

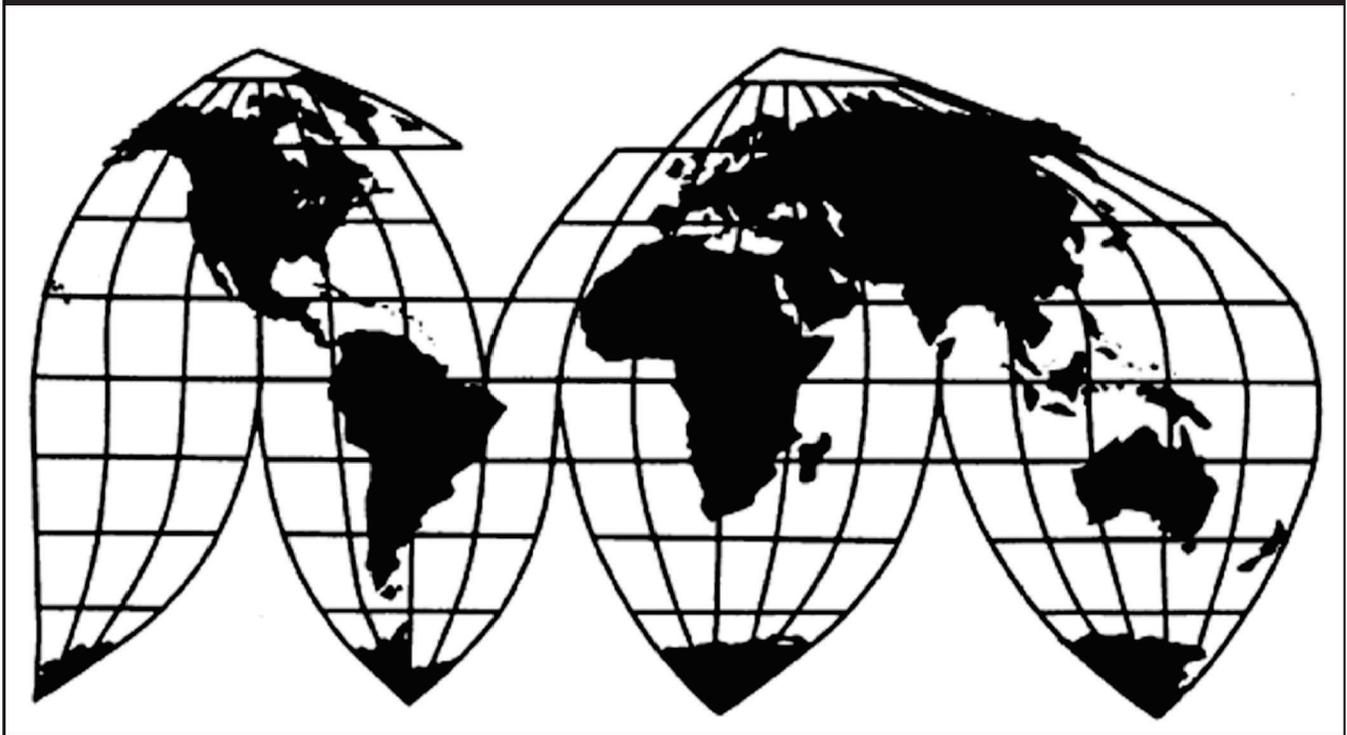
Raw Flexible Magnets from China and Taiwan

Investigation Nos. 701-TA-452 and 731-TA-1129-1130 (Second Review)

Publication 4921

July 2019

U.S. International Trade Commission



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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Note.—Information that would reveal confidential operations of individual concerns may not be published.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 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-452 and 731-TA-1129-1130 (Second Review)

Raw Flexible Magnets from China and Taiwan

DETERMINATION

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the countervailing duty order on raw flexible magnets from China and revocation of the antidumping duty orders on raw flexible magnets from China and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on January 2, 2019 (84 FR 8) and determined on April 12, 2019 that it would conduct expedited reviews (84 FR 26156, June 5, 2019).

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

Views of the Commission

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

I. Background

Original Investigations. In September 2007, Magnum filed antidumping duty petitions covering imports of raw flexible magnets from China and Taiwan and a countervailing duty petition covering imports of raw flexible magnets from China.¹ In August 2008, the Commission issued its final determinations finding that the domestic industry producing raw flexible magnets was threatened with material injury by reason of subject imports from China and Taiwan.² Subsequently, the Department of Commerce (“Commerce”) issued antidumping and countervailing duty orders on subject imports.³

First Reviews. In August 2013, the Commission instituted its first five-year reviews of the antidumping and countervailing duty orders. It unanimously determined that the domestic industry party group response was adequate and that the respondent interested party group responses were inadequate. It further found no other circumstances that would warrant conducting full reviews and determined to conduct expedited reviews.⁴ The Commission determined that revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry producing raw flexible magnets within a reasonably foreseeable time.⁵ In February 2014, Commerce published its notice of continuation of the

¹ *Raw Flexible Magnets from China and Taiwan*, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final), USITC Pub. 4030 at 3 (Aug. 2008) (“Original Determinations”).

² Original Determinations, USITC Pub. 4030 at 3. Commissioner Charlotte R. Lane found that the domestic industry was materially injured by reason of cumulated imports of raw flexible magnets from China and Taiwan. *See id.* at 31-37 (Separate Views). Vice Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun found that the domestic industry was neither materially injured nor threatened with material injury by reason of subject imports from Taiwan. *See id.* at 41-43 (Separate and Dissenting Views).

³ *Raw Flexible Magnets from China*, 73 Fed. Reg. 53847 (Sept. 17, 2008) (notice of antidumping duty order); *Raw Flexible Magnets from Taiwan*, 73 Fed. Reg. 53848 (Sept. 17, 2008) (notice of antidumping duty order); *Raw Flexible Magnets from China*, 73 Fed. Reg. 53849 (Sept. 17, 2008) (notice of countervailing duty order).

⁴ *Raw Flexible Magnets from China and Taiwan*, 78 Fed. Reg. 73561 (Dec. 6, 2013) (scheduling of expedited five-year reviews).

⁵ *Raw Flexible Magnets from China and Taiwan*, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Review), USITC Pub. 4449 at 3 (Jan. 2014) (“First Five-Year Reviews”).

antidumping duty orders on imports of raw flexible magnets from China and Taiwan and the countervailing duty order covering imports of raw flexible magnets from China.⁶

Current Reviews. The Commission instituted these current five-year reviews on January 2, 2019.⁷ The Commission received a single response to the notice of institution filed by Magnum.⁸ The Commission did not receive a response to the notice of institution from any respondent interested party. The Commission unanimously determined that the domestic interested party group response was adequate and that the respondent interested party group responses were inadequate. It further found no other circumstances that would warrant conducting full reviews and determined on April 12, 2019 that it would conduct expedited reviews.⁹ Magnum filed final comments with the Commission on June 11, 2019.¹⁰

In these reviews, U.S. industry data are based on the information of three firms provided in the response to the notice of institution by Magnum, which estimated that the companies accounted for *** percent of domestic production of raw flexible magnets during 2018.¹¹ No U.S. import data are available for the current reviews.¹² No foreign producer or exporter of raw flexible magnets participated in these reviews.¹³ Foreign industry data and related information are based on information from the original investigations and prior reviews, as well as information compiled by Commission staff and submitted by Magnum in these current expedited reviews.¹⁴

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.”¹⁵ The Tariff Act defines “domestic like

⁶ *Raw Flexible Magnets from China and Taiwan*, 79 Fed. Reg. 6886 (Feb. 5, 2014) (continuation of antidumping and countervailing duty orders).

⁷ *Raw Flexible Magnets from China and Taiwan*, 84 Fed. Reg. 8 (Jan. 2, 2019) (institution of five-year reviews).

⁸ Magnum Response to Notice of Institution (Feb. 6, 2019). Magnum also filed comments on the adequacy of responses. Magnum Comments on Adequacy of Responses (Mar. 8, 2019).

