of subject imports from Italy was \$0.70 per pound in 2017, the AUV of subject imports from Turkey was \$0.31 per pound in 2017, and the AUV of U.S. producers’ U.S. commercial shipments was \$\*\*\* per pound.

<sup>12</sup> CR/PR at Table I-4; Third Reviews Determinations at 48.

<sup>13</sup> CR/PR at Table I-1.

consumption in 2017,<sup>14</sup> and therefore continued to demonstrate no meaningful presence in the U.S. market in terms of market share. Subject imports from Turkey remained at low volumes despite evidence that they continued to be sold at much lower prices than subject imports from Italy as well as the domestic like product, suggesting that purchasers continue to have non-price reasons for preferring other types of pasta over Turkish pasta.<sup>15</sup>

As further support for these findings, Turkey's exports to other high value, mature markets such as the EU market and Canada have remained low despite the substantial growth of Turkey's global exports.<sup>16</sup> Turkey increased its exports to Canada over the period of review, and the Canadian International Trade Tribunal ("CITT") issued a decision that imports of certain pasta from Turkey "have caused injury or are threatening to cause injury to the {Canadian} domestic industry."<sup>17</sup> For several reasons, this development in Canada does not provide a sufficient basis to contradict my prior determination that subject imports from Turkey are likely to compete under different conditions of competition from subject imports from Italy. First, the primary differences that I considered to be important between subject imports from Italy and Turkey during the third reviews concerned both pre- and post-order conditions of competition in the U.S. market, not the Canadian market. Second, even at increased levels, Turkish exports to Canada remained low relative to the size of the U.S. market, which is a much larger market than the Canadian market due to greater per-capita pasta consumption and population.<sup>18</sup>

In addition, although certain participants in the third reviews considered the Canadian market to be similar to that of the United States during the prior period of review,<sup>19</sup> the CITT noted in its determinations that changes have occurred in the Canadian market during recent years. For example, CITT stated that a major Canadian retailer was willing to source imports from Turkey for purposes of supplying its private-label pasta. CITT also stated that although brand equity had traditionally prevailed in Canada, this brand equity had eroded over the last decade due to changes in consumer tastes.<sup>20</sup> By contrast, during the prior reviews, no major U.S. retailers reported knowledge of Turkish pasta, brand was described as a "very important" factor by U.S. purchasers in their purchasing decisions, and Turkish pasta had not entered the

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<sup>14</sup> CR/PR at Table I-6.

<sup>15</sup> CR/PR at Table I-3 and Table I-4. The AUV of subject imports from Italy was \$0.70 per pound in 2017, the AUV of subject imports from Turkey was \$0.31 per pound in 2017, and the AUV of U.S. producers' U.S. commercial shipments was \$\*\*\* per pound.

<sup>16</sup> Turkey's exports to the EU in 2017 totaled 43.7 million pounds in 2017, while its exports to Canada totaled 34.4 million pounds. Compiled Global Trade Atlas Statistics, EDIS Doc. No. 660846 ("Compiled GTA Data").

<sup>17</sup> CR at I-38-39; PR at I-30.

<sup>18</sup> Turkey's exports to Canada totaled 34.4 million pounds in 2017, equivalent to only \*\*\* percent of apparent U.S. consumption in 2017. Compiled GTA Data; CR/PR at Table I-5; Domestic Response at Exhibit 3.

<sup>19</sup> Third Reviews Determinations at 58.

<sup>20</sup> CITT Findings and Reasons in Dry Wheat Pasta, EDIS Doc. No. 660900.

U.S. private-label segment of the retail market in any significant volumes.<sup>21</sup> We did not collect similar information from market participants in these expedited reviews to assess the extent to which these conditions had changed in the United States. Therefore, I cannot conclude that changes in conditions of competition that have occurred in the Canadian market would also occur in the U.S. market upon revocation. To the contrary, the fact that U.S. imports of pasta from Turkey have remained at minimal levels despite being considerably lower-priced suggests that U.S. market conditions have not changed to allow greater acceptance of Turkish pasta. Therefore, the CITT's findings and the changes in Turkish exports to Canada described in the CITT's findings do not substantially affect my analysis of the extent to which imports from Turkey are likely to gain greater U.S. market recognition, acceptance, and presence if the orders are revoked.

Therefore, based on the record in these reviews and consistent with my findings from the third reviews, I conclude that subject imports from Italy and Turkey have demonstrated and continue to demonstrate markedly different trends in volume, market share, and price competition, consistent with very different levels of market presence and product acceptance. I find that subject imports from Italy and Turkey would likely compete in the U.S. market under different conditions of competition if the orders were revoked, and therefore do not exercise my discretion to cumulate subject imports from Italy and subject imports from Turkey.

### **III. Continuation or Recurrence of Material Injury**

I determine that revocation of the antidumping and countervailing duty orders on pasta from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. I also determine that revocation of the antidumping and countervailing duty orders on pasta from Turkey would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

#### **A. Conditions of Competition**

##### **1. Demand**

During the third reviews, I found that U.S. demand for pasta slightly increased over the period of review, with apparent U.S. consumption increasing from 2.9 billion pounds in 2007 to 3.1 billion pounds in 2012.<sup>22</sup> In these current reviews, apparent U.S. consumption was considerably lower, at \*\*\* pounds in 2017; however, this volume is substantially understated due to the lack of full participation by U.S. producers, as discussed above.<sup>23</sup> Other evidence on the record indicates that the overall U.S. pasta market has contracted slightly in recent years

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<sup>21</sup> Third Reviews Determinations at 53-54, 56-57.

<sup>22</sup> Third Reviews Determinations at 50-51.

<sup>23</sup> CR/PR at Table I-1 and Table I-5.

with growth restricted to relatively small specialty segments such as organic or gluten-free pasta.<sup>24</sup> The domestic parties contend that demand for pasta has declined over the period of review, reflecting longer-term dietary trends limiting the intake of carbohydrates as well as broader economic trends.<sup>25</sup> The GOT contends that demand conditions are strong in the United States.<sup>26</sup>

## 2. Supply

During the third reviews, I found that the domestic industry's reported production capacity was very close to apparent U.S. consumption throughout the period of review, and domestic producers supplied between 78.6 percent and 82.0 percent of apparent U.S. consumption on an annual basis. The domestic industry had expanded and modernized capacity, undertaken capital investments to replace or upgrade outdated equipment with more modern technology, and reorganized to a large extent under large multinational companies. Subject imports from Italy accounted for between \*\*\* and \*\*\* percent of apparent U.S. consumption, while subject imports from Turkey accounted for less than \*\*\* percent of the market throughout the period of review. Nonsubject imports, including nonsubject imports from Italy and Mexico, accounted for between \*\*\* percent and \*\*\* percent of apparent U.S. consumption during the period of review.<sup>27</sup>

In these reviews, domestic producers were again the largest source of supply to the U.S. market in 2017, and their share of apparent U.S. consumption was \*\*\* percent.<sup>28</sup> The domestic parties identified 11 known and currently operating U.S. producers of pasta.<sup>29</sup> There have been no significant changes in the structure of the domestic pasta industry since the last reviews, although there have been some ownership changes.<sup>30</sup> Subject imports from Italy accounted for \*\*\* percent of apparent U.S. consumption in 2017, while subject imports from Turkey accounted for \*\*\* percent of apparent U.S. consumption.<sup>31</sup> Nonsubject imports' share of apparent U.S. consumption was \*\*\* percent.<sup>32</sup> Mexico and China were the largest sources of nonsubject imports of pasta during the period of review.<sup>33</sup>

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<sup>24</sup> CR at I-19; PR at I-14.

<sup>25</sup> Domestic Response at 22.

<sup>26</sup> GOT Response at 3.

<sup>27</sup> Third Reviews Determinations at 51-52.

<sup>28</sup> CR/PR at Table I-6. Due to a lack of full U.S. producer participation in these reviews, the domestic industry's reported market share is likely substantially understated, while the market shares of subject and nonsubject imports are likely substantially overstated. CR/PR at Table I-1.

<sup>29</sup> CR at I-18, PR at I-13.

<sup>30</sup> CR at I-18 to I-19, PR at I-13 to I-14; Domestic Response at 22.

<sup>31</sup> CR/PR at Table I-6.

<sup>32</sup> CR/PR at Table I-6.

<sup>33</sup> CR/PR at Table I-4.

### 3. Substitutability and Other Conditions

During the third reviews, I found a substantial degree of substitutability between the domestic like product and subject imports from Italy and only a limited degree of substitutability between subject imports from Turkey and the domestic like product. These findings were based on purchaser questionnaire responses. A majority of purchasers considered U.S. and Italian pasta to be “comparable” across 14 out of 15 purchasing factors, including price, product consistency, product range, and quality factors. Majorities of producers and purchasers reported that U.S. and Italian pasta was “always” or “frequently” interchangeable, although importers generally did not report that these products were interchangeable.<sup>34</sup>

In contrast, there were limited questionnaire data regarding subject imports from Turkey, indicating purchasers’ lack of familiarity with the Turkish product, and even those companies familiar with Turkish pasta reported limited applications. I found that the lack of familiarity with Turkish pasta and its lack of any substantial presence within the U.S. market, either before or after the orders were imposed, to be indicative of a product that was not generally accepted except within small segments of the U.S. market. This finding was bolstered by purchasers’ negative perceptions of the Turkish product during the original period of investigation, in which a majority of purchasers considered the Turkish pasta to be inferior to the domestic and Italian products with regard to brand image, brand loyalty of customers, and quality.<sup>35</sup>

Although price was an important factor in the U.S. market for pasta, non-price factors such as quality and branding played a critical role in defining the boundaries of price competition in the U.S. pasta market. Accordingly, I found that subject imports from Italy competed with the domestic like product primarily on the basis of price. However, since subject imports from Turkey did not meet purchasers’ expectations with regard to quality or brand recognition, they did not compete with the domestic like product on the basis of price except in very limited market segments.<sup>36</sup>

In these reviews, the record does not contain information indicating that substitutability between U.S.-produced pasta and subject imports, the importance of price or other purchasing factors, or other conditions of competition have changed since the prior proceedings.<sup>37</sup> The domestic interested parties argue that the U.S. market for pasta remains highly price-sensitive as a result of the substitutable nature of the domestic like product and subject merchandise;

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<sup>34</sup> Third Reviews Determinations at 53.

<sup>35</sup> Third Reviews Determinations at 53.

<sup>36</sup> Third Reviews Determinations at 53-54. Other conditions of competition were also identified during the third reviews, including: 1) the existence of both branded and private-label sales in the U.S. market; 2) a number of purchasers required that the pasta they purchased be certified; 3) product placement and shelf space could be important factors in retail sales of pasta; and 4) raw material costs, primarily the cost of durum wheat semolina, was the largest portion of the domestic industry’s cost of goods sold (“COGS”) and were subject to volatile wheat prices. Third Reviews Determinations at 54-55.

<sup>37</sup> CR at I-13 to I-20, PR at I-10 to I-15.

however, they do not provide any additional support for this statement other than citing to previous reviews.<sup>38</sup> Accordingly, based primarily on the record of the third reviews and prior proceedings, I find a substantial degree of substitutability between the domestic like product and subject imports from Italy and only a limited degree of substitutability between subject imports from Turkey and the domestic like product. I also find that price is an important factor in purchasing decisions, along with quality and brand recognition.

## **B. No Likelihood of Material Injury by Reason of Subject Imports from Turkey**

### **1. Likely Volume**

*Third Reviews.* In the third reviews, I noted that during the original investigations, subject imports from Turkey increased irregularly at a low level, rising from 48.8 million pounds in 1993 to 64.0 million pounds in 1994, and then falling slightly to 57.0 million pounds in 1995. Because these changes were in line with growing U.S. demand, subject imports from Turkey gained only 0.1 percentage points of market share over the original period of investigation. Turkish pasta sales were almost entirely limited to the retail market, serving a price-conscious segment of that market that was less concerned with certain quality standards. However, it appears that the size of this market segment was very limited, as purchasers generally considered quality the most important factor in the market. In addition, retail customers were influenced by brand name familiarity and brand use experience, with petitioners stating that customers generally had an acceptable group of brands from which they were willing to compare prices. Purchasers, who were conscious of their customers' requirements and buying habits, considered the Turkish pasta to be inferior to the domestic and Italian products with regard to brand image, brand loyalty of customers, and quality. Within these conditions of competition, subject imports from Turkey peaked in 1994 with a 2.1 percent market share despite underselling the domestic like product consistently by large margins.<sup>39</sup>

Since the imposition of the orders, annual subject imports from Turkey had remained between 2.7 million and 7.2 million pounds during the first two periods of review and below 1 million pounds during the third period of review. In line with these low volumes, responding purchasers expressed very little familiarity with the Turkish subject pasta in contrast with their much more substantial familiarity with Italian and domestically produced pasta. Therefore, I concluded that Turkish pasta would have difficulty entering the U.S. market in any significant volume based on purchasers' lack of familiarity with the product and longer-term perceptions of its lack of quality or brand recognition.<sup>40</sup>

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<sup>38</sup> Domestic Response at 15; Domestic Interested Parties' Final Comments, EDIS Doc. No. 667841 (Feb. 22, 2019) ("Domestic Final Comments") at 6-7.

<sup>39</sup> Third Reviews Determinations at 55-56.

<sup>40</sup> Third Reviews Determinations at 56.

Over the third period of review, the Turkish industry's reported capacity had increased, but its capacity utilization had increased as well. Turkish end-of-period inventories were minimal as a share of total production, and no firm reported producing other products using the same equipment and machinery that they used to produce pasta. Following a deliberate industry strategy of pursuing growth opportunities in markets where pasta demand was emerging, the evidence clearly indicated that Turkish exports were strongly oriented toward Africa, East Asia, and the Middle East. By contrast, the Turkish industry had not had similar success in exporting pasta to established markets such as the EU and Canada.<sup>41</sup>

Thus, I found that revocation of the orders on pasta from Turkey would likely not change the fundamental disadvantage that Turkey had in the U.S. market as well as its successful strategy in pursuing emerging, unsaturated markets. Any additional subject imports from Turkey would likely remain limited in terms of distribution and customer acceptance. I consequently concluded that any likely increase in subject imports from Turkey would not be significant either in absolute terms or relative to production or consumption in the United States if the orders were revoked.<sup>42</sup>

*Current Reviews.* I find that the volumes of subject imports from Turkey during the current reviews as well as the limited available information regarding the industry in Turkey continue to support the same conclusions I made in the third reviews regarding the likelihood of additional subject imports from Turkey. Subject imports from Turkey were higher in 2017, at 18.3 million pounds, than during the third review period in which they remained below 1 million pounds.<sup>43</sup> Although the more recent volume suggests a rapid increase relative to the low baselines of the prior reviews, the volume of subject imports from Turkey is still extremely low in absolute terms and relative to the size of the U.S. market. As discussed above, even with apparent U.S. consumption being substantially understated due to limited domestic industry participation in these reviews, subject imports from Turkey only accounted for \*\*\* percent of the market in 2017.<sup>44</sup> This market share and the absolute volume of subject imports from Turkey are still well below those of the original investigations, which I characterized as being at a "low level" due to their participation in a "very limited" market segment.<sup>45</sup> The continued low volume of subject imports from Turkey suggests that Turkish pasta would have difficulty entering the U.S. market in any significant volume based on purchasers' lack of familiarity with the product and longer-term perceptions of its lack of quality or brand recognition.

While the Turkish industry has continued to grow since the prior reviews,<sup>46</sup> its growth strategy and export behavior do not appear to have changed. GOT stated that Turkish producers of pasta continue to concentrate on the Turkish market and regional markets such

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<sup>41</sup> Third Reviews Determinations at 57-58.

<sup>42</sup> Third Reviews Determinations at 58.

<sup>43</sup> CR/PR at Table I-4, Appendix C.

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

<sup>45</sup> Third Reviews Determinations at 55-56.

<sup>46</sup> CR/PR at Table I-9.



as the Middle East and Africa where pasta demand is growing.<sup>47</sup> Consistent with this statement, all of Turkey's top ten export markets were in Africa, the Middle East, and Asia, and approximately 90 percent of Turkey's exports in 2017 were shipped to these regions. By contrast, only 2.0 percent of their total exports in 2017 were shipped to the EU, and only 1.5 percent of their exports were shipped to Canada.<sup>48</sup> Therefore, the Turkish industry appears to be primarily focused on serving emerging markets where consumption of pasta is growing rather than mature, low-growth markets similar to the United States.

For these reasons, I find that the evidence on the record of these reviews does not contradict the findings I made in the prior reviews. Absent any additional information from purchasers, I continue to find that subject imports from Turkey will face a fundamental disadvantage in the U.S. market due to lack of purchaser familiarity and customer acceptance. As a result, subject imports from Turkey will continue to remain at low volumes, as they have since before the orders were imposed. Facing these conditions in the U.S. market, the Turkish industry will likely continue to pursue its successful strategy of serving emerging pasta-consuming markets elsewhere. Therefore, any likely increase in subject imports from Turkey would not be significant either in absolute terms or relative to production or consumption in the United States if the orders were revoked.

## **2. Likely Price Effects**

*Third Reviews.* In the third reviews, I found that while domestically produced and imported pasta competed on the basis of price, purchasers were also conscious of final customers' quality expectations and preferences for branded products. Therefore, Turkish pasta, which did not meet the threshold requirements of perceived quality and brand recognition, was not substitutable for domestic and Italian pasta except in very limited low-priced segments of the market. Under these conditions, I found that the price effects of subject imports from Turkey likely would not be significant because Turkish pasta, while lower-priced, did not adversely affect the higher prices of domestically produced pasta. A review of both pre- and post-order data demonstrated that subject imports from Turkey consistently undersold the domestic like product at substantial margins while remaining at a very low share of the U.S. market. Based on these findings, I found that despite likely continued underselling by subject imports from Turkey compared to the domestic like product, it was unlikely that there would be direct competition between these products. For these reasons, and because I found that any likely increase in subject imports from Turkey would not be significant, I also found that such imports would not likely have significant price effects if the orders were revoked.<sup>49</sup>

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<sup>47</sup> GOT Response at 4.

<sup>48</sup> Compiled GTA Data. As discussed above, I am not persuaded that recent increases in Turkish exports to Canada are indicative that subject imports from Turkey will be capable of gaining greater U.S. market acceptance if the orders were revoked.

<sup>49</sup> Third Reviews Determinations at 58-59.

*Current Reviews.* As stated above, I have found that there is only a limited degree of substitutability between subject imports from Turkey and the domestic like product. Quality and brand recognition, in addition to price, are important factors in purchasing decisions. There are no pricing data on imports from Turkey due to the expedited nature of these reviews. However, the AUVs of subject imports from Turkey remained well below the AUVs of U.S. producers' U.S. shipments, consistent with the substantial underselling margins from prior reviews and the original investigations.<sup>50</sup> Given that subject imports from Turkey have remained at low volumes and that the domestic producers have continued to maintain significantly higher AUVs than subject imports from Turkey, it is clear that any direct competition between these products remains limited. In addition, given my finding that any likely increase in the volume of subject imports from Turkey is not likely to be significant upon revocation, any quantity of subject imports from Turkey would be too small to have a significant effect on prices for the domestic like product. Accordingly, I find that while subject imports from Turkey will likely continue to undersell the domestic like product regardless of whether the orders are in place, revocation of the orders on pasta from Turkey would not likely lead to significant price depression or suppression within a reasonably foreseeable time.