⁹ *Raw Flexible Magnets from China and Taiwan*, 84 Fed. Reg. 26156 (June 5, 2019) (scheduling of expedited five-year reviews).

¹⁰ Magnum Final Comments (June 11, 2019).

¹¹ Confidential Report (“CR”), Memorandum INV-RR-016 (March 26, 2019) at Table I-1, Public Report (“PR”) at Table I-1; Magnum Response to Notice of Institution at 4.

¹² No U.S. importer of raw flexible magnets participated in these reviews. Additionally, official import statistics for the relevant Harmonized Tariff Schedule (“HTS”) subheadings included substantial amounts of out-of-scope imports. CR at I-24 n.71, PR at I-18 n.71.

¹³ CR at I-27, PR at I-19-20.

¹⁴ See CR at I-27-29, PR at I-19-21.

¹⁵ 19 U.S.C. § 1677(4)(A).

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.”¹⁶ 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.¹⁷

Commerce has defined the scope of the orders in these five-year reviews as follows: Certain flexible magnets regardless of shape, color, or packaging. Subject flexible magnets are bonded magnets composed (not necessarily exclusively) of (i) any one or combination of various flexible binders (such as polymers or co-polymers, or rubber) and (ii) a magnetic element, which may consist of a ferrite permanent magnet material (commonly, strontium or barium ferrite, or a combination of the two), a metal alloy (such as NdFeB or Alnico), any combination of the foregoing with each other or any other material, or any other material capable of being permanently magnetized.

Subject flexible magnets may be in either magnetized or unmagnetized (including demagnetized) condition, and may or may not be fully or partially laminated or fully or partially bonded with paper, plastic, or other material, of any composition and/or color. Subject flexible magnets may be uncoated or may be coated with an adhesive or any other coating or combination of coatings.

Specifically excluded from the scope of this order are printed flexible magnets, defined as flexible magnets (including individual magnets) that are laminated or bonded with paper, plastic, or other material if such paper, plastic, or other material bears printed text and/or images, including but not limited to business cards, calendars, poetry, sports event schedules, business promotions, decorative motifs, and the like. This exclusion does not apply to such printed flexible magnets if the printing concerned consists of only the following: a trade mark or trade name; country of origin; border, stripes, or lines; any printing that is removed in the course of cutting and/or printing magnets for retail sale or other disposition from the flexible magnet; manufacturing or use instructions (e.g., “print this side up,” “this side up,” “lamine here”); printing on adhesive backing (that is, material to be removed in order to expose adhesive for use such

¹⁶ 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, 96th Cong., 1st Sess. 90–91 (1979).

¹⁷ 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).

as application of laminate) or on any other covering that is removed from the flexible magnet prior or subsequent to final printing and before use; non-permanent printing (that is, printing in a medium that facilitates easy removal, permitting the flexible magnet to be re-printed); printing on the back (magnetic) side; or any combination of the above.¹⁸

Raw flexible magnets are magnets that can be twisted, bent, slit, punched, coiled, and otherwise molded into any shape without loss of magnetic properties.¹⁹ Key physical characteristics of raw flexible magnets include magnetism, thinness, flexibility, lightness of weight, and ease of cutting.²⁰ They are used in a range of applications such as refrigerator door gaskets, magnetic car and safety signs, direct mail promotional items, magnetic business cards, advertising signs, calendars, nameplates, and toys and games.²¹

In the original investigations and prior first five-year reviews, the Commission found a single domestic like product corresponding to the scope.²² There is no new information obtained during these expedited reviews that would suggest any reason to revisit the domestic like product definition adopted by the Commission in the prior proceedings,²³ and no party has argued otherwise.²⁴ We consequently continue to define the domestic like product to be raw flexible magnets, coextensive with the scope of the orders under review.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”²⁵ In defining the domestic industry, the Commission’s general practice has been

¹⁸ *Raw Flexible Magnets from China and Taiwan*, 84 Fed. Reg. 26400 (June 6, 2019) (final results of the expedited sunset reviews of the antidumping duty orders) (“Antidumping Duty Orders”); *Raw Flexible Magnets from China*, 84 Fed. Reg. 26403 (June 6, 2019) (final results of the expedited second sunset review of the countervailing duty order) (“Countervailing Duty Order”). The scope definitions have not changed substantively since the original investigations. CR at I-11 n.29, PR at I-8 n.29.

¹⁹ CR at I-12, PR at I-9.

²⁰ CR at I-14, PR at I-10.

²¹ CR at I-14, PR at I-10.

²² Original Determinations, USITC Pub. 4030 at 6-7; First Five-Year Reviews, USITC Pub. 4449 at 5-6. The definition of the domestic like product was not in dispute in the original investigations or the prior reviews.

²³ CR at I-10-18, PR at I-7-13.

²⁴ Magnum Response to Notice of Institution at 35; Magnum Final Comments at 4.

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

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

In the original investigations and prior first five-year reviews, the Commission defined the domestic industry as all U.S. producers of raw flexible magnets.²⁶ Magnum agrees with the Commission's domestic industry definition made in the original investigations and prior reviews.²⁷ Information in the record in these reviews indicates that no domestic producer is a related party. In light of the foregoing and our domestic like product definition, we again define the domestic industry as consisting of all U.S. producers of raw flexible magnets.

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.²⁸

²⁶ Original Determinations, USITC Pub. 4030 at 7-9; First Five-Year Reviews, USITC Pub. 4449 at 6. In the original investigations, the Commission addressed whether fabricators of raw flexible magnets engaged in sufficient production-related activities to be considered part of the domestic industry. Original Determinations, USITC Pub. 4030 at 7-9. It applied the six factors that it generally considers for this analysis and found that the evidence on the record regarding the value added by fabrication operations, degree of technical expertise necessary to conduct fabrication operations, and quantity of parts sourced in the United States were mixed or reflected ambiguous data. It further found that evidence on the remaining factors supported a conclusion that fabrication should not be included as domestic production. Specifically, it found that the fabricators' capital investment and employment were small on an absolute basis and were smaller on a relative basis than the comparable figures for domestic producers. The Commission concluded that, on balance and absent contrary argument by the parties, that fabricators did not engage in sufficient production-related activities and therefore, did not include such firms in the domestic industry. Original Determinations, USITC Pub. 4030 at 7-9. The Commission did not revisit its domestic industry definition in the expedited first five-year reviews. First Five-Year Reviews, USITC Pub. 4449 at 6. No new facts or party argument have been presented in these current reviews to warrant an approach different from that followed by the Commission in the original investigations.

²⁷ Magnum Response to Notice of Institution at 35; Magnum Final Comments at 4.

²⁸ 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.²⁹ The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

B. Prior Proceedings

In the original investigations, the Commission cumulated subject imports from China and Taiwan for its material injury and threat of material injury analyses. For purposes of its material injury analysis, it found a reasonable overlap of competition among subject imports from China and Taiwan and between the imports from each subject country and the domestic like product.³⁰ For purposes of its threat of material injury analysis, it further found that subject imports from China and Taiwan were likely to compete under similar conditions of competition in the U.S. market in the imminent future.³¹

In the expedited first five-year reviews, the Commission found that imports from China and Taiwan would not be likely to have no discernible adverse impact on the domestic industry in the event of revocation. It further found a likely reasonable overlap of competition among imports from both subject countries and between subject imports and the domestic like product. It did not find any likely differences in the conditions of competition between the two subject sources of raw flexible magnets. On that basis, the Commission cumulated subject imports from China and Taiwan.³²

²⁹ 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).

³⁰ Original Determinations, USITC Pub. 4030 at 10-12.

³¹ Original Determinations, USITC Pub. 4030 at 12. The Commission found that imports from both subject countries were present in the U.S. market throughout the original period of investigation and were likely to continue to be present in the market in the imminent future, the subject industries in China and Taiwan were export-oriented, and subject imports were generally good substitutes. *See id.*

³² First Five-Year Reviews, USITC Pub. 4449 at 7-11.

C. Analysis

In these reviews, the statutory threshold for cumulation is satisfied because all reviews were initiated on the same day: January 2, 2019.³³ In addition, we consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports: (1) whether imports from any of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among subject imports and the domestic like product; and (3) whether subject imports are likely to compete in the U.S. market under different conditions of competition.³⁴

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.³⁵ 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.³⁶ 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 find that imports from China and Taiwan are not likely to have no discernible adverse impact on the domestic industry in the event of revocation of the corresponding orders.³⁷

China. In the original investigations, the volume of subject imports from China increased from *** pounds in 2005 to *** pounds in 2006 and *** pounds in 2007.³⁸ Shipments of imports from China as a share of apparent U.S. consumption increased from *** percent in 2005 to *** percent in 2006 and *** percent in 2007.³⁹ Data from the responding

³³ *Raw Flexible Magnets from China and Taiwan*, 84 Fed. Reg. 8 (Jan. 2, 2019) (institution of five-year reviews).

³⁴ Magnum argues that subject imports from China and Taiwan should be cumulated for purposes of these reviews. Magnum Response to Notice of Institution at 17-18; Magnum Final Comments at 6-8.

³⁵ 19 U.S.C. § 1675a(a)(7).

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

³⁷ Magnum argues that revocation of any of the orders in these reviews would have a discernible adverse impact on the domestic industry. Magnum Response to Notice of Institution at 17-18; Magnum Final Comments at 6-8.

³⁸ Memorandum INV-FF-087 (EDIS Doc. 668315) at Table IV-2.

³⁹ Memorandum INV-FF-087 (EDIS Doc. 668315) at Table IV-8.

Chinese producers showed that their capacity was *** pounds in 2005, *** pounds in 2006, and *** pounds in 2007.⁴⁰ Their capacity utilization was *** percent in 2005, *** percent in 2006, and *** percent in 2007.⁴¹ Exports accounted for *** percent of the responding Chinese producers' total shipments in 2005, *** percent in 2006, and *** percent in 2007.⁴²

In the expedited first five-year reviews, the Commission observed that the record contained no empirical data regarding subject imports from China or their volume over the period of review. The relevant HTS subheadings that covered raw flexible magnets included substantial out-of-scope imports, no respondents responded to the notice of institution, and there were no meaningful public data concerning worldwide trade in raw flexible magnets. The Commission determined that based on the rapid increase in the volume of subject imports from China during the original investigations, as well as the Chinese industry's excess capacity and export orientation in those investigations, subject imports from China were not likely to have no discernible adverse impact if the orders were revoked.⁴³

As in the prior expedited reviews, no respondents responded to the notice of institution for the current reviews. Additionally, relevant HTS subheadings covering raw flexible magnets continue to include substantial amounts of out-of-scope imports.⁴⁴ Consequently, data pertaining to imports of raw flexible magnets are not available.⁴⁵ Magnum states that based on its market intelligence and compilation of vessel manifest information, there have been few, if any, imports of raw flexible magnets from China since the imposition of the orders.⁴⁶ It identifies 13 firms that it believes are currently producing raw flexible magnets in China. Magnum argues that there is no indication of any appreciable decline in the subject industry's capacity since the original investigations. Indeed, Magnum contends that several Chinese producers have established or expanded production facilities in recent years.⁴⁷ It further argues that many of the subject producers in China remain export oriented and continue to show interest in the U.S. market as evidenced by statements contained on their websites and their continued solicitation of U.S. customers.⁴⁸ In addition, other publicly available

⁴⁰ Memorandum INV-FF-087 (EDIS Doc. 668315) at Table VII-2.

⁴¹ Memorandum INV-FF-087 (EDIS Doc. 668315) at Table VII-2.

⁴² Memorandum INV-FF-087 (EDIS Doc. 668315) at Table VII-2.

⁴³ First Five-Year Reviews, USITC Pub. 4449 at 8-9.

⁴⁴ CR at I-24 n.71, I-28, PR at I-18 n.71, I-20. Official import statistics show that the volume of imports from China that entered under the relevant HTS subheadings totaled 29.5 million units in 2013, 21.8 million units in 2014, 23.9 million units in 2015, 23.7 million units in 2016, 18.5 million units in 2017, and 12.5 million units in 2018. Derived from Census Trade Database (EDIS Doc. 668336).

⁴⁵ CR at I-24, PR at I-18.

⁴⁶ Magnum Response to Notice of Institution at 5, 22.

⁴⁷ Magnum Response to Notice of Institution at 27, Exhibit 12. As an example, Magnum observes that Chinese producer Yantai Zhenghai Magnetic Material Co. Ltd. reported that its production capacity would increase from 6,300 tons per year to 10,000 tons per year upon completion of its production expansion at the end of 2018. *See id.* at 27.

⁴⁸ Magnum Response to Notice of Institution at 11, 17-18, 27, Exhibits 5 & 10; Magnum Final Comments at 7.

information on the record indicates that the industry in China is the leading producer of permanent magnets in the world and that the industry's capacity utilization rate was less than 60 percent in 2015.^{49 50}

In light of the foregoing, we find that subject imports from China would not likely have no discernible adverse impact on the domestic industry if the antidumping duty order and/or countervailing duty order covering these imports were revoked.

Taiwan. In the original investigations, the volume of subject imports from Taiwan was *** pounds in 2005, *** pounds in 2006, and *** pounds in 2007.⁵¹ Shipments of imports from Taiwan accounted for *** percent of apparent U.S. consumption in 2005, *** percent in 2006, and *** percent in 2007.⁵² Responding producers in Taiwan reported *** pounds of capacity in each full year from 2005 to 2007 and capacity utilization rates of *** percent in 2005, *** percent in 2006, and *** percent in 2007.⁵³ The Taiwanese producers exported *** percent of their total shipments in 2005, *** percent in 2006, and *** percent in 2007.⁵⁴

In the expedited first five-year reviews, the Commission again observed that the record contained no empirical data pertaining to subject import volume or the subject industries for the period of review. Based on the volume of subject imports from Taiwan during the original investigations, as well as the excess capacity and export orientation of the industry in Taiwan in those investigations, the Commission determined that subject imports from Taiwan were not likely to have no discernible adverse impact if the order were revoked.⁵⁵

As previously discussed, import data pertaining to raw flexible magnets are not available for these current expedited reviews.⁵⁶ Magnum states that imports of raw flexible magnets from Taiwan effectively ceased following the imposition of the orders.⁵⁷ It identifies seven firms that it believes are currently producing raw flexible magnets in Taiwan and argues that there is no indication of any appreciable decline in the subject industry's capacity since the

⁴⁹ CR at I-27-28, PR at I-19-20. This information concerning the permanent magnet industry in China includes data of producers of product outside the scope of the orders.

⁵⁰ The record contains no other information regarding production or capacity of the subject industry in China. CR at I-28, PR at I-20. Additionally, global trade data include substantial quantities of magnets that are not covered by the scope of these reviews. CR at I-28 n.92, PR at I-20, n.92.

⁵¹ Memorandum INV-FF-087 (EDIS Doc. 668315) at Table IV-2.

⁵² Memorandum INV-FF-087 (EDIS Doc. 668315) at Table IV-8.

⁵³ Memorandum INV-FF-087 (EDIS Doc. 668315) at Table VII-4, as modified by Memorandum INV-FF-088 (EDIS Doc. 668317).

⁵⁴ Memorandum INV-FF-087 (EDIS Doc. 668315) at Table VII-4, as modified by Memorandum INV-FF-088 (EDIS Doc. 668317).

⁵⁵ First Five-Year Reviews, USITC Pub. 4449 at 9.

⁵⁶ CR at I-24, PR at I-18. Official import statistics indicate that the volume of imports from Taiwan that entered under the relevant HTS subheadings, which as discussed, include substantial amounts of out-of-scope product, totaled 382,332 units in 2013, 1.2 million units in 2014, 313,075 units in 2015, 481,236 units in 2016, 331,904 units in 2017, and 180,176 units in 2018. Derived from Census Trade Database (EDIS Doc. 668336).