### **3. Likely Impact**

*Third Reviews.* In the third reviews, I found that the domestic industry's output trends increased consistently with stable demand growth from 2007 to 2012, in line with their position supplying 80 percent of the U.S. market. The industry experienced increases in production, shipments, and employment. The domestic industry's capacity increased more than its production, leading to a decline in capacity utilization. The industry substantially increased its capital expenditures, research and development expenses, and assets over the period of review. In addition, the industry was able to pass through rising costs, particularly raw material costs, through higher prices, and experienced substantial improvements in operating income to reach high levels of profitability. Therefore, I found that the large and thriving domestic industry was not vulnerable. Consistent with my findings that the likely volume and price effects of subject imports from Turkey would not be significant, I found that the subject imports from Turkey would not be likely to have a significant adverse impact on the domestic industry.<sup>51</sup>

*Current Reviews.* In these expedited reviews, the information available on the domestic industry's condition is limited. The Commission only received trade and financial data from U.S. producers estimated to account for \*\*\* percent of domestic production, resulting in the domestic industry's reported capacity, production, market share, net sales revenues, and operating income being understated.<sup>52</sup> Based on reported data, in 2017, the

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<sup>50</sup> CR/PR at Table I-3 and Table I-4. The AUV of subject imports from Turkey was \$0.31 per pound in 2017 and the AUV of U.S. producers' U.S. commercial shipments was \$\*\*\* per pound.

<sup>51</sup> Third Reviews Determinations at 59-60.

<sup>52</sup> CR/PR at Table I-1.

domestic industry's production capacity was \*\*\* pounds, its production was \*\*\* pounds, and its capacity utilization rate was \*\*\* percent.<sup>53</sup> The industry's U.S. shipments were \*\*\*, accounting for \*\*\* percent of apparent U.S. consumption by volume.<sup>54</sup> Its net sales revenues were \$\*\*\* and its operating income was \$\*\*\*, equivalent to \*\*\* percent of net sales.<sup>55</sup> The limited evidence in these expedited reviews is insufficient for me to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders.

Consistent with my findings that the likely volume and likely price effects of subject imports from Turkey would not be significant if the orders were revoked, I find that subject imports from Turkey would not likely cause the domestic industry to experience reductions in output, sales, market share, employment, profits, or return on investment. The limited volumes of subject imports from Turkey that are likely to enter the U.S. market upon revocation would therefore not be likely to have a significant adverse impact on the domestic industry.

## **C. Likelihood of Material Injury by Reason of Subject Imports from Italy**

### **1. Likely Volume**

*Third Reviews.* In the third reviews, I found that subject imports from Italy would likely be significant and increase significantly from current levels if the orders were revoked. During the original investigation, imports of certain pasta from Italy increased steadily from 214.0 million pounds in 1993 to 322.4 million pounds in 1995, a 50.7 percent increase that outpaced the increase in apparent U.S. consumption of pasta during the same period. Subject imports from Italy increased their market share from 7.6 percent in 1993 to 10.4 percent in 1995, while the domestic industry's market share fell 3.5 percentage points over the same period. Since the imposition of the orders, subject imports from Italy had maintained a continuous presence in the U.S. market at fluctuating but high volumes. The volumes of subject imports from Italy following the imposition of the orders indicated that the Italian industry would likely maintain and strengthen its position as a significant supplier to the U.S. market in the event of revocation.<sup>56</sup>

In addition, I found that subject producers in Italy possessed significant capacity, excess capacity, and inventories with which they could have significantly increased exports to the United States. The Italian industry was the global leader in pasta production and had consistently been the leading pasta exporter in the largest world markets. The United States was the fourth largest destination for Italy's exports of pasta, behind only Germany, France, and the United Kingdom. I found it likely that subject Italian producers would use their excess

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<sup>53</sup> CR/PR at Table I-3.

<sup>54</sup> CR/PR at Tables I-5 and I-6.

<sup>55</sup> CR/PR at Table I-3.

<sup>56</sup> Third Reviews Determinations at 61.

capacity and inventories to increase exports significantly to the United States after revocation due to the large size of the U.S. market and the continued competitiveness and sustained presence of Italian pasta in the U.S. market during the review period. Therefore, I found that the volume of subject imports from Italy, both in absolute terms and relative to production and consumption in the United States, would likely be significant if the orders on Italy were revoked.<sup>57</sup>

*Current Reviews.* I find that the volumes of subject imports from Italy during the current reviews as well as the limited available information regarding the industry in Italy continue to support the same conclusions I made in the third reviews regarding the likelihood significant volumes of subject imports from Italy. In 2017, subject imports from Italy were at a higher level than at any point in the prior reviews or during the original investigations, reaching 348.8 million pounds, or \*\*\* percent of apparent U.S. consumption.<sup>58</sup> The continued substantial presence of subject imports from Italy indicates that it has the ability to maintain and strengthen its position as a major participant in the U.S. market in the event of revocation.

The Italian industry is the largest industry in the world.<sup>59</sup> According to domestic interested parties, there were nearly 60 Italian producers/exporters currently engaged in the production of pasta. Domestic parties also provided data indicating that the Italian industry had production of 7.2 billion pounds of pasta in 2015.<sup>60</sup> As in the third reviews, Italy was also the largest global exporter of pasta.<sup>61</sup> The United States was the fourth largest destination for Italian pasta, behind Germany, the United Kingdom, and France.<sup>62</sup> Although the degree to which Italian producers had excess capacity and inventories with which to increase their pasta exports to the United States is uncertain based on the limited record of these reviews, it is clear that Italian producers continue to prioritize exports to the U.S. market, which is the largest consumer market in the world.<sup>63</sup> Therefore, I find that the volume of subject imports from Italy, both in absolute terms and relative to production and consumption in the United States, would likely be significant if the orders on Italy were revoked.

## 2. Likely Price Effects

*Third Reviews.* In the third reviews, I found that subject imports from Italy had demonstrated and continued to demonstrate that they could compete in every subject product line and in every market segment into which subject pasta was sold, including the grocery segment and the food service segment. Given the substitutability of Italian and U.S. pasta, price was an important factor in purchasers choosing between U.S. and Italian product.

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<sup>57</sup> Third Reviews Determinations at 61-63.

<sup>58</sup> CR/PR at Table I-4, Table I-6, Appendix C.

<sup>59</sup> Domestic Response at Exhibit 3.

<sup>60</sup> Domestic Response at 9, Exhibit 3.

<sup>61</sup> CR/PR at Table I-11.

<sup>62</sup> CR/PR at Table I-8.

<sup>63</sup> Domestic Response, Exhibit 3.

During the original investigations, subject imports from Italy had undersold the domestic industry in 60 of 83 quarterly comparisons, with margins of underselling averaging approximately 15 percent. Third review pricing data showed a more mixed record of underselling, but evidence on the record indicated that subject imports from Italy competed head-to-head with the domestic like product to obtain sales on the basis of price.<sup>64</sup>

Based on the evidence of price-based competition between subject imports from Italy and the domestic like product, the degree of underselling by subject imports from Italy while under the orders, and the significant underselling by subject imports from Italy during the original investigation, I found it likely that subject imports from Italy would significantly undersell the domestic like product in the event of revocation as a means of increasing their penetration of the U.S. market. Moreover, given the likely significant volume of subject imports from Italy in the event of revocation, I found a likelihood of significant adverse price effects on U.S. producers' prices from subject imports from Italy. I concluded that, if the orders on Italy were revoked, subject imports from Italy likely would significantly undersell the domestic like product and have significant suppressing or depressing effects on the prices of the domestic like product.<sup>65</sup>

*Current Reviews.* As stated above, I have found that there is a substantial degree of substitutability between subject imports from Italy and the domestic like product. Quality and brand recognition, in addition to price, are important factors in purchasing decisions. There are no pricing data on imports from Italy due to the expedited nature of these reviews. However, the AUVs of subject imports from Italy remained near the AUVs of U.S. producers' U.S. commercial shipments, consistent with the mixed record of underselling from the third reviews.<sup>66</sup> I find it likely that subject imports from Italy would reduce their prices and resume significant underselling in the event of revocation as a means of increasing their penetration of the U.S. market, as they did during the original investigations. Given my finding that subject imports from Italy would likely enter in significant volumes if the orders on Italy were revoked, such volumes sold at low prices would likely have significant adverse effects on the prices of the domestic like product. Consistent with my findings in the third review, I find that if the orders on Italy were revoked, subject imports from Italy would significantly undersell the domestic like product and have significant suppressing and/or depressing effects on the prices of the domestic like product.

### **3. Likely Impact**

*Third Reviews.* In the third reviews, I did not find the domestic industry to be in a vulnerable condition. However, in light of the likely significant volume of subject imports from Italy and the likely significant price effects they would have in the U.S. market absent the

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<sup>64</sup> Third Reviews Determinations at 63-64.

<sup>65</sup> Third Reviews Determinations at 64-65.

<sup>66</sup> CR/PR at Table I-3 and Table I-4. The AUV of subject imports from Italy was \$0.70 per pound in 2017 and the AUV of U.S. producers' U.S. commercial shipments was \$\*\*\* per pound.

orders, I found that subject imports from Italy would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. In addition, the decreased sales would lead to reduced industry profitability as well as its ability to make and maintain necessary capital investments. I therefore concluded that subject imports from Italy would have a significant adverse impact on the domestic industry if the orders were revoked.<sup>67</sup>

*Current Reviews.* As discussed above, the limited evidence in these expedited reviews is insufficient for me to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders.

Consistent with my findings that the likely volume and likely price effects of subject imports from Italy would be significant, I find that subject imports from Italy would cause the domestic industry to either reduce prices, lose sales, or both in response to increased low-priced import competition. Subject imports from Italy would therefore be likely to have a significant adverse impact on the domestic industry upon revocation.

#### **IV. Conclusion**

For the foregoing reasons, I determine that revocation of the antidumping and countervailing duty orders on pasta from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. I also determine that revocation of the antidumping and countervailing duty orders on pasta from Turkey would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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<sup>67</sup> Third Reviews Determinations at 65-66.

# INFORMATION OBTAINED IN THESE REVIEWS

## BACKGROUND

On August 1, 2018, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of antidumping and countervailing duty orders on certain pasta from Italy and Turkey would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2 3</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

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

<sup>2</sup> *Certain Pasta From Italy and Turkey; Institution of Five-Year Reviews*, 83 FR 37517, August 1, 2018. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping and countervailing duty orders concurrently with the Commission’s notice of institution. *Initiation of Five-Year (Sunset) Reviews*, 83 FR 37463, August 1, 2018. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> In its original determination and all subsequent reviews, the Commission defined a single domestic like product consisting of “all dry pasta”, which defined dry pasta more broadly than Commerce’s scope. This broader definition includes, but is not limited to, “dry egg pasta”, which is pasta that contains egg yolk or contains more than 2 percent egg white. See “Definitions of the domestic like product and domestic industry” section below.

In the third reviews, the Commission’s staff report defined “certain dry pasta” (pasta meeting the scope definition) separately from “all dry pasta” (or “dry pasta”, i.e. the domestic like product). Data presented in this report is based on a similar methodology. Historical data prior to the third review has been presented as originally reported.

<sup>4</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

Effective or statutory date	Action
August 1, 2018	Notice of initiation and institution by Commerce and Commission
November 5, 2018	Commission's vote on adequacy
November 29, 2018	Commerce's results of its expedited review
May 3, 2019	Commission's statutory deadline to complete expedited review
November 29, 2019	Commission's statutory deadline to complete full review

## RESPONSES TO THE COMMISSION'S NOTICE OF INSTITUTION

### Individual responses

The Commission received three submissions in response to its notice of institution in the subject review(s). They were filed on behalf of the following entities:

1. A. Zerega's Sons, Inc. ("A. Zerega's"), Dakota Growers Pasta Company, Inc. ("Dakota"), Riviana Foods, Inc. ("Riviana"), and TreeHouse Foods, Inc. ("TreeHouse"),<sup>5</sup> domestic producers of pasta (collectively referred to herein as "domestic interested parties")
2. Industria Alimentare Colavita, S.p.A ("Indalco"), Italian producer of pasta
3. The Government of the Republic of Turkey ("the GOT")<sup>6</sup>

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

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<sup>5</sup> \*\*\*.

<sup>6</sup> Indalco and GOT are collectively referred to herein as "respondent interested parties".



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

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producers	1	***% <sup>1</sup>
Respondent:		
Italian Foreign Producer (Indalco)	1	***% <sup>2</sup>
Government of Turkey	1	NA <sup>3</sup>

<sup>1</sup> In their response to the notice of institution, domestic interested parties estimated that they account for this share of total U.S. production of dry pasta during 2017. Domestic interested parties calculated this figure by estimating the total production of dry pasta in the U.S. accounted for by other dry pasta producers and adding it to their own production. Domestic interested parties’ response to the notice of institution, August 31, 2018, pp. 21-22.

<sup>2</sup> The coverage figure presented, as provided by the Italian producer in its response, represents the firm’s estimate of its share of total production of certain dry pasta in Italy during 2017. Indalco’s supplemental response to the notice of institution, October 1, 2018, p. 1.

<sup>3</sup> The GOT reported in its response to the notice of institution that the government is “responsible for defending the rights of the Pasta Industry in Turkey.” GOT’s response to the notice of institution, August 31, 2018, pp. 21-22.

**Party comments on adequacy**

The Commission received one submission from the domestic interested parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. Domestic interested parties argued that the Commission should find the respondent interested party group response to be inadequate since there were no submissions by any producers in Turkey and the sole respondent producer from Italy accounted for \*\*\* percent of total production in Italy. Further, they argue that the response from the GOT was inadequate as they were “unable to provide more than general and incomplete pasta industry statistics”, and thus are an insufficient substitute for responses from producers in Turkey. Therefore, because of the inadequate response by the respondent interested parties, they request that the Commission conduct an expedited review of the antidumping and countervailing duty orders on certain pasta.

## THE ORIGINAL INVESTIGATIONS AND SUBSEQUENT REVIEWS

### The original investigations

The original investigation resulted from a petition filed on May 12, 1995 with Commerce and the Commission by Borden, Inc., Columbus, Ohio; Hershey Foods Corp., Hershey, Pennsylvania; and Gooch Foods, Inc., Lincoln, Nebraska. On June 14, 1996, Commerce determined that imports of certain pasta from Italy and Turkey were being subsidized and sold at less than fair value (“LTFV”).<sup>7</sup> The Commission determined on July 9, 1996 that the domestic industry was materially injured by reason of subsidized and LTFV imports of certain pasta from Italy and Turkey.<sup>8</sup> On July 24, 1996, Commerce issued its countervailing duty orders with the countervailable subsidy rates for producers in Italy ranging from 0.00 percent to 11.23 percent with an all others rate of 3.85 percent, and for producers in Turkey ranging from 3.87 percent to 15.82 percent with an all others rate of 9.38 percent.<sup>9</sup> Commerce also issued its antidumping duty orders on July 24, 1996, with amended final weighted-average dumping margins for producers in Italy ranging from 0.00 percent to 46.67 percent with an all others rate of 11.26 percent, and for producers in Turkey ranging from 60.87 percent to 63.29 percent with an all others rate of 60.87 percent.<sup>10</sup>

### The first five-year review

On September 4, 2001, the Commission determined that it would conduct expedited reviews of the countervailing duty and antidumping duty orders on certain pasta from Italy and Turkey. On October 5, 2001, Commerce published its determinations that revocation of the antidumping duty orders on certain pasta from Italy and Turkey would be likely to lead to

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<sup>7</sup> *Notice of Final Determination of Sales at Less Than Fair Value: Certain Pasta From Italy*, 61 FR 30326 (June 14, 1996); *Notice of Final Determination of Sales at Less Than Fair Value: Certain Pasta From Turkey*, 61 FR 30309, June 14, 1996; *Final Affirmative Countervailing Duty Determination: Certain Pasta (“Pasta”) From Italy*, 61 FR 30288, June 14, 1996; *Final Affirmative Countervailing Duty Determination: Certain Pasta (“Pasta”) from Turkey*, 61 FR 30366, June 14, 1996.

<sup>8</sup> *Certain Pasta from Italy and Turkey*, 61 FR 38473, July 24, 1996.

<sup>9</sup> *Notice of Countervailing Duty Order and Amended Final Affirmative Countervailing Duty Determination: Certain Pasta (“Pasta”) From Italy*, 61 FR 38544, July 24, 1996; *Notice of Countervailing Duty Order: Certain Pasta (“Pasta”) From Turkey*, 61 FR 38546, July 24, 1996.

<sup>10</sup> *Notice of Antidumping Duty Order and Amended Final Determination of Sales at Less Than Fair Value: Certain Pasta From Italy*, 61 FR 38547, July 24, 1996; *Notice of Antidumping Duty Order and Amended Final Determination of Sales at Less Than Fair Value: Certain Pasta From Turkey*, 61 FR 38545, July 24, 1996. Dumping margins from Italy as reported in this paragraph are derived from Commerce’s second amendment to its antidumping duty final determination. See *Notice of Second Amendment to the Final Determination and Antidumping Duty Order: Certain Pasta From Italy*, 61 FR 42231, August 14, 1996.

continuation or recurrence of dumping.<sup>11</sup> On October 5, 2001, and on October 10, 2001, Commerce determined that revocation of the countervailing duty orders on certain pasta from Turkey and Italy, respectively, would be likely to lead to continuation or recurrence of a countervailable subsidy.<sup>12</sup> On October 29, 2001, the Commission notified Commerce of its determinations that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>13</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective November 16, 2001, Commerce issued a continuation of the countervailing and antidumping duty orders on imports of certain pasta from Italy and Turkey.<sup>14</sup>

### **The second five-year review**

On January 5, 2007, the Commission determined that it would conduct full reviews of the countervailing duty and antidumping duty orders on certain pasta from Italy and Turkey. On February 5, 2007, Commerce published its determination that revocation of the countervailing duty and antidumping duty orders on certain pasta from Italy and Turkey would be likely to lead to continuation or recurrence of a countervailable subsidy or dumping.<sup>15</sup> On September 27, 2007, the Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>16</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective, October 12, 2007, Commerce issued a continuation of the countervailing and antidumping duty orders on imports of certain pasta from Italy and Turkey.<sup>17</sup>

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<sup>11</sup> *Final Results of Expedited Sunset Reviews: Certain Pasta From Italy and Turkey*, 66 FR 51015, October 5, 2001.

<sup>12</sup> *Final Results of Expedited Sunset Review: Countervailing Duty Order on Certain Pasta From Turkey*, 66 FR 51019, October 5, 2001; *Final Results of Sunset Review: Countervailing Duty Order on Certain Pasta From Italy*, 66 FR 51640, October 10, 2001.

<sup>13</sup> *Certain Pasta from Italy and Turkey*, 66 FR 55697, November 2, 2001.

<sup>14</sup> *Continuation of Countervailing and Antidumping Duty Orders: Pasta from Italy and Turkey, and Clad Steel Plate From Japan*, 66 FR 57703, November 16, 2001.

<sup>15</sup> *Notice of Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders: Certain Pasta from Italy and Turkey*, 72 FR 5266, February 5, 2007; *Certain Pasta From Turkey: Final Results of Expedited Five-Year ("Sunset") Review of the Countervailing Duty Order*, 72 FR 5269, February 5, 2007; and *Certain Pasta From Italy: Final Results of Expedited Five-Year ("Sunset") Review of the Countervailing Duty Order*, 72 FR 5271, February 5, 2007.

<sup>16</sup> *Certain Pasta from Italy and Turkey*, 72 FR 56382, October 3, 2007.

<sup>17</sup> *Certain Pasta from Turkey and Italy: Continuation of Countervailing Duty and Antidumping Duty Orders*, 72 FR 58052, October 12, 2007.

### **The third five-year review**

On December 10, 2012, the Commission determined that it would conduct full reviews of the countervailing and antidumping duty orders on certain pasta from Italy and Turkey. On January 4, 2013, Commerce published its determination that revocation of the countervailing duty orders on certain pasta from Italy and Turkey would be likely to lead to continuation or recurrence of a countervailable subsidy.<sup>18</sup> On January 11, 2013, Commerce published its determination that revocation of the antidumping duty orders on certain pasta from Italy and Turkey would be likely to lead to continuation or recurrence of dumping.<sup>19</sup> On August 30, 2013, the Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>20</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, Commerce issued a continuation of the countervailing duty and antidumping duty orders on imports of certain pasta from Italy and Turkey, effective September 17, 2013.<sup>21</sup>

### **PREVIOUS AND RELATED INVESTIGATIONS**

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

### **ACTIONS AT COMMERCE**

Commerce has not conducted any anti-circumvention findings since the completion of the last five-year review. In addition, Commerce has not made any duty absorption findings or critical circumstances findings since the imposition of the order.

### **Scope rulings**

Commerce has issued several scope rulings since the imposition of the order, which are summarized in table I-2 below. Additionally, while the packaging limitation in the scopes of Commerce's original orders was stated as "packages of five pounds (or 2.27 kilograms) or less,"

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<sup>18</sup> *Certain Pasta From Turkey: Final Results of the Expedited Third Sunset Review of the Countervailing Duty Order*, 78 FR 692, January 4, 2013; *Certain Pasta From Italy: Final Results of the Expedited Third Sunset Review of the Countervailing Duty Order*, 78 FR 693, January 4, 2013.

<sup>19</sup> *Certain Pasta From Italy and Turkey; Final Results of Expedited Third Sunset Reviews of the Antidumping Duty Orders*, 78 FR 2368, January 11, 2013.

<sup>20</sup> *Certain Pasta from Italy and Turkey*, 78 FR 55095, September 9, 2013.

<sup>21</sup> *Certain Pasta From Italy and Turkey: Continuation of Antidumping and Countervailing Duty Orders*, 78 FR 57129, September 17, 2013.

Commerce issued a final scope ruling in May 1999 that pasta in packages weighing or labeled up to and including five pounds four ounces is within the scope of the orders.<sup>22</sup>

Commerce revoked, in part, the antidumping duty order of certain pasta from Italy with respect to gluten-free pasta, effective July 1, 2008. Commerce likewise partially revoked the countervailing duty order on certain pasta from Italy with respect to gluten-free pasta, effective January 1, 2009.<sup>23</sup> In 2014, Commerce also revoked the orders, in part, with respect to “certain cheese- and/or vegetable-filled (stuffed) ravioli and tortellini pasta (ravioli and tortellini filled with cheese and/or vegetables.”<sup>24</sup>

**Table I-2**  
**Certain pasta: Commerce’s scope rulings**

<b>Requestor</b>	<b>Product to be excluded</b>	<b>Commerce ruling</b>	<b>Federal Register cite</b>
Shonfeld’s (U.S.A.) Inc.	Multicolored pasta in decorative glass containers, which are sealed with cork or paraffin and bound with raffia	Granted	63 FR 6722 February 10, 1998
Joseph A. Sidari Company, Inc.	Shrink wrapped package containing six one-pound packages, each of which would first be individually packaged in a cellophane wrapper (cello) with “Not Labeled for Retail Sale” written across the entire length of each of the individual packages on both sides	Denied	63 FR 6722 February 10, 1998

Source: Cited *Federal Register* notices.

### Company revocations

In its last sunset review, Commerce identified several companies from Italy for which either the antidumping duty or countervailing duty order was no longer in effect as of the time of the review. Barilla G. e R. F.lli S.p.A (“Barilla”), Gruppo Agricoltura Sana S.r.L.(“Gruppo”), and Pasta Lensi R.r.l. (“Lensi”) were identified as being exempt from the countervailing duty order; and Corex S.p.A. (“Corex”); Del verde S.p.A. and its affiliate, Tamma Industrie Alimentari de Capitanata, S.r.L; De Matteis Agroalimentare S.p.A. (“De Matteis”); F .lli De Cecco di Filippo S. Martino S.p.A. (“De Cecco”); N. Puglisi & F. Industria Paste Alimenari S.p.A. (“Puglisi”); Pastificio Guido Ferrara S.r.l. (“Ferrara”), and Pastificio Antonio Pallante S.r.l. (“Pallante”) were identified as being exempt from the antidumping duty order.<sup>25</sup>

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<sup>22</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)*, USITC Publication 4423, August 2013, p. 6, fn. 23.

<sup>23</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)*, USITC Publication 4423, August 2013, p. 6, fn. 24.

<sup>24</sup> *Certain Pasta From Italy: Notice of Partial Rescission of Antidumping Duty Administrative Review*, 78 FR 20091, April 3, 2013.

<sup>25</sup> See *Issues and Decision Memorandum for the Expedited Sunset Reviews of the Antidumping Duty Orders on Certain Pasta from Italy and Turkey; Final Results*, January 4, 2013, p. 4; and *Issues and*

(continued...)

Since the last review, Commerce has issued one revocation for a company from Italy. On February 8, 2013, Commerce published a notice revoking Pastificio Attilio Mastromauro-Pasta Granoro S.r.L. (“Granoro”) from the antidumping duty order, with an effective date of July 1, 2011.<sup>26</sup>

Commerce has not revoked the antidumping duty or countervailing duty orders with respect to any companies from Turkey.

### **Changed circumstances reviews**

Commerce has conducted several changed circumstances reviews with regard to the antidumping duty order on certain pasta from Italy. In September 2014, Commerce determined that Delverde Industrie Alimentari S.p.A. was not the successor-in-interest to Del Verde S.p.A. (which as discussed previously is excluded from the antidumping duty order).<sup>27</sup> In August 2015, Commerce determined that P.A.P. S.R.L. (“PAP SRL”) is the successor-in-interest to P.A.P. SNC Di Paziienza G. B. & C. (“PAP SNC”).<sup>28</sup> In October 2015, Commerce determined that La Molisana S.p.A. (“La Molisana”) was not the successor-in-interest to La Molisana Industrie Alimentari, S.p.A. (“LMI”).<sup>29</sup> In June 2017, Commerce determined that Francesco Tamma S.p.A. is not the successor-in-interest to Tamma Industrie Alimentare Capitanata S.r.l. (“TIAC”), the company affiliated with Del Verde S.p.A. which was excluded from the order on pasta from Italy.<sup>30 31</sup>

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(...continued)

*Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Certain Pasta from Italy*, December 28, 2012, p. 5.

<sup>26</sup> *Certain Pasta From Italy: Notice of Partial Rescission of Antidumping Duty Administrative Review*, 78 FR 20091, April 3, 2013.

<sup>27</sup> *Certain Pasta From Italy: Notice of Final Results of Antidumping Duty Changed Circumstances Review*, 79 FR 56339, September 19, 2014.

<sup>28</sup> *Certain Pasta From Italy: Final Results of Changed Circumstances Review*, 80 FR 48807, August 14, 2015.

<sup>29</sup> *Certain Pasta From Italy: Notice of Final Results of Antidumping Duty Changed Circumstances Review*, 80 FR 65985, October 28, 2015.

<sup>30</sup> *Certain Pasta From Italy: Notice of Final Results of Antidumping Duty Changed Circumstances Review*, 82 FR 26777, June 9, 2017.

<sup>31</sup> Additionally, Commerce instituted a changed circumstances review for both the antidumping and countervailing duty orders concerning certain pasta from Italy on certifications of imports of organic pasta. Ultimately, Commerce updated the scope of the orders so that the requirement of submitting organic pasta certification would be converted to a record-keeping requirement, among other changes. See *Certain Pasta From Italy: Final Results of Antidumping and Countervailing Duty Changed Circumstances Reviews*, 82 FR 4291, January 13, 2017.

Commerce has not conducted changed circumstances reviews concerning the countervailing duty order on certain pasta from Italy, nor concerning the countervailing and antidumping duty orders on pasta from Turkey.<sup>32</sup>

### **Current five-year review**

Commerce is conducting expedited reviews with respect to certain pasta from Italy and Turkey and intends to issue the final results of these reviews based on the facts available not later than November 29, 2018.<sup>33</sup>

## **THE PRODUCT**

### **Commerce's scope**

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

*Imports covered by this order are shipments of certain non-egg dry pasta in packages of five pounds four ounces or less, whether or not enriched or fortified or containing milk or other optional ingredients such as chopped vegetables, vegetable purees, milk, gluten, diastasis, vitamins, coloring and flavorings, and up to two percent egg white. The pasta covered by this scope is typically sold in the retail market, in fiberboard or cardboard cartons, or polyethylene or polypropylene bags of varying dimensions.*

*Excluded from the scope of this order are refrigerated, frozen, or canned pastas, as well as all forms of egg pasta, with the exception of non-egg dry pasta containing up to two percent egg white. Also excluded are imports of organic pasta from Italy that are accompanied by the appropriate certificate issued by the Istituto Mediterraneo Di Certificazione, by QC&I International Services, by Ecocert Italia, by Consorzio per il Controllo dei Prodotti Biologici, by Associazione Italiana per l'Agricoltura Biologica, by Codex S.r.L., by Bioagricert S.r.L., or by Istituto per la Certificazione Etica e Ambientale. Effective July 1, 2008, gluten free pasta is also excluded from this order. See *Certain Pasta from Italy: Notice of Final Results of Antidumping Duty Changed Circumstances Review and Revocation, in Part, 74 FR 41120 (August 14, 2009).**

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<sup>32</sup> Commerce conducted two new shipper reviews in regards to the antidumping duty orders on certain pasta from Turkey. See *Certain Pasta From Turkey: Final Results of Antidumping Duty New Shipper Review; 2013-2014*, 80 FR 16362, March 27, 2015; and *Certain Pasta From Turkey: Final Rescission of Antidumping Duty New Shipper Review; 2014-2015*, 81 FR 86701, December 1, 2016.

<sup>33</sup> *Letter from Jim Doyle, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce, September 20, 2018.*

*The merchandise subject to this order is currently classifiable under items 1902.19.20 and 1901.90.9095 of the Harmonized Tariff Schedule of the United States (“HTSUS”). Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise subject to the order is dispositive.<sup>34</sup>*

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

Certain dry pasta is currently imported under HTS statistical reporting numbers 1901.90.9195, 1902.19.2010, 1902.19.2020, 1902.19.2030, and 1902.19.2090.<sup>35</sup> In addition, statistical reporting number 1901.90.9195 is a “basket” category for a number of miscellaneous food preparations and likely includes many other products besides the subject pasta.<sup>36</sup> Imports under subheading 1901.90.91 enter at a column-1 general duty rate of 6.4 percent.<sup>37</sup> Pasta imported under the HTS subheading 1902.19.20 enters the U.S. market at a column 1-general duty rate of “free.”<sup>38</sup> Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

### **Description and uses<sup>39</sup>**

Pasta has been used as a food for centuries in many and varied ways. It is an important dietary component in many countries due to its relative ease of preparation, versatility, long shelf life, nutritive value, and low cost relative to other foods. Pasta or noodles may be formed in various shapes (including spaghetti, rigatoni, and other forms), which may be enriched or contain ingredients for coloring or flavoring. Pasta is made from durum wheat semolina and

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<sup>34</sup> *Certain Pasta From Italy: Notice of Preliminary Results of Antidumping Duty Administrative Review, Preliminary No Shipment Determination and Preliminary Intent To Revoke Order, in Part*, 77 FR 46377, August 3, 2012.

<sup>35</sup> HTS subheading 1902.19.20 covers uncooked pasta, not stuffed or otherwise prepared, not containing eggs, that is exclusively pasta. This HTS provision covers goods outside the scope of these orders, as it also includes some nonsubject merchandise (e.g. dry non-egg pasta in packages greater than five pounds four ounces).

<sup>36</sup> HTS statistical reporting number 1901.90.9195 is described as “food preparations of flour, meal, starch or malt extract, not containing cocoa powder or containing less than 50 percent cocoa powder (by weight), not elsewhere specified or included.” Prior to 2017 changes in the Harmonized Tariff Schedule, the relevant statistical reporting number for this product was 1901.90.9095.

<sup>37</sup> Imports from China are subject to an additional tariff of 10 percent as a result of USTR’s recent Section 301 investigation and direction from the White House to USTR to place additional tariffs on \$200 billion of Chinese imports in response to the results of that investigation. Office of the United States Trade Representative, “USTR Finalizes Tariffs on \$200 Billion of Chinese Imports,” September 2018, and USTR, “Tariff List: September 17, 2018,” both found at <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/september/ustr-finalizes-tariffs-200>.

<sup>38</sup> *Ibid.*

<sup>39</sup> Unless otherwise noted, this information is based on *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)*, USITC Publication 4423, August 2013.



water and is formed by mixing semolina (and possibly flour) and water into a dough that is then rolled to a uniform thickness or extruded.<sup>40</sup> The pasta is then dried to the desired moisture level, cooled, and packaged. Pasta generally ranges from off-white to yellowish in color. Pasta may take any of several hundred forms, including solid goods, extruded hollow goods, and rolled and cut goods. Pasta may also be categorized as long goods (e.g., spaghetti and linguine), short goods (e.g., elbows and twists), and specialty items (e.g., lasagna and shells).

Dry pasta is pasta that has been dried into a brittle form that is ready for cooking or for incorporation into downstream products such as macaroni and cheese, canned soup, or other prepared foods. Excluded from the definition of dry pasta used in the original investigation is all pasta that is fresh, moist, or frozen, as well as couscous.<sup>41</sup> According to Commerce's scope definition, dry non-egg pasta is pasta that contains no egg yolk but which may contain up to 2 percent egg white by weight. Dry egg pasta is dry pasta that contains egg yolk or contains more than 2 percent egg white. Dry egg pasta normally contains at least 5.5 percent egg or egg yolk.<sup>42</sup> The addition of egg gives the pasta a certain richness and taste that is considered more appropriate for certain recipes.

Dry pasta sold in the United States is typically enriched if produced from semolina or flour from which the bran and germ have been removed. Pasta produced from whole wheat is not typically enriched. Dry enriched pasta contains niacin or niacinamide, iron, thiamin, riboflavin, and folic acid in addition to durum wheat semolina or flour. Enrichment of pasta produced from semolina or flour from which the bran and germ have been removed is required by most U.S. states, and is a *de facto* requirement for the United States as a whole since products may be sold across state lines.<sup>43</sup> Requirements for enriched pasta ("macaroni products") are set by the Food and Drug Administration.<sup>44</sup>

Pasta made from organically grown wheat is sold as organic pasta, or may be marketed as produced from organic ingredients. Dry organic pasta is processed in accordance with existing specific organic-certification regulations. In general, the wheat is produced without the use of petroleum-based fertilizers, insecticides, herbicides, or fungicides. U.S. sales of organic

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<sup>40</sup> Semolina is coarsely-ground durum wheat. Some pasta products may also contain finely-ground durum wheat flour.

<sup>41</sup> Couscous is also produced from durum semolina, but is traditionally produced by agglomeration. A. Debbouz and B. J. Donnelly, "Process Effect on Couscous Quality," *Cereal Chemistry*, 1996 (73), 668-671; Afrem International, "Couscous," <http://deutsch.bizi.co.il/Couscous1.pdf>. The investigations with respect to oriental-style noodles were terminated as a result of the Commission's determination that subject imports were negligible. *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Preliminary)*, USITC Pub. 2905, July 1995, pp. I-8, I-16 to I-17.

<sup>42</sup> Commerce's scope definition does not follow the FDA standard of identity for noodles.

<sup>43</sup> "70 Years and Counting of Enriched Wheat," Baking Business.com, September 1, 2011, [http://www.bakingbusiness.com/Features/Formulations/2011/9/70%20years%20and%20counting%20of%20enriched%20wheat.aspx?AdKeyword=2013RA\\_0401](http://www.bakingbusiness.com/Features/Formulations/2011/9/70%20years%20and%20counting%20of%20enriched%20wheat.aspx?AdKeyword=2013RA_0401).

<sup>44</sup> The FDA standard of identity for enriched pasta can be found in the Code of Federal Regulations, Title 21, part 139, <http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfcfr/CFRSearch.cfm?fr=139.115>.

foods in 2016 were \$47 billion and accounted for 5.3 percent of all food sales.<sup>45</sup> For pasta specifically, sales of organic pasta grew at a compound annual growth rate of about 5 percent in North America between 2010 and 2015.<sup>46</sup>

Gluten-free pasta is produced from grains other than wheat that do not contain gluten, a type of protein. Gluten-free pasta may be produced from a variety of ingredients including buckwheat, corn, potato, rice, and soy. In the United States, the number of people eating a gluten-free diet tripled between 2009 and 2016, to 3.1 million.<sup>47</sup> This dietary trend contributed to a compound annual growth rate in sales of gluten-free pasta that was around 7 percent in North America between 2010 and 2015.<sup>48</sup>

Other specialty pasta types include those that contain additional fiber or protein or incorporate vegetables. As sales of specialty pastas have grown, sales of traditional pasta have declined slightly in the United States.<sup>49</sup>

### **Manufacturing process<sup>50</sup>**

Major manufacturing inputs for dry pasta are durum wheat semolina or durum flour, water, energy for powering machinery and drying the product, and labor. Although most dry pasta is a mixture of durum wheat semolina and water, the proper manufacture of quality dry pasta on a commercial scale requires a great deal of technical expertise, attention, and the proper equipment. At the pasta manufacturing location, the semolina and/or flour is mixed with water to form a smooth dough with a desired moisture level. (For egg noodles, egg is mixed in, usually prior to the addition of water.<sup>51</sup>) The dough is then extruded (mechanically forced through bronze or Teflon dies<sup>52</sup>) to form the shape of a specific pasta product, such as

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<sup>45</sup> Organic Trade Association, “Robust Organic Sector Stays on Upward Climb,” May 24, 2017, <https://www.ota.com/news/press-releases/19681>.