⁵⁷ Magnum Response to Notice of Institution at 5, 22.

original investigations.⁵⁸ It also observes that many of the subject producers in Taiwan discuss their vast export experience and broad distribution networks on their internet websites and that such evidence demonstrates the export orientation of subject producers in Taiwan.⁵⁹ According to Magnum, the subject industry in Taiwan also continues to show interest in the U.S. market, with subject producers regularly marketing their product to U.S. purchasers.⁶⁰

In light of the foregoing, we find that subject imports from Taiwan would not likely have no discernible adverse impact on the domestic industry if the antidumping duty order covering these imports 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.⁶¹ Only a “reasonable overlap” of competition is required.⁶² In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.⁶³ In the original investigations

⁵⁸ Magnum Response to Notice of Institution at 27, Exhibit 13.

⁵⁹ Magnum Response to Notice of Institution at 27, Exhibit 11.

⁶⁰ Magnum Response to Notice of Institution at 17, 23-24, 27, Exhibit 5; Magnum Final Comments at 7. The record contains no other information regarding production or capacity of the subject industry in Taiwan. CR at I-28-29, PR at I-20-21. Additionally, global trade data include substantial quantities of magnets not covered by the scope of these reviews. CR at I-29 n.97, PR at I-21 n.97.

⁶¹ 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).

⁶² *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); *Wieland Werke*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); *United States Steel Group v. United States*, 873 F. Supp. 673, 685 (Ct. Int’l Trade 1994), *aff’d*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g., Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812–813 (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).

⁶³ *See generally, Cheflin Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int’l Trade 2002).

and prior reviews, the Commission found a reasonable overlap of competition among the domestic like product and subject imports from China and Taiwan.^{64 65}

Fungibility. In the original investigations, the Commission found that imports from the subject countries were fungible with both the domestic like product and with each other. The Commission found similarities in the types of raw flexible magnets produced in the United States, China, and Taiwan and sold in the U.S. market. The Commission also observed that most market participants reported that raw flexible magnets from both domestic and subject sources were at least sometimes interchangeable.⁶⁶ In the expedited first five-year reviews, the Commission found that there was no information on the record to warrant a different finding.⁶⁷ Similarly, there is no new information in these current reviews to indicate that the considerations that led the Commission in the original investigations to find product from domestic and subject sources fungible have changed.

Geographic Overlap. In the original investigations, the Commission found that all domestic producers and most U.S. importers sold their products on a nationwide basis. The Commission concluded that subject imports and the domestic like product competed in the same geographic markets.⁶⁸ In the expedited first five-year reviews, the Commission found nothing on the record indicating that the Commission's findings from the original investigations concerning geographic overlap would likely change upon revocation.⁶⁹ Similarly, there is no new information in these reviews to indicate that this has changed or is likely to do so upon revocation.

Channels of Distribution. In the original investigations, the Commission found that although some differences in channels of distribution existed between the subject imports and the domestic like product, a substantial proportion of shipments of domestically produced raw flexible magnets and imports from each subject source was to the same type of customer, printers.⁷⁰ Specifically, the largest share of U.S. producers' shipments was to original equipment manufacturers ("OEMs") and the second largest share was to printers. A majority of shipments of subject imports from China was to printers and the second largest share was to OEMs while a majority of shipments of subject imports from Taiwan was to printers.⁷¹ In the expedited first five-year reviews, the Commission observed that the domestic producers indicated that they continued to sell raw flexible magnets to OEMs and printers. It found that there was no new information on the record suggesting that subject imports would not

⁶⁴ Original Determinations, USITC Pub. 4030 at 12; First Five-Year Reviews, USITC Pub. 4449 at 11.

⁶⁵ Magnum argues that there continues to be a likelihood of a reasonable overlap of competition among the domestic like product and imports from each of the subject countries in these reviews. Magnum Response to Notice of Institution at 18.

⁶⁶ Original Determinations, USITC Pub. 4030 at 10-11.

⁶⁷ First Five-Year Reviews, USITC Pub. 4449 at 10.

⁶⁸ Original Determinations, USITC Pub. 4030 at 11.

⁶⁹ First Five-Year Reviews, USITC Pub. 3784 at 10.

⁷⁰ Original Determinations, USITC Pub. 4030 at 11.

⁷¹ Original Determinations, USITC Pub. 4030 at 11.

participate in overlapping channels of distribution, as they did during the original investigations, if the orders were revoked.⁷²

There is no new information in the record in these reviews to indicate that the channels of distribution have changed or are likely to do so upon revocation. Magnum maintains that the domestic industry continues to sell substantial quantities of raw flexible magnets to ***, with such sales accounting for *** percent of total shipments by domestic producers in 2018, and to ***, with such sales accounting for *** percent of total shipments.⁷³

Simultaneous Presence in Market. In the original investigations, the Commission found that imports from each subject country and the domestic like product were simultaneously present in the U.S. market throughout the period of investigation.⁷⁴ In the expedited first five-year reviews, the Commission observed that domestic producers reported participating in the U.S. market throughout the period of review and found no evidence suggesting that subject imports would not have a simultaneous market presence as they did during the original investigations if the orders were revoked.⁷⁵ Similarly, there is no new information in these reviews to indicate that this has changed.⁷⁶

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 original investigations and prior reviews to conclude that there would be a reasonable overlap of competition between and among imports from different subject sources and the domestic like product. 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 China and Taiwan.

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 likely compete under similar or different conditions in the U.S. market if the orders under review were revoked. In the first reviews, the Commission found that the record did not indicate that there would likely be any significant difference in the conditions of competition between subject imports from China and Taiwan if the orders were revoked.⁷⁷ We find that the record in these reviews, similarly, does not indicate that there would likely be any significant differences in the conditions of competition among subject imports upon revocation of the orders.

⁷² First Five-Year Reviews, USITC Pub. 4449 at 10.

⁷³ Magnum Response to Notice of Institution at 20, Exhibit 3.

⁷⁴ Original Determinations, USITC Pub. 4030 at 11.

⁷⁵ First Five-Year Reviews, USITC Pub. 4449 at 11.

⁷⁶ Magnum states that there have been few, if any, imports of raw flexible magnets from China and Taiwan since the imposition of the orders. Magnum Response to Notice of Institution at 5, 22.

⁷⁷ First Five-Year Reviews, USITC Pub. 4449 at 11.

D. Conclusion

Based on the record, we find that subject imports from China and Taiwan would not be likely to have no discernible adverse impact on the domestic industry if the corresponding 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 each 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 China and Taiwan 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.”⁷⁸ The 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.”⁷⁹ Thus, the likelihood standard is prospective in nature.⁸⁰ The U.S. Court of International Trade has found that

⁷⁸ 19 U.S.C. § 1675a(a).

⁷⁹ SAA at 883–84. The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

⁸⁰ 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.

“likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.⁸¹

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.”⁸² 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.”⁸³

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.”⁸⁴ 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).⁸⁵ The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.⁸⁶

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

⁸¹ 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’”).

⁸² 19 U.S.C. § 1675a(a)(5).

⁸³ 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.*

⁸⁴ 19 U.S.C. § 1675a(a)(1).

⁸⁵ 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-6, PR at I-4.

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

or relative to production or consumption in the United States.⁸⁷ 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.⁸⁸

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.⁸⁹

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.⁹⁰ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.⁹¹

As discussed above, no respondent party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the industries in China and Taiwan that produce raw flexible magnets. There also is limited information on the raw flexible

⁸⁷ 19 U.S.C. § 1675a(a)(2).

⁸⁸ 19 U.S.C. § 1675a(a)(2)(A–D).

⁸⁹ 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.

⁹⁰ 19 U.S.C. § 1675a(a)(4).

⁹¹ 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.

magnet 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 in the record in 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.”⁹² The following conditions of competition inform our determinations.