<sup>46</sup> Skelly, “What’s the Future of Pasta?” Euromonitor International, presentation to World Pasta Day and Congress 2015, <http://www.internationalpasta.org/resources/wpdc2015/Jack%20Skally.pdf>.

<sup>47</sup> McCarthy, “The Number of Americans Going Gluten-Free Has Tripled,” *Forbes*, January 17, 2017. <https://www.forbes.com/sites/niallmccarthy/2017/01/17/the-number-of-americans-going-gluten-free-has-tripled-since-2009-infographic/#8098fe632f2f>.

<sup>48</sup> Skelly, “What’s the Future of Pasta?” Euromonitor International, presentation to World Pasta Day and Congress 2015, <http://www.internationalpasta.org/resources/wpdc2015/Jack%20Skally.pdf>.

<sup>49</sup> Skelly, “What’s the Future of Pasta?” Euromonitor International, presentation to World Pasta Day and Congress 2015, <http://www.internationalpasta.org/resources/wpdc2015/Jack%20Skally.pdf>.

<sup>50</sup> Unless otherwise noted, this information is based on *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final)*, USITC Publication 2977, July 1996, pp. I-18-I-19.

<sup>51</sup> Dry egg pasta can utilize the same equipment and inputs (except that it uses durum flour instead of semolina) as dry non-egg pasta. In the production of dry egg pasta, an egg product is blended into the dough prior to extrusion.

<sup>52</sup> Teflon dies are more commonly used in large, industrial operations because they are more durable and less expensive than bronze dies. However, bronze dies are traditional and have a reputation for producing a pasta with more texture, so the use of them is a selling feature for some brands.

spaghetti or rigatoni. After extrusion, the product is dried in drying ovens, again to a desired moisture level. The drying stages are followed by a cooling stage. Pasta producers carefully control their production processes. After production, the dry pasta is then packaged. Production lines for dry pasta are much the same throughout the world, although some lines may be more automated than others and there are differences in drying times and temperatures among producers.

## THE INDUSTRY IN THE UNITED STATES

### U.S. producers

During the final phase of the original investigation, the Commission received U.S. producer questionnaires from 26 firms, which accounted for approximately 95 percent of production of dry non-egg and dry egg pasta in the United States during 1995.<sup>53</sup>

During the expedited first five-year review, the Commission received responses to the notice of institution from four U.S. producers, which accounted for approximately \*\*\* percent of U.S. production of certain pasta during 2000.<sup>54</sup>

During the second five-year review, the Commission received U.S. producer questionnaires from 18 firms, which accounted for approximately 70 percent of total pasta shipment value during 2005.<sup>55</sup>

During the third five-year review, the Commission received U.S. producer questionnaires from eight firms, which accounted for 79.2 percent of total shipment value of U.S. production of dry pasta in 2011.<sup>56</sup>

In response to the Commission's notice of institution in these current reviews, domestic interested parties provided a list of 11 known and currently operating U.S. producers of pasta.<sup>57</sup>

### Recent developments

Since the Commission's last five-year reviews, the following developments have occurred in the certain pasta industry.

There have been a few changes in ownership of U.S. pasta companies since the third five year reviews. In September 2013, Post Holdings, Inc. acquired the Dakota Growers Pasta Company (producer of private label and foodservice pasta as well as the owner of the

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<sup>53</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final)*, USITC Publication 2977, July 1996, p. III-1.

<sup>54</sup> *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Review): Pasta from Italy and Turkey—Staff Report to the Commission*, INV-Y-211, October 15, 2001, p. I-3.

<sup>55</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review)*, USITC Publication 3947, September 2007, p. III-1.

<sup>56</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)*, USITC Publication 4423, August 2013, p. III-1.

<sup>57</sup> Domestic interested parties' response to the notice of institution, August 31, 2018, pp. 18-19.

Dreamfields brand) from Glencore Xstrata.<sup>58</sup> More recently, in August 2018, Post Holdings announced that its pasta business would be part of a new company intended to consolidate its private brands, called 8<sup>th</sup> Avenue Food and Provisions.<sup>59</sup> In February 2016, ConAgra Foods completed the sale of its private label operations (including for dry pasta) to TreeHouse Foods.<sup>60</sup> In December 2016, Ebro Foods, S.A. announced the merger of New World Pasta Company (owner of many U.S. pasta brands including Ronzoni, Prince, and San Giorgio) with its U.S. rice business, under the name Riviana Foods.<sup>61</sup>

As noted above, the overall U.S. pasta market has contracted slightly in recent years. The compound annual growth rate between 2010 and 2015 was approximately -1.4 percent.<sup>62</sup> The segments of the U.S. market that are growing are the relatively small specialty segments, such as the markets for organic or gluten-free pasta. Still, the United States remains the world's second-largest overall pasta market (after Italy) and consumes the 6<sup>th</sup>-largest amount of pasta per capita, at 8.8 kilograms annually.<sup>63</sup>

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

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.<sup>64</sup> Table I-3 presents a compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted by U.S. producers in the original investigations and prior five-year reviews.

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<sup>58</sup> Post Holdings, Inc., "Post Holdings to Acquire Dakota Pasta Growers Company," September 16, 2013.

<sup>59</sup> Post Holdings, Inc., "Post Holdings Announces Formation of 8<sup>th</sup> Avenue Food and Provisions," August 2, 2018.

<sup>60</sup> ConAgra Foods, Inc. "ConAgra Completes Sale of Private Label Operations," February 1, 2016.

<sup>61</sup> Riviana Foods, Inc., "Merger of U.S. Companies," December 14, 2016.

<sup>62</sup> Skelly, "What's the Future of Pasta?" Euromonitor International, presentation to World Pasta Day and Congress 2015, <http://www.internationalpasta.org/resources/wpdc2015/Jack%20Skally.pdf>.

<sup>63</sup> International Pasta Organisation, *The World Pasta Industry Status Report 2013*, <http://www.internationalpasta.org/index.aspx?id=7>.

<sup>64</sup> Individual company trade and financial data are presented in app. B.

**Table I-3****Dry pasta: Trade and financial data submitted by U.S. producers, 1995, 2000, 2006, 2012, and 2017**

Item	1995	2000	2006	2012	2017
Capacity (1,000 pounds)	3,668,937	( <sup>1</sup> )	3,431,482	3,231,406	***
Production (1,000 pounds)	2,589,015	***	2,743,862	2,481,352	***
Capacity utilization (percent)	70.6	( <sup>1</sup> )	80.0	76.8	***
U.S. commercial shipments:					
Quantity (1,000 pounds)	( <sup>1</sup> )	( <sup>1</sup> )	*** <sup>3</sup>	2,391,035	***
Value (\$1,000)	( <sup>1</sup> )	( <sup>1</sup> )	*** <sup>3</sup>	1,807,061	***
Unit value (per pound)	( <sup>1</sup> )	( <sup>1</sup> )	\$*** <sup>3</sup>	\$0.76	\$***
Internal consumption/company transfers:					
Quantity (1,000 pounds)	( <sup>1</sup> )	( <sup>1</sup> )	*** <sup>3</sup>	54,539 <sup>5</sup>	***
Value (\$1,000)	( <sup>1</sup> )	( <sup>1</sup> )	*** <sup>3</sup>	27,188 <sup>5</sup>	***
Unit value (per pound)	( <sup>1</sup> )	( <sup>1</sup> )	\$***	\$0.50	\$***
Total U.S. shipments:					
Quantity (1,000 pounds)	2,599,212	***	2,652,751	2,445,574	***
Value (\$1,000)	1,244,671	***	1,205,868	1,834,249	***
Unit value (per pound)	\$0.48	\$***	\$0.45	\$0.75	\$***
Net sales (\$1,000)	1,177,970	( <sup>1</sup> )	1,167,883	1,877,747	***
COGS (\$1,000)	778,856	( <sup>1</sup> )	867,135	1,308,399	***
COGS/net sales	66.1	( <sup>1</sup> )	74.2	69.7	***
Gross profit or (loss) (\$1,000)	399,114	( <sup>1</sup> )	300,748	569,347	***
SG&A expenses (loss) (\$1,000)	*** <sup>2</sup>	( <sup>1</sup> )	184,058 <sup>4</sup>	297,895	***
Operating income/(loss) (\$1,000)	(14,794)	( <sup>1</sup> )	116,690	271,453	***
Operating income (loss)/net sales (percent)	(1.3)	( <sup>1</sup> )	10.0	14.5	***

<sup>1</sup> Not applicable/available.

<sup>2</sup> *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Final): Certain Pasta from Italy and Turkey—Staff Report*, INV-T-048, June 25, 1996, p. VI-4.

<sup>3</sup> *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review): Certain Pasta from Italy and Turkey—Staff Report*, INV-EE-093, August 16, 2007, pp. III-11-III-12.

<sup>4</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review)*, USITC Publication 3947, September 2007, p. III-20.

<sup>5</sup> *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review): Certain Pasta from Italy and Turkey—Staff Report*, INV-LL-055, August 2, 2013, p. III-9.

Source: Unless otherwise indicated, data presented is from *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)*, USITC Publication 4423, August 2013, pp. I-9-I-10. See *app. C*. For the year 2017, data are compiled using data submitted by domestic interested parties. Domestic interested parties' response to the notice of institution, August 31, 2018, exh. 10.

## DEFINITIONS OF THE DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a related party for purposes of its injury determination if “appropriate circumstances” exist.<sup>65</sup>

In its original determinations, the Commission analyzed three domestic like product issues: whether the domestic like product definition should include dry pasta for sale to the industrial market; whether the definition should include dry egg pasta; and whether enriched and non-enriched dry pasta constitute separate domestic like products.<sup>66</sup> In general, the Commission found that there were no clear dividing lines between the products discussed, and thus determined that there was one domestic like product consisting of all dry pasta.<sup>67</sup> The Commission also found that organic and non-organic dry pasta were part of the same domestic like product.<sup>68</sup> In the expedited first review, and full second and third reviews, the Commission continued to define the domestic like product as all dry pasta.<sup>69</sup>

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<sup>65</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>66</sup> The Petitioners argued that there should be a single domestic like product consisting of dry non-egg pasta, excluding dry pasta sold for industrial use, while two importers argued that the Commission should find enriched and non-enriched dry pasta as separate like products.

Additionally, a foreign producer in Italy argued that premium pasta was a separate like product from domestic non-premium pasta. Noting that industry participants had multiple definitions of “premium”, the Commission found that “premium” dry pasta did not warrant being treated as a separate like product. *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final)*, USITC Publication 2977, July 1996, p. 7, fn. 13-14.

<sup>67</sup> In the original investigations and first review, Commissioner Lynn M. Bragg defined the domestic like product as dry non-egg pasta. *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final)*, USITC Publication 2977, July 1996, p. 7, fn. 15; and *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Review)*, USITC Publication 3462, October 2001, p. 5, fn. 16.

<sup>68</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final)*, USITC Publication 2977, July 1996, p. 12, fn. 57.

<sup>69</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Review)*, USITC Publication 3462, October 2001, p. 5.

*Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review)*, USITC Publication 3947, September 2007, p. 6.

*Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)*, USITC Publication 4423, August 2013, p. 7.

As noted in the views for the third review, the Commission’s domestic like product definition was broader than Commerce’s scope definition, in that “the Commission included organic and dry egg pasta within the definition of the domestic like product, and did not include a limitation on the size of the

(continued...)

In the original investigations, the Commission defined the domestic industry to include all producers of dry pasta. The Commission found two related parties, but declined to exclude them because it found that their interests lay in domestic production rather than importation.<sup>70</sup>

In the first reviews, the Commission found four related parties, which were domestic producers that also imported subject merchandise, but declined to exclude them because their imports were small compared to their production or (in one case) production capacity. It therefore defined the domestic industry as all domestic producers of dry pasta.<sup>71</sup>

In the second reviews, the Commission found five related parties, and Italian respondents in those reviews argued that two of the related parties should be excluded from the domestic industry. The Commission, however, determined that circumstances did not warrant the exclusion of any related party, again defining the domestic industry as all domestic producers of dry pasta.<sup>72</sup>

In the third reviews, the Commission found three related parties, which were domestic producers that also imported subject merchandise, but declined to exclude them because their imports were small compared to their production and the principal interest of each of the firms was in domestic production.<sup>73</sup>

In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definitions of the domestic like product and domestic industry and inquired as to whether any related parties issues existed. According to their response to the notice of institution, the domestic interested parties agreed with the Commission's definition of the domestic like product and the domestic industry, but reserved the right to comment on the definitions during the course of the proceeding.<sup>74</sup> Respondent party Indalco reported that they were not "in a position to state an opinion" on the Commission's definitions of the domestic like product and domestic industry,

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(...continued)

packaging." *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)*, USITC Publication 4423, August 2013, p. 7, fn. 27.

<sup>70</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final)*, USITC Publication 2977, July 1996, p. 13.

<sup>71</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review)*, USITC Publication 3947, September 2007, p. 9.

<sup>72</sup> The Commission stated that the imports for each of these producers represented relatively small percentages of their domestic production of dry pasta over the period of review, each of them imported for reasons unrelated to the order, and none of them supported revoking the orders. Moreover, the Commission observed that the imports, purchases or corporate relationships had not resulted in a significant benefit to any of the related or potentially related producers. Finally, the Commission stated that each producer represented a reasonable proportion of U.S. production, generally \*\*\* percent or more. *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review)*, USITC Publication 3947, September 2007, pp. 7-9.

<sup>73</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)*, USITC Publication 4423, August 2013, pp. 11-13.

<sup>74</sup> Domestic interested parties' response to the notice of institution, August 31, 2018, p. 23.

but indicated they would consider the question in subsequent submissions.<sup>75</sup> GOT commented “not applicable” regarding these definitions.<sup>76</sup>

Domestic interested parties noted that participating domestic producers TreeHouse and Riviana are related to foreign producers or exporters of the subject merchandise in Italy, and that nonparticipating domestic producer Barilla USA is related to an Italian producer and an importer of the subject merchandise.<sup>77</sup> In their discussion of supply conditions, Indalco states that the U.S. pasta market is dominated by large industrial pasta producers, and that several of these large U.S. pasta producers, namely Barilla USA, American-Italian Pasta Company, Dakota, and New World Pasta are related to Italian or other foreign producers of certain pasta. Indalco states that the U.S. producers have begun to directly import certain pasta from Italy, Mexico, or other markets.<sup>78</sup>

## **U.S. IMPORTS AND APPARENT U.S. CONSUMPTION**

### **U.S. importers**

During the final phase of the original investigations, the Commission received U.S. importer questionnaires from 85 firms, which accounted for approximately two-thirds of U.S. imports from Italy during 1995, and “virtually all” imports from Turkey.<sup>79</sup>

During the expedited first five-year reviews, the Commission received responses to the notice of institution from two firms (identified as “exporters/importers”), which accounted for approximately \*\*\* percent of subject exports from Italy during 2000. No exporters or importers from Turkey responded to the Commission’s Notice.<sup>80</sup>

In the full second review of the orders, the Commission received U.S. importer questionnaires from 34 firms.<sup>81</sup>

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<sup>75</sup> Indalco’s response to the notice of institution, August 31, 2018, p. 9.

<sup>76</sup> GOT’s response to the notice of institution, August 31, 2018, p. 15.

<sup>77</sup> Domestic interested parties’ response to the notice of institution, August 31, 2018, p 19.

<sup>78</sup> Indalco’s Response to the Notice of Institution, August 31, 2018, pp. 2-4, 8.

<sup>79</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final)*, USITC Publication 2977, July 1996, p. IV-1.

<sup>80</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Review)*, USITC Publication 3462, October 2001, p. 3, citing *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Review): Pasta from Italy and Turkey—Staff Report to the Commission*, INV-Y-211, October 15, 2001, p I-3, fn. 2.

<sup>81</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review)*, USITC Publication 3947, September 2007, p. IV-1. No coverage figure was provided as to the share of imports accounted for by questionnaire responses.



In the full third review of the orders, the Commission received U.S. importer questionnaires from 22 firms. These firms' responses accounted for \*\*\* percent of subject imports from Italy, and \*\*\* percent of subject imports from Turkey, by quantity in 2012.<sup>82</sup>

In their response to the Commission's notice of institution in these fourth reviews, the domestic interested parties provided a list of 174 potential U.S. importers of pasta.<sup>83</sup>

### **U.S. imports**

Table I-4 presents the quantity, value, and unit value for imports from China as well as the other top sources of U.S. imports (shown in descending order of 2017 imports by quantity).<sup>84</sup>

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<sup>82</sup> *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review): Certain Pasta from Italy and Turkey—Staff Report*, INV-LL-055, August 2, 2013, p. IV-1.

<sup>83</sup> Domestic interested parties' response to the notice of institution, August 31, 2018, exh. 12.

<sup>84</sup> Subject imports identified in table I-3 are most likely overstated, as certain out-of-scope products are covered under the referenced HTS subheading.

In the previous review, Commission staff excluded data one firm, Lensi, for 2007 and 2008 as the firm was excluded from Commerce's countervailing and antidumping duty orders for those years. The antidumping duty order with respect to Lensi was reinstated effective January 2009. As no firm is currently excluded from both the antidumping duty and countervailing duty orders, subject imports identified in this section are inclusive of all manufacturers in Italy and Turkey.

**Table I-4**  
**Dry pasta: U.S. imports, 2013-17**

Item	2013	2014	2015	2016	2017
	<b>Quantity (1,000 pounds)</b>				
Italy	291,118	320,195	318,408	345,362	348,821
Turkey	5,539	6,216	7,157	16,043	18,332
Subtotal, subject <sup>1</sup>	296,658	326,411	325,564	361,406	367,153
Italy (nonsubject) <sup>2</sup>	10,219	10,006	11,203	10,908	12,422
Turkey (nonsubject) <sup>2</sup>	47	0	680	779	1,164
Mexico (nonsubject)	102,495	108,280	106,265	99,376	91,412
China (nonsubject)	74,503	77,210	80,504	78,846	83,213
All other sources (nonsubject)	185,432	206,571	208,420	220,523	204,361
Subtotal, nonsubject	372,695	402,068	407,070	410,432	392,573
Total imports	669,353	728,479	732,635	771,838	759,726
	<b>Landed, duty-paid value (\$1,000)</b>				
Italy	215,813	250,014	239,898	246,745	244,930
Turkey	2,125	2,369	2,653	5,150	5,706
Subtotal, subject <sup>1</sup>	217,938	252,383	242,551	251,896	250,636
Italy (nonsubject) <sup>2</sup>	13,553	13,607	14,091	13,916	15,469
Turkey (nonsubject) <sup>2</sup>	16	0	300	331	466
Mexico (nonsubject)	51,250	42,503	42,896	40,652	37,195
China (nonsubject)	54,422	59,793	65,049	63,891	70,360
All other sources (nonsubject)	172,169	189,088	185,217	192,264	176,391
Subtotal, nonsubject	291,410	304,991	307,553	311,054	299,881
Total imports	509,349	557,375	550,105	562,950	550,517

Table continued on next page.