1. Demand Conditions

In the original investigations, the Commission found that U.S. demand for raw flexible magnets, which had declined from 2005 to 2007, was closely linked to the level of demand for end-use products such as promotional materials, magnetic signs, and refrigerator gaskets. It also found that demand for raw flexible magnets tended to track changes in the U.S. economy, particularly the real estate market.⁹³ In the expedited first five-year reviews, the Commission found that the limited information on the record indicated that the conditions of competition pertaining to demand had not changed significantly since the original investigations. The domestic producers reported that U.S. demand for raw flexible magnets continued to be driven largely by demand for end-use products and the real estate market. They further reported that U.S. demand had not fully recovered from the effects of the recession that occurred in late 2008 and 2009 and that during the period of review, it remained lower than demand levels that had existed at the beginning of the original period of investigation.⁹⁴

Magnum states that demand for raw flexible magnets in these reviews continues to follow trends in the overall U.S. economy and, to a significant extent, trends in the U.S. real estate market.⁹⁵ Magnum claims that although the market has recovered from the 2008-2009 recession, there has been little growth in demand for raw flexible magnets in the last five years and that ***.⁹⁶ Magnum further claims that U.S. demand is unlikely to increase in the foreseeable future, with newspaper articles reporting on the weakening of the U.S. residential

⁹² 19 U.S.C. § 1675a(a)(4).

⁹³ Original Determinations, USITC Pub. 4030 at 15.

⁹⁴ First Five-Year Reviews, USITC Pub. 4449 at 15.

⁹⁵ Magnum Response to Notice of Institution at 20.

⁹⁶ Magnum Response to Notice of Institution at 34. Magnum contends that this decline is due in part to a change in law limiting pharmaceutical company gifts to physicians and a shift away from printed telephone directories that often were accompanied with advertising magnets, both of which had been substantial segments of the promotional item market. Magnum Response to Notice of Institution at 20; Magnum Final Comments at 8.

housing market in the fourth quarter of 2018 and analysts anticipating an abatement in the growth of the U.S. economy in 2019.⁹⁷

2. Supply Conditions

In the original investigations, the Commission observed that the domestic industry was the dominant supplier of raw flexible magnets in the U.S. market, but that its market share declined over the period of investigation. Subject imports, which supplied virtually all of the remainder of the U.S. market, gained an increasing share of apparent U.S. consumption during the period of investigation while nonsubject imports supplied only minimal amounts of raw flexible magnets.⁹⁸ In the expedited first five-year reviews, the Commission found that imposition of the orders resulted in subject imports declining to very low levels in the U.S. market. Although the Commission observed that nonsubject imports were present in the U.S. market, it was unable to determine nonsubject imports' absolute volume or market share because the record did not contain usable import data.⁹⁹

In these reviews, Magnum contends that there have been no significant developments affecting domestic supply during the period of review. It states that the domestic industry continues to be the principal supplier to the U.S. market and that in addition to the three domestic producers that provided information in these reviews, there are two other producers of raw flexible magnets in the United States.¹⁰⁰ It further states that there were no subject imports during the period of review as subject imports from China and Taiwan effectively ceased following issuance of the orders.¹⁰¹

3. Substitutability and Other Conditions

In the original investigations and expedited first five-year reviews, the Commission found that the domestic like product and subject imports were generally substitutable. In each of those prior proceedings, the Commission also found that price was an important factor in purchasing decisions.¹⁰²

The record in these expedited reviews contains no additional information to indicate that the substitutability between U.S.-produced raw flexible magnets and subject imports regardless of source or the importance of price has changed since the original investigations and prior reviews. Accordingly, we again find that the domestic like product and subject imports are generally substitutable and that price is an important factor in purchasing decisions.

⁹⁷ Magnum Response to Notice of Institution at 20.

⁹⁸ Original Determinations, USITC Pub. 4030 at 17.

⁹⁹ First Five-Year Reviews, USITC Pub. 4449 at 15.

¹⁰⁰ Magnum Response to Notice of Institution at 8, 11-12, Exhibit 14.

¹⁰¹ Magnum Response to Notice of Institution at 21-22.

¹⁰² Original Determinations, USITC Pub. 4030 at 17; First Five-Year Reviews, USITC Pub. 4449 at

Since 2018, additional tariffs have been levied on subject imports from China pursuant to Section 301 of the Trade Act of 1974 (“Section 301 tariffs”).¹⁰³ Raw flexible magnets from China entering under HTS subheading 8505.19.10 (flexible magnets) were included in a list of articles subject to an additional 25 percent duty effective July 6, 2018.¹⁰⁴ Raw flexible magnets entering under HTS subheading 8505.19.20 (composite goods containing flexible magnets) were included in a separate list of articles subject to an additional 10 percent *ad valorem* duty effective September 24, 2018; an increase in the rate for these imports to 25 percent had been postponed at the time of the record closing in these reviews.¹⁰⁵ Section 301 tariffs are supplemental to any tariffs already in place.¹⁰⁶

C. Likely Volume of Subject Imports

1. The Prior Proceedings

In the original investigations, in which the Commission had determined that an industry in the United States was threatened with material injury by reason of subject imports, the Commission found that the volume of cumulated subject imports was significant during the period of investigation and was likely to increase substantially in the imminent future.¹⁰⁷ The Commission found that the subject producers had substantial unused capacity and had the

¹⁰³ *China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 28710 (June 20, 2018) (notice of action); *China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 40823 (Aug. 16, 2018) (notice of action).

¹⁰⁴ CR at I-9, PR at I-7.

¹⁰⁵ CR at I-10, PR at I-7; *China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 28710 (Sept. 21, 2018) (notice of modification of Section 301 Action). This 10 percent duty was scheduled to increase to 25 percent on January 1, 2019. *See id.* However, in December 2018, the scheduled increase was postponed to March 2, 2019. *China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 65198 (Dec. 19, 2018) (notice of modification of Section 301 Action). In March 2019, this action was again modified so that the duty would remain at 10 percent until further notice. *China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 Fed. Reg. 7966 (Mar. 5, 2019) (notice of modification of Section 301 Action). Subsequently, the rate of Section 301 tariffs was increased to 25 percent *ad valorem*. *China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 Fed. Reg. 20459 (May 9, 2019) (notice of modification of Section 301 Action).

¹⁰⁶ Raw flexible magnets from China and Taiwan enter the U.S. market at a column 1 general duty rate of 4.9 percent. CR at I-12, PR at I-9.

¹⁰⁷ Original Determinations, USITC Pub. 4030 at 20-21. The Commission observed that the volume of cumulated subject imports increased from *** pounds in 2005 to *** pounds in 2006 and *** pounds in 2007 while apparent U.S. consumption declined. *See id.* at 20; Confidential Original Determinations (EDIS Doc. 668319) at 31. Cumulated subject imports also rapidly increased their market share. Original Determinations, USITC Pub. 4030 at 20.

ability to increase shipments to the United States in excess of the significant levels observed during the period of investigation. The Commission further found that the subject producers were highly export oriented with exports to the United States growing at a *** rate from 2005 to 2007 than their exports to other markets or shipments to home markets and that U.S. importers had increased their inventories of subject imports over the period of investigation.¹⁰⁸

In the expedited first five-year reviews, the Commission found that as a result of imposition of the orders, the volume of cumulated subject imports declined to low levels in the U.S. market.¹⁰⁹ Notwithstanding this, the Commission observed that available information, such as solicitations to potential U.S. customers, indicated that subject producers had a continued interest in exporting product to the United States. The Commission further observed that there was no indication in the record that the capacity and production of the subject industry in China or Taiwan declined appreciably since the original investigations. The Commission found that in light of their historically large production and capacity and high degree of export orientation, the subject industries in China and Taiwan had the ability to increase exports of subject merchandise to the United States upon revocation of the orders. Additionally, it found that the subject industries had an incentive to increase exports to the United States significantly upon revocation as evidenced by their prior interest in supplying the U.S. market. Consequently, the Commission concluded that revocation of the orders would likely result in a significant increase in cumulated subject imports, both in absolute terms and relative to consumption in the United States.¹¹⁰

2. The Current Reviews

In the current reviews, we find that subject import volume would likely be significant in the event of revocation of the orders. As discussed above in section III.C., although the record does not contain import data specific to raw flexible magnets, available information indicates that raw flexible magnet imports from China and Taiwan effectively ceased entering the U.S. market following the imposition of the orders and that there have been no subject imports during the period of review.¹¹¹ While such information demonstrates the disciplining effect of the orders, other information on the record indicates that, on a cumulated basis, subject producers of raw flexible magnets 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 countervailing duty orders were revoked.

The record contains limited data concerning the subject industries in China and Taiwan because no producer or exporter of subject merchandise participated in these reviews. Nonetheless, several factors support the conclusion that subject imports are well-positioned to capture additional market share within a reasonably foreseeable time if the orders were

¹⁰⁸ Original Determinations, USITC Pub. 4030 at 21.

¹⁰⁹ First Five-Year Reviews, USITC Pub. 4449 at 17.

¹¹⁰ First Five-Year Reviews, USITC Pub. 4449 at 17.

¹¹¹ Magnum Response to Notice of Institution at 5, 22; Magnum Final Comments at 8-9.

revoked. The available information indicates that the cumulated subject industries have substantial production capacity.¹¹² Magnum identifies 13 producers/exporters in China and seven producers/exporters in Taiwan engaged in the production and/or export of raw flexible magnets during the period of review.¹¹³ Several of these subject producers have stated that they established or expanded production facilities in recent years.¹¹⁴ Moreover, according to an August 2018 market report, China is the world's leading producer of global permanent magnets, accounting for 65 to 70 percent of global production of ferrite magnets and 70-75 percent of production of neodymium iron boron magnets.¹¹⁵

In addition to having substantial and growing production capacity, subject producers in China and Taiwan are reportedly export oriented. The subject producers tout their global sales and broad distribution networks, certain of which include office locations in the United States, on their company websites.¹¹⁶ The subject industries in China and Taiwan, therefore, have the ability to increase exports of subject merchandise to the United States rapidly as they did during the original investigations.

Furthermore, the United States remains an attractive export market for subject producers.¹¹⁷ Magnum asserts that the United States is a large market for raw flexible magnets, and states that U.S. prices are *** than prices in other world markets in which subject producers' raw flexible magnets are present.¹¹⁸ Moreover, the subject industries have demonstrated an ongoing interest in serving the United States. Indeed, notwithstanding the orders being in place, subject producers have reportedly continued to solicit business from U.S. customers during the current review period.¹¹⁹

Based on subject producers' behavior during the original investigations and information available regarding the subject producers' substantial and growing production capacity, export orientation, and the attractiveness of the U.S. market, we conclude that the volume of

¹¹² Magnum Response to Notice of Institution at Exhibits 12 & 13; CR at I-27-28, PR at I-19-20.

¹¹³ Magnum Response to Notice of Institution at 27, Exhibits 12 & 13.

¹¹⁴ Magnum Response to Notice of Institution at 27, Exhibits 12 & 13; Magnum Final Comments at 10.

¹¹⁵ CR at I-27, PR at I-20. As previously discussed, this information concerning the permanent magnet industry in China includes coverage of producers of out-of-scope product.

¹¹⁶ Magnum Response to Notice of Institution at 26-27, Exhibits 10 & 11. For instance, Chinese producer Guangzhou Newlife Magnet Electricity Co., Ltd., which describes itself to be the "world's largest manufacturer of flexible, bonded, and injection molded magnetic materials and finished magnets," has an office and storage facilities located in the United States from which it sells raw flexible magnets. In addition, Jasdi Magnet Co. Ltd., a large producer in Taiwan, states that it sells its products "across five continents" and has "branch offices worldwide," including a "location" in Rancho Cucamonga, California. *See id.* at 26.

¹¹⁷ Magnum Response to Notice of Institution at 27.

¹¹⁸ Magnum Response to Notice of Institution at 27. Magnum observes that ***. *See id.* at 23.

¹¹⁹ Magnum Response to Notice of Institution at 27, Exhibit 5.

cumulated subject imports, both in absolute terms and relative to U.S. consumption, would likely be significant if the orders were revoked.^{120 121}

D. Likely Price Effects

1. The Prior Proceedings

In the original investigations, the Commission reiterated that the domestic like product and subject imports were generally substitutable and that price was an important factor to purchasers of raw flexible magnets.¹²² The Commission found that subject imports significantly undersold the domestic like product during the period of investigation and that this significant and pervasive underselling would likely continue in the imminent future.¹²³ It also found that subject imports would likely have significant price suppressing effects, which, together with likely underselling, would likely increase demand for further imports.¹²⁴ In particular, the Commission observed that the industry's unit raw material costs, which had been relatively stable, increased during the latter portion of the period of investigation.¹²⁵ The Commission found that given the increasing volumes of low-priced subject imports, the importance of price in purchasing decisions, and declines in apparent U.S. consumption, that the domestic industry would likely not be able to raise prices commensurately with the cost increases in the imminent future.¹²⁶

In the expedited first five-year reviews, the Commission again found that raw flexible magnets from all sources were substitutable and that price continued to be an important factor in purchasing decisions.¹²⁷ It relied on its prior findings of significant underselling to determine that subject imports from China and Taiwan would likely undersell the domestic like product at high margins in the event of revocation of the orders. It further found that this likely

¹²⁰ We have also considered the other factors enumerated in the statute regarding the analysis of the likely volume of subject imports. We find that due to the failure of subject producers to respond to the notice of institution or otherwise participate in these reviews, there is no information available that addresses existing inventories of subject merchandise or the potential for production shifting by the raw flexible magnet industries in China and Taiwan. We also note that raw flexible magnets from China or Taiwan are not subject to antidumping or countervailing duty orders in any other country. CR at I-29, PR at I-21.

¹²¹ None of the purchasers responding to the Commission's questionnaires reported that the Section 301 tariffs have impacted the conditions of competition for raw flexible magnets, nor have they reported that they anticipate such an impact in the future. CR/PR at Appendix D.

¹²² Original Determinations, USITC Pub. 4030 at 22.

¹²³ Original Determinations, USITC Pub. 4030 at 14-24. The Commission observed that subject imports undersold the domestic like product in 72 out of 101 quarterly price comparisons at high margins. *See id.* at 22.

¹²⁴ Original Determinations, USITC Pub. 4030 at 24.

¹²⁵ Original Determinations, USITC Pub. 4030 at 23.

¹²⁶ Original Determinations, USITC Pub. 4030 at 24.

¹²⁷ First Five-Year Reviews, USITC Pub. 4449 at 18.

underselling, in turn, would likely cause the domestic producers to cut prices or restrain price increases to avoid losing sales, thereby depressing or suppressing prices of the domestic like product to a significant degree upon revocation of the orders.¹²⁸

2. The Current Reviews

As stated above, we continue to find that the domestic like product and subject imports are generally substitutable and that price is an important factor in purchasing decisions. As these reviews are expedited due to the lack of an adequate response from respondent interested parties, the record does not contain new pricing data. We have found, however, that subject import volumes would likely increase significantly upon revocation of the orders. These subject imports would likely significantly undersell the domestic like product, as they did during the original investigations. Because price is important to purchasing decisions and the domestic like product and subject imports are generally substitutable, the presence of significant quantities of subject imports that would likely enter the United States and that would likely undersell the domestic like product would likely force the domestic industry to lower prices, forego price increases, or risk losing market share. 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 observed that the domestic industry's capacity increased during the period of investigation, but that its output declined. Specifically, the domestic industry's production initially increased, before declining towards the end of the period of investigation, and its capacity utilization, commercial shipments, and inventories steadily declined. The Commission further found that the industry's employment related indicators were mixed and that its financial performance fluctuated during the period of investigation.¹²⁹ The Commission found that the likely imminent increase in the volume of subject imports that would likely undersell the domestic like product and suppress domestic prices to a significant degree would accelerate the adverse trends the domestic industry experienced in the latter portion of the period of investigation and would impair the industry's ability to maintain operating margins. The Commission further found that, in light of its finding that the domestic industry likely would not be able to recover the increased costs predicted in the imminent future, the domestic industry's overall financial performance would likely deteriorate.¹³⁰ In light of these considerations, the Commission concluded that the domestic

¹²⁸ First Five-Year Reviews, USITC Pub. 4449 at 18.