**Table I-4—Continued**  
**Dry pasta: U.S. imports, 2013-17**

Item	2013	2014	2015	2016	2017
	<b>Unit value (dollars per pound)</b>				
Italy	0.74	0.78	0.75	0.71	0.70
Turkey	0.38	0.38	0.37	0.32	0.31
Subtotal, subject <sup>1</sup>	0.73	0.77	0.75	0.70	0.68
Italy (nonsubject) <sup>2</sup>	1.33	1.36	1.26	1.28	1.25
Turkey (nonsubject) <sup>2</sup>	0.34	0.00	0.44	0.42	0.40
Mexico (nonsubject)	0.50	0.39	0.40	0.41	0.41
China (nonsubject)	0.73	0.77	0.81	0.81	0.85
All other sources (nonsubject)	0.93	0.92	0.89	0.87	0.86
Subtotal, nonsubject	0.78	0.76	0.76	0.76	0.76
Total imports	0.76	0.77	0.75	0.73	0.73

<sup>1</sup> “Subject” imports are based on official import statistics under HTS subheading 1902.19.20. In the last review, Commission staff defined subject imports from Italy and Turkey as “certain dry pasta”, which did not include dry egg pasta (i.e., dry pasta containing egg yolk or containing more than 2 percent egg white). Dry egg pasta has been included in the Commission’s definition of the domestic like product (“all dry pasta” or “dry pasta”) since the original investigations.

<sup>2</sup> “Nonsubject” imports from Italy and Turkey are based on official import statistics under HTS subheading 1902.11.20. This HTS subheading is for “Uncooked pasta, not stuffed or otherwise prepared” containing eggs.

<sup>3</sup> “Nonsubject” imports from all other sources are based on official import statistics under HTS subheadings 1902.11.20 and 1902.19.20.

Source: Official statistics of Commerce for HTS subheadings 1902.11.20 and 1902.19.20.

### **Apparent U.S. consumption and market shares**

Table I-5 presents data on U.S. producers’ U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-6 presents data on U.S. market shares of U.S. apparent consumption.

**Table I-5****Dry pasta: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1995, 2000, 2006, 2012, and 2017**

Item	1995	2000	2006	2012	2017
	<b>Quantity (1,000 pounds)</b>				
U.S. producers' U.S. shipments	2,599,212	***	2,652,751	2,445,574	***
U.S. imports from—					
Italy	322,448	309,498	***	***	348,821
Turkey	57,046	2,737	***	***	18,332
Subtotal, subject	379,494	312,235	265,454	***	367,153
All other sources	133,602	217,381	318,761	***	392,573
Total imports	513,096	529,616	584,216	665,765	759,726
Apparent U.S. consumption	3,112,308	***	3,236,966	3,111,339	***
	<b>Value (1,000 dollars)</b>				
U.S. producers' U.S. shipments	1,244,671	***	1,205,868	1,834,249	***
U.S. imports from—					
Italy	147,580	( <sup>1</sup> )	***	***	244,930
Turkey	13,935	( <sup>1</sup> )	***	***	5,706
Subtotal, subject	161,515	( <sup>1</sup> )	128,488	***	250,636
All other sources	68,708	( <sup>1</sup> )	170,591	***	299,881
Total imports	230,223	( <sup>1</sup> )	299,079	478,921	550,517
Apparent U.S. consumption	1,474,894	( <sup>1</sup> )	1,504,947	2,313,170	***

<sup>1</sup> Not applicable/available.

Source: For the years 1995, 2000, 2006, and 2012, data are compiled using data provided in the Commission's third five-year reviews. See appendix C. For the year 2017, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheadings 1902.11.20 and 1902.19.20.

**Table I-6**

**Dry pasta: Apparent U.S. consumption and U.S. market shares, 1995, 2000, 2006, 2012, and 2017**

Item	1995	2000	2006	2012	2017
	<b>Quantity (1,000 pounds)</b>				
Apparent U.S. consumption	3,112,308	***	3,236,966	3,111,339	***
	<b>Value (1,000 dollars)</b>				
Apparent U.S. consumption	1,474,894	( <sup>1</sup> )	1,504,947	2,313,170	***
	<b>Share of consumption based on quantity (percent)</b>				
U.S. producers' U.S. shipments	83.5	***	82.0	78.6	***
U.S. imports from—					
Italy	10.4	***	***	***	***
Turkey	1.8	***	***	***	***
Subtotal, subject	12.2	***	8.2	***	***
All other sources	4.3	***	9.8	***	***
Total imports	16.5	***	18.0	21.4	***
	<b>Share of consumption based on value (percent)</b>				
U.S. producers' U.S. shipments	84.4	( <sup>1</sup> )	80.1	79.3	***
U.S. imports from—					
Italy	10.0	( <sup>1</sup> )	***	***	***
Turkey	0.9	( <sup>1</sup> )	***	***	***
Subtotal, subject	11.0	( <sup>1</sup> )	8.5	***	***
All other sources	4.7	( <sup>1</sup> )	11.3	***	***
Total imports	15.7	( <sup>1</sup> )	19.9	20.7	***

<sup>1</sup> Not applicable/available.

Source: For the years 1995, 2000, 2006, and 2012, data are compiled using data provided in the Commission's third five-year reviews. See appendix C. For the year 2017, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheadings 1902.11.20 and 1902.19.20.

## CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning geographical markets and simultaneous presence in the market is presented below.<sup>85</sup>

According to official import statistics, subject imports from Italy and from Turkey were present in every month from 2013 through 2017. Subject imports from Italy utilized all four borders of entry (i.e. East, North, South, and West) in every year from 2013 and 2017. Subject imports from Turkey also utilized all four borders of entry in every year from 2013 and 2017, with the exception of Northern borders of entry in 2013.

## THE INDUSTRY IN ITALY

During the final phase of the original investigation, the Commission received foreign producer/exporter questionnaires from 23 firms, which accounted for approximately 50 percent of production of certain pasta from Italy. In the original investigations, Commission staff reported that exports were projected to account for one-third of industry shipments in 1996-97.<sup>86</sup>

During the first five-year review, the Commission received responses to the notice of institution from two firms (identified as “exporters/importers”), which accounted for approximately \*\*\* percent of subject exports from Italy during 2000.<sup>87</sup>

During the second five-year review, five Italian producers of certain pasta submitted responses to Commission questionnaires, representing 5.5 percent of Italian production.<sup>88</sup>

During the third five-year review, 18 Italian producers of certain pasta submitted responses to Commission questionnaires, representing 36.8 percent of Italian production during 2011.<sup>89</sup>

The number of Italian pasta manufacturers with capacity greater than one ton per day fell slightly, from 147 in 2011 to 120 in 2013.<sup>90</sup> Similar to consumption trends in the United

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<sup>85</sup> In addition, available information concerning subject country producers and the global market is presented in the next section of this report.

<sup>86</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Final)*, USITC Publication 2977, July 1996, p. VII-2.

<sup>87</sup> *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Review): Pasta from Italy and Turkey—Staff Report to the Commission, INV-Y-211*, October 15, 2001, p I-3, fn.2.

<sup>88</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review)*, USITC Publication 3947, September 2007, p. IV-10.

<sup>89</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review)*, USITC Publication 4423, August 2013, p. IV-12.

States, the pasta market has contracted in Italy in recent years. Pasta sales in Italy fell by 2 percent annually between 2011 and 2015. About 23 percent of Italians now say they limit their pasta consumption for health reasons. As a result, per capita consumption has fallen from 17 kg (37.5 pounds) annually in 2011 to 15 kg (33.1 pounds) in 2016 (although that is still the highest per capita consumption in the world). As in the United States, the market for specialty pastas that consumers perceive as healthier has grown, with whole wheat pasta becoming particularly popular in Italy.<sup>91</sup>

In its response to the notice of institution for these current reviews, one foreign producer of the subject merchandise presented data regarding its capacity, production, and exports to the United States. This firm estimated that it accounts for \*\*\* percent of production of Pasta in Italy. Table I-7 presents the Italian production, capacity, and exports to the United States of certain pasta during 2017, as well as data compiled in the original investigation and subsequent five-year reviews for 1995, 2000, 2006, and 2012. Domestic producers also reported in their response to the notice of institution that they identified nearly 60 firms in Italy that remain engaged in the production and/or export of pasta.<sup>92</sup>

**Table I-7**  
**Certain dry pasta: Italian producers' reported production, capacity, and exports to the United States, 1995, 2000, 2006, 2012, and 2017**

Item	1995	2000	2006	2012	2017
Capacity (1,000 pounds)	2,932,245	( <sup>1</sup> )	385,952	3,258,839	***
Production (1,000 pounds)	2,706,297	( <sup>1</sup> )	371,072	2,811,909	***
Capacity utilization (percent)	92.3	( <sup>1</sup> )	79.8	86.3	***
Exports to the United States:					
Quantity (1,000 pounds)	207,393	( <sup>1</sup> )	42,912	45,029	***
Value (\$1,000)	( <sup>1</sup> )	( <sup>1</sup> )	15,449	28,025	***

<sup>1</sup> Not applicable/available.

Source: For the years 1995, 2000, 2006, and 2012, data are compiled using data submitted in the Commission's original investigations and first three reviews. See appendix C. For the year 2017, data are compiled using data submitted by the Italian respondent party. *Indalco's Supplemental Response to the Notice of Institution*, October 1, 2018, exh. 2.

(...continued)

<sup>90</sup> International Pasta Organisation, *The World Pasta Industry Status Report 2013*, <http://www.internationalpasta.org/index.aspx?id=7>.

<sup>91</sup> IFT, "Pasta Sales Go Limp in Italy," June 1, 2017, <http://www.ift.org/food-technology/daily-news/2017/june/01/pasta-sales-go-limp-in-italy-for-health-reasons.aspx>.

<sup>92</sup> Domestic interested parties' response to the notice of institution, August 31, 2018, exh. 6.

Table I-8 presents the largest export markets for dry pasta from Italy in descending order of quantity for years 2013-2017.

**Table I-8**  
**Dry pasta: Exports of dry pasta from Italy, by destination, 2013-17**

Item	Calendar year				
	2013	2014	2015	2016	2017
<b>Quantity (1,000 pounds)</b>					
Germany	742,227	738,785	759,188	766,540	714,459
United Kingdom	494,105	511,064	488,883	508,906	518,433
France	567,887	552,486	495,967	470,376	489,966
United States	298,946	320,398	313,343	349,874	352,909
Japan	172,164	165,287	146,022	156,003	156,707
Belgium	85,170	95,720	82,629	99,967	114,612
Sweden	103,189	105,824	105,193	106,660	105,865
Netherlands	102,395	107,558	93,844	96,128	101,535
Austria	71,733	69,609	67,971	67,078	69,499
Switzerland	63,611	64,102	63,590	66,565	69,169
All other	1,243,638	1,260,139	1,141,686	1,199,837	1,278,731
Total	3,945,064	3,990,972	3,758,314	3,887,935	3,971,884

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

Note.--Data presented in this report based on Global Trade Atlas are inclusive of subheadings for dry egg and dry non-egg pasta.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 1902.11 and 1902.19. These data may be overstated as these HTS subheadings may contain products outside the scope of these reviews.



## THE INDUSTRY IN TURKEY

During the final phase of the original investigation, the Commission received foreign producer/exporter questionnaires from two firms, which accounted for approximately \*\*\* of production of certain dry pasta from Turkey during 1995. Exports of dry pasta from Turkey to the United States (as defined by official GOT statistics) totaled 65.5 million pounds in 1995.<sup>93</sup>

During the first five-year review, the Commission received no responses to its notice of institution from exporter or importers from Turkey.<sup>94</sup>

During the second five-year review, one Turkish producer of certain pasta submitted a response to Commission questionnaires, representing an estimated \*\*\* of Turkish production.<sup>95</sup>

During the third five-year review, eight Turkish producers/exporters of certain pasta submitted responses to Commission questionnaires, representing 58.0 percent of Turkish production during 2011.<sup>96</sup>

Domestic producers reported in their response to the notice of institution that they identified nearly 28 firms in Turkey that remain engaged in the production and/or export of pasta.<sup>97</sup>

The total number of pasta manufacturers in Turkey with capacity of at least one ton per day was stable between 2011 and 2016 at 22 or 23.<sup>98</sup> Total capacity of the industry is over 2 million metric tons per year, and capacity utilization is 70 percent, according to the U.S. Foreign Agricultural Service (FAS).<sup>99</sup> Per capita consumption of pasta in Turkey has increased considerably, from 6.5 kg (14.3 pounds) annually in 2011 to about 8 kg (17.6 pounds) in 2016.<sup>100</sup>

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<sup>93</sup> *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Final): Certain Pasta from Italy and Turkey—Staff Report*, INV-T-048, June 25, 1996, p. VII-7.

<sup>94</sup> *Certain Pasta from Italy and Turkey, Inv. Nos. 701-TA-365-366 and 731-TA-734-735 (Review)*, USITC Publication 3462, October 2001, p. 3.

<sup>95</sup> Based off data provided in *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Second Review): Certain Pasta from Italy and Turkey—Staff Report*, INV-EE-093, August 16, 2007, pp. IV-20-IV-21.

<sup>96</sup> *Investigation Nos. 701-TA-365-366 and 731-TA-734-735 (Third Review): Certain Pasta from Italy and Turkey—Staff Report*, INV-LL-055, August 2, 2013, p. IV-22.

<sup>97</sup> Domestic interested parties' response to the notice of institution, August 31, 2018, exh. 6.

<sup>98</sup> International Pasta Organisation, *The World Pasta Industry Status Report 2013*, <http://www.internationalpasta.org/index.aspx?id=7>; Karabina, "Turkey: Grain and Feed Annual," Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture, GAIN report no. 7014, April 5, 2017.

<sup>99</sup> Karabina, "Turkey: Grain and Feed Annual," Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture, GAIN report no. 7014, April 5, 2017.

<sup>100</sup> International Pasta Organisation, *The World Pasta Industry Status Report 2013*, <http://www.internationalpasta.org/index.aspx?id=7>; Karabina, "Turkey: Grain and Feed Annual," Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture, GAIN report no. 7014, April 5, 2017.

In addition to rising demand in the domestic Turkish market, producers in Turkey have started to export a greater share of their production to Africa, owing in part to domestic incentives put in place in 2015 that encourage producers to target African markets. Overall, Turkish pasta exports increased 12 percent between 2014 and 2016.<sup>101</sup>

Table I-9 presents the Turkish production, capacity, and exports to the United States of dry pasta compiled in the original investigation and subsequent five-year reviews for 2000, 2006, 2012, and 2017.

**Table I-9**  
**Certain dry pasta: Turkish producers' reported production, capacity, and exports to the United States, 1995, 2000, 2006, 2012, and 2017**

Item	1995	2000	2006	2012	2017
Capacity (1,000 pounds)	***	( <sup>1</sup> )	***	1,633,498	( <sup>2</sup> )
Production (1,000 pounds)	***	( <sup>1</sup> )	***	1,355,513	( <sup>2</sup> )
Capacity utilization (percent)	***	( <sup>1</sup> )	***	83.0	( <sup>2</sup> )
Exports to the United States: Quantity (1,000 pounds)	***	( <sup>1</sup> )	***	***	19,310
Value (\$1,000)	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	***	4,953

<sup>1</sup> Not applicable/available.

<sup>2</sup> Data provided by GOT for this response (sourced from the Pasta Industrialists Association of Turkey) was for 2016. GOT reported 3.3 billion pounds of production of “pasta” and capacity of \*\*\* pounds of “the subject merchandise” (i.e., in-scope certain dry pasta) for 2016. It is unclear if the production data thus refers to in-scope certain dry pasta.

Source: For the years 1995-2012, data are compiled using data submitted in the Commission’s original investigations and first three reviews. See appendix C. For the year 2017, data are compiled using data submitted by the GOT. *GOT’s Supplemental Response to the Notice of Institution*, October 1, 2018, pp. 1-2.

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<sup>101</sup> Karabina, “Turkey: Grain and Feed Annual,” Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture, GAIN report no. 7014, April 5, 2017.

Table I-10 presents the largest export markets for dry pasta from Turkey in descending order of quantity for years 2013-2017.

**Table I-10**  
**Dry pasta: Exports of dry pasta from Turkey, by destination, 2013-17**

Item	Calendar Year				
	2013	2014	2015	2016	2017
<b>Quantity (1,000 pounds)</b>					
Angola	170,737	216,013	151,344	161,132	300,151
Benin	248,235	167,057	166,711	240,807	250,865
Somalia	42,093	41,821	89,134	170,056	231,804
Togo	76,294	87,242	94,360	83,342	135,978
Japan	55,421	64,584	81,753	110,643	110,947
Ghana	19,635	16,891	31,796	58,248	108,291
Djibouti	44,874	53,482	67,620	81,405	93,714
Libya	97,573	44,993	1,590	14,307	76,669
Iraq	15,221	38,408	86,030	81,466	70,179
Niger	65,564	35,774	35,506	24,846	62,783
All other	581,750	731,275	613,787	732,961	780,725
Total	1,417,396	1,497,540	1,419,631	1,759,213	2,222,105

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

Note.--Data presented in this report based on Global Trade Atlas are inclusive of subheadings for dry egg and dry non-egg pasta.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 1902.11 and 1902.19. These data may be overstated as these HTS subheadings may contain products outside the scope of these reviews.

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

In July 2018, the Canadian International Trade Tribunal issued a decision that imports from Turkey of “all dry wheat-based pasta, not stuffed or otherwise prepared, and not containing more than two percent eggs, whether or not enriched, fortified, organic, whole wheat or containing milk or other ingredients, excluding refrigerated, frozen or canned pasta, have caused injury or are threatening to cause injury to the domestic industry.”<sup>102</sup> In June 2018, the President of the Canada Border Services Agency found that such imports from Turkey were “dumped and subsidized.”<sup>103</sup> Given that this decision was only rendered a few months ago, the current status of any orders which may have resulted from the decision is unclear at this time.

## THE GLOBAL MARKET

In recent years, demand for pasta in developing country markets has grown much more quickly than demand in developed countries. Since 2013, Brazil and Russia have overtaken Italy in total pasta consumption (although Italy still consumes the most pasta per capita).<sup>104</sup> Between 2010 and 2015, the Brazilian pasta market grew at a compound annual rate of about 0.6 percent, and Russia at more than 3 percent. In some smaller markets, such as Egypt, Nigeria, and India, growth is over 10 percent on a compound annual basis.<sup>105</sup> Many producers have responded to these market changes by increasingly exporting to a more diverse mix of countries.<sup>106</sup>

Table I-11 presents the largest global export sources of dry pasta during 2013-17.

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<sup>102</sup> Canadian International Trade Tribunal, *Dry Wheat Pasta*, Inquiry No. NQ-2017-005, August 10, 2018, <http://www.citt.gc.ca/en/node/8406>.

<sup>103</sup> Canadian International Trade Tribunal, *Dry Wheat Pasta*, Inquiry No. NQ-2017-005, August 10, 2018, <http://www.citt.gc.ca/en/node/8406>.

<sup>104</sup> International Pasta Organisation, *The World Pasta Industry Status Report 2013*, <http://www.internationalpasta.org/index.aspx?id=7>; IFT, “Pasta Sales Go Limp in Italy,” June 1, 2017, <http://www.ift.org/food-technology/daily-news/2017/june/01/pasta-sales-go-limp-in-italy-for-health-reasons.aspx>.

<sup>105</sup> International Pasta Organisation, *The World Pasta Industry Status Report 2013*, <http://www.internationalpasta.org/index.aspx?id=7>.

<sup>106</sup> This is particularly true of Turkish producers; see the section on the industry in Turkey for additional information.

**Table I-11**  
**Dry pasta: Global exports by major sources, 2013-17**

Item	Calendar year				
	2013	2014	2015	2016	2017
<b>Quantity (1,000 pounds)</b>					
Italy	3,945,064	3,990,972	3,758,314	3,887,935	3,971,884
Turkey	1,417,396	1,497,540	1,419,631	1,759,213	2,222,105
Egypt	150,606	153,515	227,522	169,812	321,634
Belgium	170,721	156,596	169,067	192,531	256,557
Mexico	142,725	154,589	145,742	148,276	256,069
Spain	101,715	150,374	204,547	212,723	232,316
USA	255,287	275,681	280,639	225,138	199,544
Tunisia	196,221	133,917	152,235	137,756	176,976
Oman	165,301	203,677	138,208	138,193	176,463
Thailand	145,532	152,617	152,441	166,965	169,194
All other	1,971,277	1,967,480	1,879,348	1,840,458	1,645,949
Total	8,661,846	8,836,957	8,527,696	8,879,000	9,628,693

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

Note.--Data presented in this report based on Global Trade Atlas are inclusive of subheadings for dry egg and dry non-egg pasta.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 1902.11 and 1902.19. These data may be overstated as these HTS subheadings may contain products outside the scope of these reviews.



**APPENDIX A**

***FEDERAL REGISTER NOTICES***





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

Citation	Title	Link
83 FR 37517 08/01/2018	<i>Certain Pasta From Italy and Turkey; Institution of Five-Year Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2018-08-01/pdf/2018-16435.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-08-01/pdf/2018-16435.pdf</a>
83 FR 37463 08/01/2018	<i>Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2018-08-01/pdf/2018-16445.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-08-01/pdf/2018-16445.pdf</a>



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



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

\* \* \* \* \*

**RESPONSE CHECKLIST FOR U.S. IMPORTERS**

\* \* \* \* \*

**RESPONSE CHECKLIST FOR FOREIGN PRODUCERS (ITALY)**

\* \* \* \* \*

**RESPONSE CHECKLIST FOR FOREIGN PRODUCERS (TURKEY)**

\* \* \* \* \*



**APPENDIX C**

**SUMMARY DATA**  
**COMPILED IN PRIOR PROCEEDINGS**





**SUMMARY DATA  
COLLECTED IN THIRD REVIEW**





Table C-1--Continued

## Dry Pasta: Summary data concerning the U.S. market, 2007-12, January-March 2012, and January-March 201

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

	Report data								Period changes						
			Calendar year				January to March				Calendar year			Jan-Mar	
	2007	2008	2009	2010	2011	2012	2012	2013	2007-12	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
U.S. producers:															
Average capacity quantity.....	2,806,561	2,877,370	2,944,373	3,108,463	3,169,131	3,231,406	807,953	818,364	15.1	2.5	2.3	5.6	2.0	2.0	1.3
Production quantity.....	2,331,898	2,429,015	2,532,865	2,562,900	2,557,485	2,481,352	644,696	641,068	6.4	4.2	4.3	1.2	(0.2)	(3.0)	(0.6)
Capacity utilization (fn1).....	83.1	84.4	86.0	82.4	80.7	76.8	79.8	78.3	(6.3)	1.3	1.6	(3.6)	(1.7)	(3.9)	(1.5)
U.S. shipments:															
Quantity.....	2,315,072	2,409,232	2,483,719	2,553,366	2,495,697	2,445,574	626,328	615,536	5.6	4.1	3.1	2.8	(2.3)	(2.0)	(1.7)
Value.....	1,224,168	1,813,346	1,766,135	1,690,498	1,792,514	1,834,249	482,243	449,935	49.8	48.1	(2.6)	(4.3)	6.0	2.3	(6.7)
Unit value.....	\$0.53	\$0.75	\$0.71	\$0.66	\$0.72	\$0.75	\$0.77	\$0.73	41.8	42.3	(5.5)	(6.9)	8.5	4.4	(5.1)
Export shipments:															
Quantity.....	18,699	18,822	31,311	29,178	34,957	39,444	9,774	11,717	110.9	0.7	66.4	(6.8)	19.8	12.8	19.9
Value.....	9,992	15,229	22,470	20,375	28,849	34,812	8,500	9,471	248.4	52.4	47.5	(9.3)	41.6	20.7	11.4
Unit value.....	\$0.53	\$0.81	\$0.72	\$0.70	\$0.83	\$0.88	\$0.87	\$0.81	65.2	51.4	(11.3)	(2.7)	18.2	6.9	(7.1)
Ending inventory quantity.....	201,644	202,606	220,442	200,800	227,628	223,961	236,222	237,784	11.1	0.5	8.8	(8.9)	13.4	(1.6)	0.7
Inventories/total shipments (fn1).....	8.6	8.3	8.8	7.8	9.0	9.0	9.3	9.5	0.4	(0.3)	0.4	(1.0)	1.2	0.0	0.2
Production workers.....	2,034	2,044	2,119	2,103	2,156	2,153	2,188	2,159	5.9	0.5	3.7	(0.8)	2.5	(0.1)	(1.3)
Hours worked (1,000s).....	4,593	4,599	4,786	4,808	4,919	4,855	1,224	1,232	5.7	0.1	4.1	0.5	2.3	(1.3)	0.7
Wages paid (\$1,000).....	91,140	96,683	104,000	106,333	110,213	107,984	27,442	27,470	18.5	6.1	7.6	2.2	3.6	(2.0)	0.1
Productivity (pounds per hour).....	507.7	528.2	529.2	533.0	519.9	511.1	526.7	520.3	0.7	4.0	0.2	0.7	(2.5)	(1.7)	(1.2)
Unit labor costs.....	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	11.3	1.8	3.2	1.0	3.9	1.0	0.7
Net Sales:															
Quantity.....	2,285,993	2,359,642	2,503,046	2,542,561	2,493,341	2,460,510	624,247	615,991	7.6	3.2	6.1	1.6	(1.9)	(1.3)	(1.3)
Value.....	1,185,293	1,691,345	1,808,035	1,684,710	1,770,503	1,877,747	484,934	453,888	58.4	42.7	6.9	(6.8)	5.1	6.1	(6.4)
Unit value.....	\$0.52	\$0.72	\$0.72	\$0.66	\$0.71	\$0.76	\$0.78	\$0.74	47.2	38.2	0.8	(8.3)	7.2	7.5	(5.1)
Cost of goods sold (COGS).....	875,703	1,296,577	1,248,908	1,041,471	1,144,560	1,308,400	357,706	302,585	49.4	48.1	(3.7)	(16.6)	9.9	14.3	(15.4)
Gross profit of (loss).....	309,590	394,768	559,127	643,238	625,943	569,347	127,228	151,303	83.9	27.5	41.6	15.0	(2.7)	(9.0)	18.9
SG&A expenses.....	216,030	273,348	272,412	270,705	297,801	297,895	75,908	84,588	37.9	26.5	(0.3)	(0.6)	10.0	0.0	11.4
Operating income or (loss).....	93,559	121,419	286,715	372,533	328,143	271,452	51,321	66,715	190.1	29.8	136.1	29.9	(11.9)	(17.3)	30.0
Capital expenditures.....	28,947	42,812	43,501	64,589	46,504	41,967	6,811	6,410	45.0	47.9	1.6	48.5	(28.0)	(9.8)	(5.9)
Unit COGS.....	\$0.38	\$0.55	\$0.50	\$0.41	\$0.46	\$0.53	\$0.57	\$0.49	38.8	43.4	(9.2)	(17.9)	12.1	15.8	(14.3)
Unit SG&A expenses.....	\$0.09	\$0.12	\$0.11	\$0.11	\$0.12	\$0.12	\$0.12	\$0.14	28.1	22.6	(6.1)	(2.2)	12.2	1.4	12.9
Unit operating income or (loss).....	\$0.04	\$0.05	\$0.11	\$0.15	\$0.13	\$0.11	\$0.08	\$0.11	169.6	25.7	122.6	27.9	(10.2)	(16.2)	31.7
COGS/sales (fn1).....	73.9	76.7	69.1	61.8	64.6	69.7	73.8	66.7	(4.2)	2.8	(7.6)	(7.3)	2.8	5.0	(7.1)
Operating income or (loss)/sales (fn1).....	7.9	7.2	15.9	22.1	18.5	14.5	10.6	14.7	6.6	(0.7)	8.7	6.3	(3.6)	(4.1)	4.1

(1)--Report data are in percent and period changes are in percentage points.

(2)--Inventory numbers do not capture inventories of nonsubject merchandise from Italy or Turkey.

Source: Compiled from data submitted in response to Commission questionnaires and from adjusted official Commerce statistic

**SUMMARY DATA  
COLLECTED IN SECOND REVIEW**





**Table C-1--Continued**  
**Dry pasta: Summary data concerning the U.S. market, 2001-06, January-March 2006, and January-March 2007**

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

Item	Reported data								Period changes							
	2001	2002	2003	2004	2005	2006	January-March		2001-06	2001-02	2002-03	2003-04	2004-05	2005-06	Jan.-Mar.	
							2006	2007							2006-07	
<b>U.S. producers:</b>																
Average capacity quantity . . . . .	3,169,432	3,108,118	3,224,488	3,392,234	3,318,954	3,431,482	858,920	850,308	8.3	-1.9	3.7	5.2	-2.2	3.4	-1.0	
Production quantity . . . . .	2,519,030	2,677,280	2,603,192	2,578,992	2,679,998	2,743,862	710,909	724,747	8.9	6.3	-2.8	-0.9	3.9	2.4	1.9	
Capacity utilization (1) . . . . .	79.5	86.1	80.7	76.0	80.7	80.0	82.8	85.2	0.5	6.7	-5.4	-4.7	4.7	-0.8	2.5	
<b>U.S. shipments:</b>																
Quantity . . . . .	2,514,824	2,630,165	2,521,058	2,547,658	2,606,940	2,652,751	678,361	690,832	5.5	4.6	-4.1	1.1	2.3	1.8	1.8	
Value . . . . .	1,096,800	1,105,218	1,095,903	1,100,809	1,175,532	1,205,868	307,921	337,861	9.9	0.8	-0.8	0.4	6.8	2.6	9.7	
Unit value . . . . .	\$0.44	\$0.42	\$0.43	\$0.43	\$0.45	\$0.45	\$0.45	\$0.49	4.2	-3.7	3.4	-0.6	4.4	0.8	7.7	
<b>Export shipments:</b>																
Quantity . . . . .	33,860	55,093	50,981	58,526	57,638	59,319	12,731	12,780	75.2	62.7	-7.5	14.8	-1.5	2.9	0.4	
Value . . . . .	10,587	16,325	14,479	17,023	17,329	17,723	3,957	4,577	67.4	54.2	-11.3	17.6	1.8	2.3	15.7	
Unit value . . . . .	\$0.31	\$0.30	\$0.28	\$0.29	\$0.30	\$0.30	\$0.31	\$0.36	-4.4	-5.2	-4.2	2.4	3.4	-0.6	15.2	
Ending inventory quantity . . . . .	214,697	219,928	245,614	203,853	198,490	211,990	217,015	222,406	-1.3	2.4	11.7	-17.0	-2.6	6.8	2.5	
Inventories/total shipments (1) . . . . .	8.4	8.2	9.5	7.8	7.4	7.8	7.9	7.9	-0.6	-0.2	1.4	-1.7	-0.4	0.4	0.1	
Production workers . . . . .	2,667	2,578	2,437	2,400	2,360	2,365	2,302	2,378	-11.3	-3.3	-5.5	-1.5	-1.7	0.2	3.3	
Hours worked (1,000s) . . . . .	7,348	7,155	7,603	7,406	7,383	7,294	1,830	1,878	-0.7	-2.6	6.3	-2.6	-0.3	-1.2	2.6	
Wages paid (\$1,000) . . . . .	83,770	80,521	80,566	81,310	82,972	86,504	21,477	22,502	3.3	-3.9	0.1	0.9	2.0	4.3	4.8	
Hourly wages . . . . .	\$11.40	\$11.25	\$10.60	\$10.98	\$11.24	\$11.86	\$11.74	\$11.98	4.0	-1.3	-5.8	3.6	2.4	5.5	2.1	
Productivity (pounds per hour) . . . . .	342.8	374.2	342.4	348.2	363.0	376.2	388.5	385.9	9.7	9.1	-8.5	1.7	4.2	3.6	-0.7	
Unit labor costs . . . . .	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	-5.2	-9.6	2.9	1.9	-1.8	1.8	2.8	
<b>Net sales:</b>																
Quantity . . . . .	2,324,938	2,461,849	2,445,006	2,446,932	2,450,666	2,522,206	648,868	666,001	8.5	5.9	-0.7	0.1	0.2	2.9	2.6	
Value . . . . .	1,021,200	1,051,892	1,069,108	1,086,141	1,127,520	1,167,883	301,464	330,167	14.4	3.0	1.6	1.6	3.8	3.6	9.5	
Unit value . . . . .	\$0.44	\$0.43	\$0.44	\$0.44	\$0.46	\$0.46	\$0.46	\$0.50	5.4	-2.7	2.3	1.5	3.7	0.6	6.7	
Cost of goods sold (COGS) . . . . .	777,184	828,532	846,425	871,029	870,136	867,135	221,885	242,375	11.6	6.6	2.2	2.9	-0.1	-0.3	9.2	
Gross profit or (loss) . . . . .	244,016	223,360	222,683	215,112	257,384	300,748	79,579	87,792	23.2	-8.5	-0.3	-3.4	19.7	16.8	10.3	
SG&A expenses . . . . .	156,940	151,920	167,612	164,754	188,550	184,058	50,037	50,906	17.3	-3.2	10.3	-1.7	14.4	-2.4	1.7	
Operating income or (loss) . . . . .	87,076	71,440	55,071	50,359	68,834	116,690	29,542	36,885	34.0	-18.0	-22.9	-8.6	36.7	69.5	24.9	
Capital expenditures . . . . .	53,581	87,140	59,072	42,738	46,639	81,747	8,406	26,903	52.6	62.6	-32.2	-27.7	9.1	75.3	220.0	
Unit COGS . . . . .	\$0.33	\$0.34	\$0.35	\$0.36	\$0.36	\$0.34	\$0.34	\$0.36	2.8	0.7	2.9	2.8	-0.3	-3.2	6.4	
Unit SG&A expenses . . . . .	\$0.07	\$0.06	\$0.07	\$0.07	\$0.08	\$0.07	\$0.08	\$0.08	8.1	-8.6	11.1	-1.8	14.3	-5.2	-0.9	
Unit operating income or (loss) . . . . .	\$0.04	\$0.03	\$0.02	\$0.02	\$0.03	\$0.05	\$0.05	\$0.06	23.5	-22.5	-22.4	-8.6	36.5	64.7	21.6	
COGS/sales (1) . . . . .	76.1	78.8	79.2	80.2	77.2	74.2	73.6	73.4	-1.9	2.7	0.4	1.0	-3.0	-2.9	-0.2	
Operating income or (loss)/ sales (1) . . . . .	8.5	6.8	5.2	4.6	6.1	10.0	9.8	11.2	1.5	-1.7	-1.6	-0.5	1.5	3.9	1.4	

- (1) "Reported data" are in percent and "period changes" are in percentage points.
- (2) Not applicable.
- (3) Not applicable; included within imports reported for Italy (subject) through 2004.
- (4) Includes inventories of imports from all nonsubject sources.

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

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



**Table C-2**  
**Dry pasta: Summary data concerning the U.S. commercial market, 2001-06, January-March 2006,**  
**and January-March 2007**

\* \* \* \* \*



**SUMMARY DATA  
COLLECTED IN FIRST REVIEW  
(Gathered from relevant report tables in expedited review)**



Table I-2

## Dry pasta: U.S. producers' capacity, production, and U.S. shipments, 1993-95 and 2000

Item	1993	1994	1995	2000
Capacity (1,000 pounds)	3,492,033	3,703,316	3,668,937	(1)
Production (1,000 pounds)	2,441,469	2,616,714	2,589,015	***
Capacity utilization (percent)	69.9	70.7	70.6	(1)
U.S. shipments: Quantity (1,000 pounds)	2,464,378	2,548,470	2,599,212	***
Value (1,000 dollars)	1,136,110	1,246,002	1,244,671	***
Unit value (per pound)	\$0.46	\$0.49	\$0.48	\$***

<sup>1</sup> Not available. Dakota Grower's 10-K for 2000 estimates total capacity (including the institutional segment) at over 3.8 billion pounds. SEC 10-K (fiscal year ending July 31, 2000) for Dakota Growers, p. 6. Using capacity figures for AIPC and Dakota Growers from the trade press (as presented in the previous section) and production figures from domestic interested parties' *Response* (p. 13) results in estimated capacity utilization figures for AIPC and Dakota Growers of \*\*\* percent and \*\*\* percent, respectively, in 2000. As indicated earlier, domestic interested parties estimated that AIPC accounted for \*\*\* percent of pasta production in 2000 and that Dakota Growers accounted for \*\*\* percent. *Response* of domestic interested parties, p. 13.

Note.—Data for 1993-95 are from the questionnaire responses of 26 firms during the original investigations that accounted for approximately 95 percent of U.S. production of dry non-egg and dry egg pasta during 1995. Data for 2000 are estimates of industry totals based upon the response of the 4 firms that reportedly accounted for \*\*\* percent of U.S. production of the "subject merchandise." See *Response* of domestic interested parties, p. 13. Although domestic interested parties labeled their data as "subject merchandise," the data they presented are believed to consist of all dry pasta and not only that of the subject product, or dry non-egg pasta in packages of five pounds or less.

Source: *Staff Report of June 25, 1996*, p. III-8, for 1993-95 data; *Response* of domestic interested parties, p. 13, for 2000 data (which was used to estimate industry totals).

accounting principle) on net revenues of \$124.9 million for the year ending July 31, 1999.<sup>81</sup> New World reported a loss of \$1.7 million on net sales of \$300.0 million in the year ending December 31, 2000 compared with a net income of \$460,000 on net sales of \$354.0 million in the previous fiscal year. It attributed its loss to the impact of reduced net sales from both price and volume factors and to increased interest expenses. New World stated that "{t}he pricing impact was the result of a net price decline on certain of the company's branded products taken during 1999 and early 2000." Further, "{u}nit volume was impacted by a decline in the consumption of dry pasta, the loss of the General Mills co-pack business in the third quarter of 1999, significant competitive pressure within the dry pasta segment and

<sup>81</sup> SEC 10-K (fiscal year ending July 31, 2000) for Dakota Growers, p. 16.