¹²⁹ Original Determinations, USITC Pub. 4030 at 25-26.

¹³⁰ Original Determinations, USITC Pub. 4030 at 27.

industry was threatened with material injury by reason of cumulated subject imports from China and Taiwan.¹³¹

In the expedited first five-year reviews, the Commission found that revocation of the orders would likely lead to a significant increase in the volume of subject imports and that the subject imports would likely undersell the domestic like product and depress and/or suppress domestic prices to a significant degree.¹³² It found that the likely significant volume of low-priced subject imports, when combined with the likely adverse price effects of those imports, would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. The Commission found that these declines would likely have a direct adverse impact on the industry's profitability. Accordingly, the Commission concluded that, based on the limited record, subject imports from China and Taiwan would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time if the orders were revoked.¹³³

2. The Current Reviews

In these expedited reviews, the information available on the domestic industry's condition is limited. In 2018, the domestic industry's production capacity was *** pounds, its production was *** pounds, and its capacity utilization rate was *** percent.¹³⁴ The industry's domestic shipments were *** pounds.¹³⁵ Its net sales revenue was \$***, and its operating income was \$***, with an operating income margin of *** percent.¹³⁶ 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

¹³¹ Original Determinations, USITC Pub. 4030 at 27.

¹³² First Five-Year Reviews, USITC Pub. 4449 at 20.

¹³³ First Five-Year Reviews, USITC Pub. 4449 at 20. Due to the limited evidence on the record of the expedited first five-year reviews, the Commission did not make a determination as to whether the domestic industry was vulnerable. *See id.*

¹³⁴ CR/PR at Table I-3. The domestic industry's capacity was 154.7 million pounds in 2007 and *** pounds in 2012. *Id.* Its production was 75.0 million pounds in 2007 and *** pounds in 2012. *Id.* Its capacity utilization rate was 48.5 percent in 2007 and *** percent in 2012. *Id.*

¹³⁵ CR/PR at Table I-3. Domestic producers' U.S. shipments were 70.4 million pounds in 2007 and *** pounds in 2012. *Id.* The average unit value of the domestic industry's U.S. shipments in 2018 (\$*** per 1,000 pounds) was higher in 2012 (\$*** per 1,000 pounds) and lower in 2007 (\$1.13 per 1,000 pounds). *Id.*

¹³⁶ CR/PR at Table I-3. The domestic industry's net sales revenues was \$85.8 million in 2007 and \$*** in 2012. *Id.* Its operating income was \$4.5 million in 2007 and \$*** in 2012. *Id.* Its ratio of operating income to net sales was 5.2 percent in 2007 and *** percent in 2012. *Id.*

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 impact its production, shipments, sales, and 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.

In our analysis, we typically examine known factors other than subject imports which may cause injury so as not to attribute likely injury caused by these factors to the subject imports. In these reviews, however, there are no factors other than the subject imports that are known to be a likely cause of material injury.

Accordingly, we find that revocation of the orders on raw flexible magnets from China and Taiwan would likely have a significant adverse impact on domestic producers of raw flexible magnets within a reasonably foreseeable time.

V. Conclusion

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

INFORMATION OBTAINED IN THESE REVIEWS

BACKGROUND

On January 2, 2019, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted reviews to determine whether revocation of the countervailing duty order on raw flexible magnets from China and the antidumping duty orders on raw flexible magnets from China and Taiwan would likely lead to the continuation or recurrence of material injury to a domestic industry.² All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.^{3 4} The following tabulation presents information relating to the background and schedule of this proceeding:⁵

Effective Date	Action
January 2, 2019	Notice of institution by Commission (84 FR 8, January 2, 2019)
January 1, 2019	Notice of initiation by Commerce (84 FR 1705, February 5, 2019)
April 12, 2019	Scheduled date for Commission’s vote on adequacy
June 6, 2019	Commerce’s results of its expedited reviews
July 12, 2019	Commission’s determinations and views

¹ 19 U.S.C. 1675(c).

² *Raw Flexible Magnets from China and Taiwan; Institution of Five-Year Reviews*, 84 FR 8, January 2, 2019. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders. *Initiation of Five-Year (Sunset) Reviews*, 84 FR 1705, February 5, 2019. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website (www.usitc.gov).

³ 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.

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

⁵ Commerce tolled all statutory deadlines affected by the partial federal government closure by 40 calendar days.

RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

Individual responses

The Commission received one submission in response to its notice of institution in the subject reviews. It was filed on behalf of the following entities:

1. Magnum Magnetics Corporation (“Magnum”), with the support of *** domestic producers of raw flexible magnets (collectively referred to herein as “domestic interested parties”).

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

Table I-1

Raw flexible magnets: Summary of responses to the Commission’s notice of institution

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	1	***% ¹

¹In their response to the notice of institution, domestic interested parties estimated that they accounted for this share of total U.S. production of raw flexible magnets during 2018. Domestic interested parties’ response to the notice of institution, February 6, 2019, p. 30.

Party comments on adequacy

The Commission received one submission from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. This submission was filed on behalf of Magnum with the support of ***.⁶

Domestic interested parties argued that the Commission should find the respondent interested party group response to be inadequate since there was no substantive response by any respondent interested party.⁷ Therefore, because of the inadequate response by the respondent interested parties and the fact that there have been no major changes in the conditions of competition in the market since the Commission’s last five-year reviews, they request that the Commission conduct expedited reviews of the antidumping and countervailing duty orders on raw flexible magnets.

⁶ Domestic interested parties’ Comments on Adequacy, March 8, 2019 p. 1.

⁷ Domestic interested parties’ Comments on Adequacy, March 8, 2019, p. 4.

THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

The original investigations

The original investigations resulted from a petition filed on September 21, 2007 with Commerce and the Commission by Magnum, Marietta, Ohio. On July 10, 2008, Commerce determined that imports of raw flexible magnets from China and Taiwan were being sold at less than fair value (“LTFV”) and that countervailable subsidies were being provided to producers and exporters of raw flexible magnets from China.⁸ The Commission determined on August 25, 2008, that the domestic industry was materially injured by reason of LTFV imports of raw flexible magnets from China and Taiwan and subsidized by the government of China.⁹ On September 17, 2008, Commerce issued its countervailing duty order on raw flexible magnets from China with a net subsidy rate of 109.95 percent ad valorem.¹⁰ On September 17, 2008, Commerce issued its antidumping duty orders on raw flexible magnets from China and Taiwan with the final weighted-average dumping margins ranging from 105.00 to 185.28 percent with respect to China and 31.20 to 38.03 percent with respect to Taiwan.¹¹

The first five-year reviews

On November 20, 2013, the Commission determined that it would conduct expedited reviews of the countervailing duty order on raw flexible magnets from China and the antidumping duty orders on raw flexible magnets from China and Taiwan.¹² On December 23, 2013, Commerce published its determination that revocation of the countervailing duty order on raw flexible magnets from China and the antidumping duty orders on raw flexible magnets from China and Taiwan would be likely to lead to continuation or recurrence of net

⁸ *Final Determination of Sales at Less Than Fair Value: Raw Flexible Magnets from the People’s Republic of China*, 73 FR 39669, July 10, 2008; *Notice of Final Determination of Sales at Less Than Fair Value: Raw Flexible Magnets From Taiwan*, 73 FR 39673, July 10, 2008; and *Raw Flexible Magnets from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 73 FR 39667, July 10, 2008.