Table I-5

Dry pasta: U.S. producers' production, U.S. imports, and apparent U.S. consumption calculated using U.S. production and U.S. shipments, on the basis of quantity, 1993-95 and 2000

Item	1993	1994	1995	2000
	<b>Quantity (1,000 pounds)</b>			
U.S. production	2,441,469	2,616,714	2,589,015	***
U.S. imports: <sup>1</sup>				
Italy	215,429	293,641	327,375	309,498
Turkey	47,850	65,917	60,808	2,737
Subtotal	263,279	359,558	388,183	312,235
Other sources	103,591	116,539	121,059	217,381
Total	366,870	476,097	509,242	529,616
U.S. imports <sup>2</sup>	388,299	503,057	532,523	550,067
Apparent U.S. consumption <sup>3 4</sup>	2,829,768	3,119,771	3,121,538	***
	<b>Share of consumption calculated using U.S. production (percent)</b>			
U.S. production	86.3	83.9	82.9	***
U.S. imports:				
Italy	7.6	9.4	10.5	***
Turkey	1.7	2.1	1.9	***
Subtotal	9.3	11.5	12.4	***
Other sources	3.7	3.7	3.9	***
Total	13.0	15.3	16.3	***
	<b>Share of consumption calculated using U.S. shipments<sup>5</sup> (percent)</b>			
U.S. producers' U.S. shipments	87.0	84.1	83.5	(6)
U.S. imports:				
Subject Italy	7.6	9.4	10.4	(6)
Subject Turkey	1.7	2.1	1.8	(6)
Subtotal	9.3	11.6	12.2	(6)
Nonsubject Italy	0.1	0.3	0.2	(6)
Nonsubject Turkey	0.0	0.2	0.2	(6)
Other sources	3.7	3.8	3.9	(6)
Total	13.1	15.9	16.5	(6)
<i>Notes on next page.</i>				

Notes.

<sup>1</sup> Consists of subject dry non-egg pasta in packages 5 pounds or less as well as nonsubject pasta in packages greater than 5 pounds. Official Commerce statistics do not differentiate between package sizes.

<sup>2</sup> Consists of all dry pasta (i.e., both dry non-egg and dry egg pasta).

<sup>3</sup> Apparent consumption calculated for all periods using imports of all dry pasta (the product determined to be the domestic like product during the original investigations).

<sup>4</sup> Apparent consumption calculated for all periods using U.S. production and U.S. imports, indices that are comparable in that neither production or imports are adjusted for inventories. During the original investigations, the ratios of cumulated U.S. importers' inventories to total shipments of imports were both relatively large and increasing. The ratio of imports to total shipments of imports was 11.3 percent in 1993, 14.0 percent in 1994, and 15.7 percent in 1995. *Staff Report of June 25, 1996*, p. VII-10.

<sup>5</sup> Shares considered by the Commission during the original investigations.

<sup>6</sup> Not available.

Note.—Shares of consumption calculated using U.S. production do not sum to 100.0 percent since the denominator (dry pasta) includes product other than that included in the numerator (i.e., imports of dry egg pasta).

Source: 1993-95 shares calculated during the original investigations using U.S. shipments and official Commerce statistics adjusted using questionnaire data (see *Staff Report of June 25, 1996*, p. IV-18); 1993-95 and 2000 shares calculated using production figures (see table I-2) and import data from official Commerce statistics (for HTS reporting numbers 1902.11.20 and 1902.19.20).

geographical location, with a large portion of consumption occurring in the Northeast, particularly in the New York metropolitan area.<sup>101 102</sup>

The trade press describes the pasta industry as having lost sales in the past to what the industry believes are mis-perceptions about pasta. To counter consumer beliefs such as pasta is fattening,<sup>103</sup> industry participants are actively working to promote the food category. The NPA, working with Dakota Growers and other manufacturers, has announced a joint effort with the WFC and AIPC to publicize the benefits of consuming pasta. New World made its first use of direct consumer advertising in February 2001 and reportedly has plans to launch a campaign for food editors and will be using promotional pamphlets that emphasize the nutritional benefits of pasta.<sup>104</sup>

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<sup>101</sup> Domestic interested parties testified at the conference during the original investigations that the majority of the pasta imported from Italy and Turkey enters the United States via New York. While much of it is consumed in that area, much is also shipped to other parts of the United States (*conference transcript*, p. 29).

<sup>102</sup> *Staff Report of June 25, 1996*, p. V-2.

<sup>103</sup> For example, a recent Gallup survey for the American Bakers Association and Wheat Foods Council showed that 50 percent of consumers polled believe that pasta is fattening, up from 40 percent in 1998 and 11 percent in 1995. Gallup survey as cited in "Borden Breakup Bestirs Pasta Category," *Milling & Baking News*, August 14, 2001.

<sup>104</sup> "Borden Breakup Bestirs Pasta Category," *Milling & Baking News*, August 14, 2001. See also "N.P.A. Achieves Short-Term Goals, Optimistic About 'New Beginning'," *Milling & Baking News*, June 5, 2001 and "Credible Coverage, Advertising Needed to Solve Pasta Perception Problem, Adams Says," *Milling & Baking*

(continued...)

**Table I-6**  
**Dry non-egg pasta: Italy's capacity, production, and shipments, 1993-95**

Item	1993	1994	1995
	<b>Quantity (1,000 pounds, except as noted)</b>		
Capacity	2,802,937	2,849,128	2,932,245
Production	2,519,673	2,528,961	2,706,297
Capacity utilization ( <i>percent</i> )	89.9	88.8	92.3
Shipments:			
Home market	1,899,137	1,829,347	1,844,403
Exports:			
United States	155,347	196,285	207,393
All other markets	569,600	608,149	712,817
Total exports	722,848 <sup>1</sup>	804,436 <sup>1</sup>	920,650 <sup>1</sup>
Total shipments	2,622,087 <sup>1</sup>	2,628,072 <sup>1</sup>	2,765,053 <sup>1</sup>
<sup>1</sup> Totals as presented in the staff report for the original investigations.			
Source: <i>Staff Report of June 25, 1996</i> , p. VII-4 (data were provided in responses to Commission questionnaires by 23 producers in Italy that accounted for one-half of Italian production of pasta in 1993-94 and 63.3 percent of U.S. imports from Italy in 1995).			

from Italy in that year and \*\*\* percent of apparent U.S. consumption.<sup>108</sup> Current trade articles label Barilla as the worldwide leader in pasta production, with 22 plants in Italy and 4 located outside Italy (including in the United States). It manufactures one-third of the entire world output of pasta. Barilla also manages 7 mills that supply it with 70 percent of the needed raw materials.<sup>109</sup> It is marketed as a global brand name and is reportedly attempting to establish itself as the only national brand name in America.<sup>110</sup>

### Turkey

According to market research obtained by the domestic interested parties during the original investigations, the pasta industry in Turkey consisted of 15 producers whose production capacity equaled 1.2 billion pounds in 1994; production by the entire Turkish industry was reportedly 970 million pounds, resulting in capacity utilization of 73 percent. In contrast to most U.S. firms, producers in Turkey are

<sup>108</sup> *Staff Report of June 25, 1996*, p. VII-5.

<sup>109</sup> "International Food Processor of the Year Investing in the Future," *Business News Publishing Co.*, July 2000 and "A Visit to Barilla, Pasta Purveyors to the World," *Time*.

<sup>110</sup> "Barilla Sees U.S. as Major Step in Global Presence," *Milling & Baking News*, December 9, 1997.



Table I-7

## Dry non-egg pasta: Turkey's capacity, production, and shipments, 1993-95

Item	1993	1994	1995
	<i>Quantity (1,000 pounds, except as noted)</i>		
Capacity	***	***	***
Production	***	***	***
Capacity utilization ( <i>percent</i> )	***	***	***
Shipments: Home market	***	***	***
Exports: United States	***	***	***
All other markets	***	***	***
Total exports	***	***	***
Total shipments	***	***	***
Source: <i>Staff Report of June 25, 1996</i> , p. VII-9 (data were provided in responses to Commission questionnaires by Maktas and Filiz, whose operations accounted for *** of Turkish pasta production in 1994 and *** percent of U.S. imports from Turkey).			



**SUMMARY DATA  
COLLECTED IN ORIGINAL FINAL INVESTIGATIONS**



**APPENDIX C**

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**SUMMARY DATA**



Table C-1  
Dry pasta: Summary data concerning the U.S. market, 1993-95

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

Reported data--					Period changes--			
Item		1993	1994	1995		1993-95	1993-94	1994-95
<b>U.S. consumption--</b>								
Amount	quantity	2,833,625	3,028,555	3,112,308	percent	9.8%	6.9%	2.8%
Producers' share	percent	87.0%	84.1%	83.5%	percentage pt.	-3.5%	-2.8%	-0.6%
Importers' share:								
Subject:								
Italy	percent	7.6%	9.4%	10.4%	percentage pt.	2.8%	1.9%	0.9%
Turkey	percent	1.7%	2.1%	1.8%	percentage pt.	0.1%	0.4%	-0.3%
Subtotal	percent	9.3%	11.6%	12.2%	percentage pt.	2.9%	2.3%	0.6%
Non-subject:								
Italy	percent	0.1%	0.3%	0.2%	percentage pt.	0.1%	0.2%	-0.1%
Turkey	percent	0.0%	0.2%	0.2%	percentage pt.	0.2%	0.1%	0.1%
Other sources	percent	3.7%	3.8%	3.9%	percentage pt.	0.2%	0.2%	0.0%
Subtotal	percent	3.8%	4.3%	4.3%	percentage pt.	0.5%	0.5%	-0.0%
<b>U.S. consumption--</b>								
Amount	value	1,294,039	1,453,236	1,474,894	percent	14.0%	12.3%	1.5%
Producers' share	percent	87.8%	85.7%	84.4%	percentage pt.	-3.4%	-2.1%	-1.3%
Importers' share:								
Subject:								
Italy	percent	6.8%	8.6%	10.0%	percentage pt.	3.2%	1.8%	1.4%
Turkey	percent	0.9%	1.1%	0.9%	percentage pt.	0.1%	0.2%	-0.1%
Subtotal	percent	7.7%	9.7%	11.0%	percentage pt.	3.2%	2.0%	1.2%
Non-subject:								
Italy	percent	0.1%	0.3%	0.2%	percentage pt.	0.1%	0.2%	-0.1%
Turkey	percent	0.0%	0.1%	0.1%	percentage pt.	0.1%	0.1%	0.0%
Other sources	percent	4.4%	4.2%	4.3%	percentage pt.	-0.0%	-0.2%	0.2%
Subtotal	percent	4.5%	4.6%	4.7%	percentage pt.	0.2%	0.1%	0.1%
<b>U.S. imports from--</b>								
Subject:								
Italy--								
Quantity		213,966	285,860	322,448	percent	50.7%	33.6%	12.8%
Value		88,237	125,502	147,580	percent	67.3%	42.2%	17.6%
Unit value	per pound	\$0.41	\$0.44	\$0.46	percent	11.0%	6.5%	4.2%
Ending inventory	quantity	14,095	28,973	37,956	percent	169.3%	105.6%	31.0%
Turkey--								
Quantity		48,803	64,022	57,046	percent	16.9%	31.2%	-10.9%
Value		11,490	15,541	13,935	percent	21.3%	35.3%	-10.3%
Unit value	per pound	\$0.24	\$0.24	\$0.24	percent	3.8%	3.1%	0.6%
Ending inventory	quantity	7,299	8,544	7,478	percent	2.5%	17.1%	-12.5%
Subject sources--								
Quantity		262,769	349,882	379,494	percent	44.4%	33.2%	8.5%
Value		99,727	141,043	161,515	percent	62.0%	41.4%	14.5%
Unit value	per pound	\$0.38	\$0.40	\$0.43	percent	12.1%	6.2%	5.6%
Ending inventory	quantity	21,394	37,517	45,434	percent	112.4%	75.4%	21.1%
<b>U.S. imports from--</b>								
Non-subject--								
Italy:								
Quantity		1,500	7,832	4,983	percent	232.2%	422.1%	-36.4%
Value		1,412	4,407	3,119	percent	120.9%	212.1%	-29.2%
Unit value	per pound	\$0.94	\$0.56	\$0.63	percent	-33.5%	-40.2%	11.2%
Ending inventory	quantity	357	385	407	percent	14.0%	7.8%	5.7%
Turkey--								
Quantity		1,369	5,812	7,529	percent	450.0%	324.5%	29.5%
Value		314	1,347	1,754	percent	458.6%	329.0%	30.2%
Unit value	per pound	\$0.23	\$0.23	\$0.23	percent	1.6%	1.0%	0.5%
Ending inventory	quantity	50	291	1,180	percent	2260.0%	482.0%	305.5%
Other sources--								
Quantity		103,609	116,559	121,090	percent	16.9%	12.5%	3.9%
Value		56,476	60,437	63,835	percent	13.0%	7.0%	5.6%
Unit value	per pound	\$0.55	\$0.52	\$0.53	percent	-3.3%	-4.9%	1.7%
Ending inventory	quantity							
All sources--								
Quantity		106,478	130,203	133,602	percent	25.5%	22.3%	2.6%
Value		58,202	66,191	68,708	percent	18.1%	13.7%	3.8%
Unit value	per pound	\$0.55	\$0.51	\$0.51	percent	-5.9%	-7.0%	1.2%
Ending inventory	quantity	407	676	1,587	percent	289.9%	66.1%	134.8%

Table continued.

Certain Pasta From Italy and Turkey

Table C-1--Continued

Dry pasta: Summary data concerning the U.S. market, 1993-95

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

Reported data--					Period changes--			
Item		1993	1994	1995		1993-95	1993-94	1994-95
<b>U.S. producers'--</b>								
Average capacity	<i>quantity</i>	3,492,033	3,703,316	3,668,937	<i>percent</i>	5.1%	6.1%	-0.9%
Production	<i>quantity</i>	2,441,469	2,616,714	2,589,015	<i>percent</i>	6.0%	7.2%	-1.1%
Capacity utilization	<i>percent</i>	69.9%	70.7%	70.6%	<i>percentage pt.</i>	0.7%	0.7%	-0.1%
<b>U.S. shipments:</b>								
Quantity		2,464,378	2,548,470	2,599,212	<i>percent</i>	5.5%	3.4%	2.0%
Value		1,136,110	1,246,002	1,244,671	<i>percent</i>	9.6%	9.7%	-0.1%
Unit value	<i>per pound</i>	\$0.46	\$0.49	\$0.48	<i>percent</i>	3.9%	6.1%	-2.1%
<b>Export shipments:</b>								
Quantity		20,295	32,754	4,525	<i>percent</i>	-77.7%	61.4%	-86.2%
Value		4,686	10,376	1,994	<i>percent</i>	-57.4%	121.4%	-80.8%
Unit value	<i>per pound</i>	\$0.23	\$0.32	\$0.44	<i>percent</i>	90.9%	37.2%	39.1%
Ending inventory	<i>quantity</i>	204,913	243,197	226,142	<i>percent</i>	10.4%	18.7%	-7.0%
Inventory/shipments		8.3%	9.5%	8.7%	<i>percentage pt.</i>	0.4%	1.2%	-0.8%
Production workers		4,418	4,694	4,516	<i>percent</i>	2.2%	6.2%	-3.8%
Hours worked	<i>1,000 hrs.</i>	9,826	9,500	9,142	<i>percent</i>	-7.0%	-3.3%	-3.8%
Wages paid	<i>value</i>	114,040	115,423	118,849	<i>percent</i>	4.2%	1.2%	3.0%
Hourly wages	<i>value</i>	\$11.61	\$12.15	\$13.00	<i>percent</i>	12.0%	4.7%	7.0%
Productivity	<i>lbs./1,000 hrs.</i>	248.5	275.4	283.2	<i>percent</i>	14.0%	10.9%	2.8%
Unit labor costs	<i>per pound</i>	\$0.047	\$0.044	\$0.046	<i>percent</i>	-1.7%	-5.6%	4.1%

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and official statistics of the U.S. Department of Commerce.



Table C-2  
Dry non-egg pasta: Summary data concerning the U.S. market, 1993-95

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

Reported data--					Period changes--			
Item		1993	1994	1995		1993-95	1993-94	1994-95
<b>U.S. consumption--</b>								
Amount	quantity	2,546,039	2,728,600	2,830,655	percent	11.2%	7.2%	3.7%
Producers' share	percent	85.5%	82.4%	81.9%	percentage pt.	-3.6%	-3.1%	-0.5%
Importers' share:								
Subject:								
Italy	percent	8.4%	10.5%	11.4%	percentage pt.	3.0%	2.1%	0.9%
Turkey	percent	1.9%	2.3%	2.0%	percentage pt.	0.1%	0.4%	-0.3%
Subtotal	percent	10.3%	12.8%	13.4%	percentage pt.	3.1%	2.5%	0.6%
Non-subject:								
Italy	percent	0.1%	0.3%	0.2%	percentage pt.	0.1%	0.2%	-0.1%
Turkey	percent	0.1%	0.2%	0.3%	percentage pt.	0.2%	0.2%	0.1%
Other sources	percent	4.1%	4.3%	4.3%	percentage pt.	0.2%	0.2%	0.0%
Subtotal	percent	4.2%	4.8%	4.7%	percentage pt.	0.5%	0.6%	-0.1%
<b>U.S. consumption--</b>								
Amount	value	1,129,699	1,268,820	1,304,526	percent	15.5%	12.3%	2.8%
Producers' share	percent	86.0%	83.7%	82.4%	percentage pt.	-3.7%	-2.4%	-1.3%
Importers' share:								
Subject:								
Italy	percent	7.8%	9.9%	11.3%	percentage pt.	3.5%	2.1%	1.4%
Turkey	percent	1.0%	1.2%	1.1%	percentage pt.	0.1%	0.2%	-0.2%
Subtotal	percent	8.8%	11.1%	12.4%	percentage pt.	3.6%	2.3%	1.3%
Non-subject:								
Italy	percent	0.1%	0.3%	0.2%	percentage pt.	0.1%	0.2%	-0.1%
Turkey	percent	0.0%	0.1%	0.1%	percentage pt.	0.1%	0.1%	0.0%
Other sources	percent	5.0%	4.8%	4.9%	percentage pt.	-0.1%	-0.2%	0.1%
Subtotal	percent	5.2%	5.2%	5.3%	percentage pt.	0.1%	0.1%	0.1%
<b>U.S. imports from--</b>								
Subject:								
Italy--								
Quantity		213,966	285,860	322,448	percent	50.7%	33.6%	12.8%
Value		88,237	125,502	147,580	percent	67.3%	42.2%	17.6%
Unit value	per pound	\$0.41	\$0.44	\$0.46	percent	11.0%	6.5%	4.2%
Ending inventory	quantity	14,095	28,973	37,956	percent	169.3%	105.6%	31.0%
Turkey--								
Quantity		48,803	64,022	57,046	percent	16.9%	31.2%	-10.9%
Value		11,490	15,541	13,935	percent	21.3%	35.3%	-10.3%
Unit value	per pound	\$0.24	\$0.24	\$0.24	percent	3.8%	3.1%	0.6%
Ending inventory	quantity	7,299	8,544	7,478	percent	2.5%	17.1%	-12.5%
Subject sources--								
Quantity		262,769	349,882	379,494	percent	44.4%	33.2%	8.5%
Value		99,727	141,043	161,515	percent	62.0%	41.4%	14.5%
Unit value	per pound	\$0.38	\$0.40	\$0.43	percent	12.1%	6.2%	5.6%
Ending inventory	quantity	21,394	37,517	45,434	percent	112.4%	75.4%	21.1%
<b>U.S. imports from--</b>								
Non-subject--								
Italy:								
Quantity		1,500	7,832	4,983	percent	232.2%	422.1%	-36.4%
Value		1,412	4,407	3,119	percent	120.9%	212.1%	-29.2%
Unit value	per pound	\$0.94	\$0.56	\$0.63	percent	-33.5%	-40.2%	11.2%
Ending inventory	quantity	357	385	407	percent	14.0%	7.8%	5.7%
Turkey--								
Quantity		1,369	5,812	7,529	percent	450.0%	324.5%	29.5%
Value		314	1,347	1,754	percent	458.6%	329.0%	30.2%
Unit value	per pound	\$0.23	\$0.23	\$0.23	percent	1.6%	1.0%	0.5%
Ending inventory	quantity	50	291	1,180	percent	2260.0%	482.0%	305.5%
Other sources--								
Quantity		103,609	116,559	121,090	percent	16.9%	12.5%	3.9%
Value		56,476	60,437	63,835	percent	13.0%	7.0%	5.6%
Unit value	per pound	\$0.55	\$0.52	\$0.53	percent	-3.3%	-4.9%	1.7%
Ending inventory	quantity							
All sources--								
Quantity		106,478	130,203	133,602	percent	25.5%	22.3%	2.6%
Value		58,202	66,191	68,708	percent	18.1%	13.7%	3.8%
Unit value	per pound	\$0.55	\$0.51	\$0.51	percent	-5.9%	-7.0%	1.2%
Ending inventory	quantity	407	676	1,587	percent	289.9%	66.1%	134.8%

Table continued.

Certain Pasta From Italy and Turkey

Table C-2--Continued  
 Dry non-egg pasta: Summary data concerning the U.S. market, 1993-95

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

Reported data--					Period changes--			
Item		1993	1994	1995		1993-95	1993-94	1994-95
<b>U.S. producers'--</b>								
Average capacity	quantity	3,108,227	3,267,446	3,231,415	percent	4.0%	5.1%	-1.1%
Production	quantity	2,158,744	2,306,548	2,310,893	percent	7.0%	6.8%	0.2%
Capacity utilization	percent	69.5%	70.6%	71.5%	percentage pt.	2.1%	1.1%	0.9%
<b>U.S. shipments:</b>								
Quantity		2,176,792	2,248,515	2,317,559	percent	6.5%	3.3%	3.1%
Value		971,770	1,061,586	1,074,303	percent	10.6%	9.2%	1.2%
Unit value	per pound	\$0.45	\$0.47	\$0.46	percent	3.8%	5.8%	-1.8%
<b>Export shipments:</b>								
Quantity		18,829	31,776	3,392	percent	-82.0%	68.8%	-89.3%
Value		4,228	10,047	1,018	percent	-75.9%	137.6%	-89.9%
Unit value	per pound	\$0.22	\$0.32	\$0.30	percent	33.7%	40.8%	-5.1%
Ending inventory	quantity	184,607	213,645	203,275	percent	10.1%	15.7%	-4.9%
Inventory/shipments		8.5%	9.5%	8.8%	percentage pt.	0.3%	1.0%	-0.7%
Production workers		3,925	4,173	4,040	percent	2.9%	6.3%	-3.2%
Hours worked	1,000 hrs.	8,784	8,419	8,206	percent	-6.6%	-4.2%	-2.5%
Wages paid	value	101,213	101,222	105,607	percent	4.3%	0.0%	4.3%
Hourly wages	value	\$11.52	\$12.02	\$12.87	percent	11.7%	4.3%	7.0%
Productivity	lbs./1,000 hrs.	245.8	274.0	281.6	percent	14.6%	11.5%	2.8%
Unit labor costs	per pound	\$0.047	\$0.044	\$0.046	percent	-2.5%	-6.4%	4.1%

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and official statistics of the U.S. Department of Commerce.

**Table C-3**  
**Dry pasta (commercial market only): Summary data concerning the U.S. market, 1993-95**

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

Reported data--					Period changes--			
Item		1993	1994	1995		1993-95	1993-94	1994-95
<b>U.S. consumption--</b>								
Amount	quantity	2,348,649	2,530,116	2,626,259	percent	11.8%	7.7%	3.8%
Producers' share	percent	84.3%	81.0%	80.5%	percentage pt.	-3.8%	-3.3%	-0.6%
Importers' share:								
Subject:								
Italy	percent	9.1%	11.3%	12.3%	percentage pt.	3.2%	2.2%	1.0%
Turkey	percent	2.1%	2.5%	2.2%	percentage pt.	0.1%	0.5%	-0.4%
Subtotal	percent	11.2%	13.8%	14.4%	percentage pt.	3.3%	2.6%	0.6%
Non-subject:								
Italy	percent	0.1%	0.3%	0.2%	percentage pt.	0.1%	0.2%	-0.1%
Turkey	percent	0.1%	0.2%	0.3%	percentage pt.	0.2%	0.2%	0.1%
Other sources	percent	4.4%	4.6%	4.6%	percentage pt.	0.2%	0.2%	0.0%
Subtotal	percent	4.5%	5.1%	5.1%	percentage pt.	0.6%	0.6%	-0.1%
<b>U.S. consumption--</b>								
Amount	value	1,129,922	1,273,412	1,297,269	percent	14.8%	12.7%	1.9%
Producers' share	percent	86.0%	83.7%	82.3%	percentage pt.	-3.8%	-2.3%	-1.5%
Importers' share:								
Subject:								
Italy	percent	7.8%	9.9%	11.4%	percentage pt.	3.6%	2.0%	1.5%
Turkey	percent	1.0%	1.2%	1.1%	percentage pt.	0.1%	0.2%	-0.1%
Subtotal	percent	8.8%	11.1%	12.5%	percentage pt.	3.6%	2.2%	1.4%
Non-subject:								
Italy	percent	0.1%	0.3%	0.2%	percentage pt.	0.1%	0.2%	-0.1%
Turkey	percent	0.0%	0.1%	0.1%	percentage pt.	0.1%	0.1%	0.0%
Other sources	percent	5.0%	4.7%	4.9%	percentage pt.	-0.1%	-0.3%	0.2%
Subtotal	percent	5.2%	5.2%	5.3%	percentage pt.	0.1%	0.0%	0.1%
<b>U.S. imports from--</b>								
Subject:								
Italy--								
Quantity		213,966	285,860	322,448	percent	50.7%	33.6%	12.8%
Value		88,237	125,502	147,580	percent	67.3%	42.2%	17.6%
Unit value	per pound	\$0.41	\$0.44	\$0.46	percent	11.0%	6.5%	4.2%
Ending inventory	quantity	14,095	28,973	37,956	percent	169.3%	105.6%	31.0%
Turkey--								
Quantity		48,803	64,022	57,046	percent	16.9%	31.2%	-10.9%
Value		11,490	15,541	13,935	percent	21.3%	35.3%	-10.3%
Unit value	per pound	\$0.24	\$0.24	\$0.24	percent	3.8%	3.1%	0.6%
Ending inventory	quantity	7,299	8,544	7,478	percent	2.5%	17.1%	-12.5%
Subject sources--								
Quantity		262,769	349,882	379,494	percent	44.4%	33.2%	8.5%
Value		99,727	141,043	161,515	percent	62.0%	41.4%	14.5%
Unit value	per pound	\$0.38	\$0.40	\$0.43	percent	12.1%	6.2%	5.6%
Ending inventory	quantity	21,394	37,517	45,434	percent	112.4%	75.4%	21.1%
<b>U.S. imports from--</b>								
Non-subject--								
Italy:								
Quantity		1,500	7,832	4,983	percent	232.2%	422.1%	-36.4%
Value		1,412	4,407	3,119	percent	120.9%	212.1%	-29.2%
Unit value	per pound	\$0.94	\$0.56	\$0.63	percent	-33.5%	-40.2%	11.2%
Ending inventory	quantity	357	385	407	percent	14.0%	7.8%	5.7%
Turkey--								
Quantity		1,369	5,812	7,529	percent	450.0%	324.5%	29.5%
Value		314	1,347	1,754	percent	458.6%	329.0%	30.2%
Unit value	per pound	\$0.23	\$0.23	\$0.23	percent	1.6%	1.0%	0.5%
Ending inventory	quantity	50	291	1,180	percent	2260.0%	482.0%	305.5%
Other sources--								
Quantity		103,609	116,559	121,090	percent	16.9%	12.5%	3.9%
Value		56,476	60,437	63,835	percent	13.0%	7.0%	5.6%
Unit value	per pound	\$0.55	\$0.52	\$0.53	percent	-3.3%	-4.9%	1.7%
Ending inventory	quantity							
All sources--								
Quantity		106,478	130,203	133,602	percent	25.5%	22.3%	2.6%
Value		58,202	66,191	68,708	percent	18.1%	13.7%	3.8%
Unit value	per pound	\$0.55	\$0.51	\$0.51	percent	-5.9%	-7.0%	1.2%
Ending inventory	quantity	407	676	1,587	percent	289.9%	66.1%	134.8%

Table continued.

Certain Pasta From Italy and Turkey

Table C-3--Continued  
 Dry pasta (commercial market only): Summary data concerning the U.S. market, 1993-95

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

Reported data--					Period changes--			
Item		1993	1994	1995		1993-95	1993-94	1994-95
<b>U.S. producers'--</b>								
Average capacity	quantity	3,492,033	3,703,316	3,668,937	percent	5.1%	6.1%	-0.9%
Production	quantity	2,441,469	2,616,714	2,589,015	percent	6.0%	7.2%	-1.1%
Capacity utilization	percent	69.9%	70.7%	70.6%	percentage pt.	0.7%	0.7%	-0.1%
<b>U.S. shipments:</b>								
Quantity		1,979,402	2,050,031	2,113,163	percent	6.8%	3.6%	3.1%
Value		971,993	1,066,178	1,067,046	percent	9.8%	9.7%	0.1%
Unit value	per pound	\$0.49	\$0.52	\$0.50	percent	2.8%	5.9%	-2.9%
<b>Export shipments:</b>								
Quantity		20,295	32,754	4,525	percent	-77.7%	61.4%	-86.2%
Value		4,686	10,376	1,994	percent	-57.4%	121.4%	-80.8%
Unit value	per pound	\$0.23	\$0.32	\$0.44	percent	90.9%	37.2%	39.1%
Ending inventory	quantity	204,913	243,197	226,142	percent	10.4%	18.7%	-7.0%
Inventory/shipments		10.4%	11.9%	10.7%	percentage pt.	0.3%	1.5%	-1.2%
Production workers		4,418	4,694	4,516	percent	2.2%	6.2%	-3.8%
Hours worked	1,000 hrs.	9,826	9,500	9,142	percent	-7.0%	-3.3%	-3.8%
Wages paid	value	114,040	115,423	118,849	percent	4.2%	1.2%	3.0%
Hourly wages	value	\$11.61	\$12.15	\$13.00	percent	12.0%	4.7%	7.0%
Productivity	lbs./1,000 hrs.	248.5	275.4	283.2	percent	14.0%	10.9%	2.8%
Unit labor costs	per pound	\$0.047	\$0.044	\$0.046	percent	-1.7%	-5.6%	4.1%

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and official statistics of the U.S. Department of Commerce.

Table C-4  
 Dry non-egg pasta (commercial market only): Summary data concerning the U.S. market, 1993-95

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

Reported data--					Period changes--			
Item		1993	1994	1995		1993-95	1993-94	1994-95
<b>U.S. consumption--</b>								
Amount	quantity	2,112,959	2,274,973	2,384,292	percent	12.8%	7.7%	4.8%
Producers' share	percent	82.5%	78.9%	78.5%	percentage pt.	-4.0%	-3.6%	-0.4%
Importers' share:								
Subject:								
Italy	percent	10.1%	12.6%	13.5%	percentage pt.	3.4%	2.4%	1.0%
Turkey	percent	2.3%	2.8%	2.4%	percentage pt.	0.1%	0.5%	-0.4%
Subtotal	percent	12.4%	15.4%	15.9%	percentage pt.	3.5%	2.9%	0.5%
Non-subject:								
Italy	percent	0.1%	0.3%	0.2%	percentage pt.	0.1%	0.3%	-0.1%
Turkey	percent	0.1%	0.3%	0.3%	percentage pt.	0.3%	0.2%	0.1%
Other sources	percent	4.9%	5.1%	5.1%	percentage pt.	0.2%	0.2%	-0.0%
Subtotal	percent	5.0%	5.7%	5.6%	percentage pt.	0.6%	0.7%	-0.1%
<b>U.S. consumption--</b>								
Amount	value	980,959	1,102,416	1,139,684	percent	16.2%	12.4%	3.4%
Producers' share	percent	83.9%	81.2%	79.8%	percentage pt.	-4.1%	-2.7%	-1.4%
Importers' share:								
Subject:								
Italy	percent	9.0%	11.4%	12.9%	percentage pt.	4.0%	2.4%	1.6%
Turkey	percent	1.2%	1.4%	1.2%	percentage pt.	0.1%	0.2%	-0.2%
Subtotal	percent	10.2%	12.8%	14.2%	percentage pt.	4.0%	2.6%	1.4%
Non-subject:								
Italy	percent	0.1%	0.4%	0.3%	percentage pt.	0.1%	0.3%	-0.1%
Turkey	percent	0.0%	0.1%	0.2%	percentage pt.	0.1%	0.1%	0.0%
Other sources	percent	5.8%	5.5%	5.6%	percentage pt.	-0.2%	-0.3%	0.1%
Subtotal	percent	5.9%	6.0%	6.0%	percentage pt.	0.1%	0.1%	0.0%
<b>U.S. Imports from--</b>								
Subject:								
Italy--								
Quantity		213,966	285,860	322,448	percent	50.7%	33.6%	12.8%
Value		88,237	125,502	147,580	percent	67.3%	42.2%	17.6%
Unit value	per pound	\$0.41	\$0.44	\$0.46	percent	11.0%	6.5%	4.2%
Ending inventory	quantity	14,095	28,973	37,956	percent	169.3%	105.6%	31.0%
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Value		11,490	15,541	13,935	percent	21.3%	35.3%	-10.3%
Unit value	per pound	\$0.24	\$0.24	\$0.24	percent	3.8%	3.1%	0.6%
Ending inventory	quantity	7,299	8,544	7,478	percent	2.5%	17.1%	-12.5%
Subject sources--								
Quantity		262,769	349,882	379,494	percent	44.4%	33.2%	8.5%
Value		99,727	141,043	161,515	percent	62.0%	41.4%	14.5%
Unit value	per pound	\$0.38	\$0.40	\$0.43	percent	12.1%	6.2%	5.6%
Ending inventory	quantity	21,394	37,517	45,434	percent	112.4%	75.4%	21.1%
<b>U.S. Imports from--</b>								
Non-subject--								
Italy:								
Quantity		1,500	7,832	4,983	percent	232.2%	422.1%	-36.4%
Value		1,412	4,407	3,119	percent	120.9%	212.1%	-29.2%
Unit value	per pound	\$0.94	\$0.56	\$0.63	percent	-33.5%	-40.2%	11.2%
Ending inventory	quantity	357	385	407	percent	14.0%	7.8%	5.7%
Turkey--								
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Value		314	1,347	1,754	percent	458.6%	329.0%	30.2%
Unit value	per pound	\$0.23	\$0.23	\$0.23	percent	1.6%	1.0%	0.5%
Ending inventory	quantity	50	291	1,180	percent	2260.0%	482.0%	305.5%
Other sources--								
Quantity		103,609	116,559	121,090	percent	16.9%	12.5%	3.9%
Value		56,476	60,437	63,835	percent	13.0%	7.0%	5.6%
Unit value	per pound	\$0.55	\$0.52	\$0.53	percent	-3.3%	-4.9%	1.7%
Ending inventory	quantity							
All sources--								
Quantity		106,478	130,203	133,602	percent	25.5%	22.3%	2.6%
Value		58,202	66,191	68,708	percent	18.1%	13.7%	3.8%
Unit value	per pound	\$0.55	\$0.51	\$0.51	percent	-5.9%	-7.0%	1.2%
Ending inventory	quantity	407	676	1,587	percent	289.9%	66.1%	134.8%

Table continued.

Certain Pasta From Italy and Turkey

Table C-4--Continued

Dry non-egg pasta (commercial market only): Summary data concerning the U.S. market, 1993-95

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

Reported data--					Period changes--			
Item		1993	1994	1995		1993-95	1993-94	1994-95
<b>U.S. producers'--</b>								
Average capacity	quantity	3,108,227	3,267,446	3,231,415	percent	4.0%	5.1%	-1.1%
Production	quantity	2,158,744	2,306,548	2,310,893	percent	7.0%	6.8%	0.2%
Capacity utilization	percent	69.5%	70.6%	71.5%	percentage pt.	2.1%	1.1%	0.9%
<b>U.S. shipments:</b>								
Quantity		1,743,712	1,794,888	1,871,196	percent	7.3%	2.9%	4.3%
Value		823,030	895,182	909,461	percent	10.5%	8.8%	1.6%
Unit value	per pound	\$0.47	\$0.50	\$0.49	percent	3.0%	5.7%	-2.5%
<b>Export shipments:</b>								
Quantity		18,829	31,776	3,392	percent	-82.0%	68.8%	-89.3%
Value		4,228	10,047	1,018	percent	-75.9%	137.6%	-89.9%
Unit value	per pound	\$0.22	\$0.32	\$0.30	percent	33.7%	40.8%	-5.1%
Ending inventory	quantity	184,607	213,645	203,275	percent	10.1%	15.7%	-4.9%
Inventory/shipments		10.6%	11.9%	10.9%	percentage pt.	0.3%	1.3%	-1.0%
Production workers		3,925	4,173	4,040	percent	2.9%	6.3%	-3.2%
Hours worked	1,000 hrs.	8,784	8,419	8,206	percent	-6.6%	-4.2%	-2.5%
Wages paid	value	101,213	101,222	105,607	percent	4.3%	0.0%	4.3%
Hourly wages	value	\$11.52	\$12.02	\$12.87	percent	11.7%	4.3%	7.0%
Productivity	lbs./1,000 hrs.	245.8	274.0	281.6	percent	14.6%	11.5%	2.8%
Unit labor costs	per pound	\$0.047	\$0.044	\$0.046	percent	-2.5%	-6.4%	4.1%

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and official statistics of the U.S. Department of Commerce.