⁹ *Raw Flexible Magnets from China and Taiwan: Determinations*, 73 FR 51317, September 2, 2008.

¹⁰ *Raw flexible Magnets from the People’s Republic of China: Countervailing duty Order*, 73 FR 53849, September 17, 2008; and *Raw Flexible Magnets from the People’s Republic of China: Countervailing Duty Order*, 73 FR 55043, September 24, 2008.

¹¹ *Antidumping Duty Order: Raw Flexible Magnets from the People’s Republic of China*, 73 FR 53847, September 17, 2008; and *Antidumping Duty Order: Raw Flexible Magnets from Taiwan*, 73 FR 53848, September 17, 2008.

¹² *Raw Flexible Magnets from China and Taiwan; Scheduling of Expedited Five-Year Reviews Concerning the Countervailing Duty Order of Raw Flexible Magnets from China and the Antidumping Duty Orders on Raw Flexible Magnets From China and Taiwan*, 78 FR 73561, December 6, 2013.

countervailable subsidies and dumping.¹³ On January 15, 2014, the Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable time.¹⁴ Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective February 5, 2014, Commerce issued a continuation of the countervailing duty order on imports of raw flexible magnets from China and the antidumping duty orders on imports of raw flexible magnets from China and Taiwan.¹⁵

PREVIOUS AND RELATED INVESTIGATIONS

Raw flexible magnets have 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 changed circumstances reviews, critical circumstances reviews, or issued anti-circumvention findings, since the completion of the last five-year reviews. In addition, Commerce has not issued any duty absorption findings or any company revocations since the imposition of the order.

Scope rulings

Commerce has issued 17 scope rulings regarding raw flexible magnets from China and Taiwan. Table I-2 lists Commerce's scope rulings.

¹³ *Raw Flexible Magnets from the People's Republic of China and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 78 FR 77423, December 23, 2013; and *Raw Flexible Magnets from the People's Republic of China: Final Results of Expedited Sunset Review*, 78 FR 77425, December 23, 2013.

¹⁴ *Raw Flexible Magnets from China and Taiwan*, 79 FR 3623, January 22, 2014.

¹⁵ *Raw Flexible Magnets from the People's Republic of China and Taiwan: Continuation of Antidumping and Countervailing Duty Orders*, 79 FR 6886, February 5, 2014.

**Table I-2
Raw flexible magnets: Commerce’s scope rulings**

Requestor	Product to be excluded	Commerce ruling	Federal Register cite
Target Corporation	Certain decorative retail magnets (for model numbers starting with DPCI0319- and ending with: 2052 and 2058)	Granted	74 FR 14521 March 31, 2009
	Certain decorative retail magnets (for model numbers starting with DPCI05319- and ending with: 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, and model number DPCI053230152)	Denied	
Direct Innovations	Certain decorative retail magnets	Denied	75 FR 14138 March 24, 2010
It’s Academic	It’s Academic’s magnets packages	Denied	75 FR 52311 August 25, 2010
	Magnets attached to printed cardboard and Magnets attached to layered cardboard-foam-cardboard	Granted	September 2, 2009 ¹
Medical Action Industries Inc.	Magnet with a Mark and Magnet Strip with a Groove	Denied	76 FR 73596 November 29, 2011
	Surgical Instrumental Drape	Granted	
InterDesign	Sixty raw flexible magnets	Granted	76 FR 73596 November 29, 2011
Smith-Western Company	Certain decorative refrigerator magnets	Granted	77 FR 9893 February 21, 2012
Jingzhou Meihou Flexible Co. Ltd and TyTek Industries, Inc.	Rolls of meter-side magnet sheeting, craft magnets, and door gasket extrusions	Denied	77 FR 9893 February 21, 2012
Accountrements LLC	Its mustache magnets	Granted	78 FR 9370 February 8, 2013
Qwik Picz Photo Booth LLC	Business Card Frame, Business Card Frame with Label, and Acrylic Frame	Granted	83 FR 23634 May 22, 2018
Anna Griffin Inc.	Magnetic sheets for metal paper-cutting dies	Granted	83 FR 26257 June 6, 2018
Tatco Product Inc.	Plastic pockets	Granted	84 FR 9295 March 14, 2019
	Non printed magnetic label holders	Denied	
	Magnetic label holder (with zebra print design)	Granted	
Omix-Ada, Inc.	Magnetic panel kits (2007– 2017 2-Door Jeep® Wrangler vehicles and 2007–2017 2-Door Jeep® Wrangler vehicles), which are imported by Omix-Ada and designed and fabricated to be affixed to the sides of Jeep® Wranglers to provide temporary protection when the vehicle is off-roading.	Denied	84 FR 9295 March 14, 2019

¹See Commerce memorandum entitled, “Raw Flexible Magnets from the People’s Republic of China; Scope Request from It’s Academic - Final Scope Determination in Part” dated September 2, 2009, https://www.usitc.gov/investigations/701731/2019/raw_flexible_magnets_china_and_taiwan/adequacy.htm, retrieved March 26, 2019.

Source: Cited *Federal Register* notices.

Section 301 proceeding

Section 301 of the Trade Act of 1974, as amended (“Trade Act”),¹⁶ authorizes USTR, at the direction of the President, to take appropriate action to respond to a foreign country’s unfair trade practices. On August 18, 2017, USTR initiated an investigation into certain acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation.¹⁷ On April 6, 2018, USTR published its determination that the acts, policies, and practices of China under investigation are unreasonable or discriminatory and burden or restrict U.S. commerce, and are thus actionable under Section 301(b) of the Trade Act.¹⁸ The USTR further determined that it was appropriate and feasible to take action and proposed the imposition of an additional 25 percent duty on products of China with an annual trade value of approximately \$50 billion. The additional 25 percent duty was issued in two tranches. Tranche 1 covered 818 tariff subheadings, with an approximate annual trade value of \$34 billion.¹⁹ Tranche 2 covered 279 tariff subheadings, with an approximate annual trade value of \$16 billion.²⁰

On September 21, 2018, USTR published a notice in the *Federal Register* modifying its prior action in accordance with the specific direction of the President under his authority pursuant to Section 307(a)(1) of the Trade Act, determining to include 5,745 full and partial tariff subheadings with an approximate annual trade value of \$200 billion, while maintaining the prior action (i.e., Tranche 3). At that time, USTR determined that the rate of additional duty to be initially 10 percent ad valorem, effective September 24, 2018, and that the rate of additional duty was to increase to 25 percent ad valorem on January 1, 2019.²¹ In a Federal Register notice published on December 19, 2018, USTR determined, in accordance with the direction of the President, to postpone the date on which the rate of the additional duties will increase to 25 percent for the products of China covered by the September 2018 Section 301 action. The rate of additional duty for the products covered by the September 2018 Section 301

¹⁶ 19 U.S.C. § 2411.

¹⁷ *Initiation of Section 301 Investigation; Hearing; and Request for Public Comments: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 82 FR 40213, August 24, 2017.

¹⁸ *Notice of Determination and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 14906, April 6, 2018.

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

²⁰ *Notice of Action Pursuant to Section 301: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 40823, August 16, 2018.

²¹ *Notice of Modification of Section 301 Action: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 47974, September 21, 2018.

action was scheduled to increase to 25 percent on March 2, 2019.²² In a Federal Register Notice published on March 5, 2019, rate of additional duty for the products covered by the September 2018 action was modified to remain at 10 percent until further notice.²³

Raw flexible magnets classified in HTS subheading 8505.19.10 were included in the list of articles subject to the additional 25-percent duties effective July 6, 2018, under Section 301 of the Trade Act of 1974.²⁴ Raw flexible magnets classified in HTS subheading 8505.19.20, were included in the list of articles subject to the additional 10-percent duties effective September 24, 2018, under Section 301 of the Trade Act of 1974.²⁵ See the section of this report entitled “Tariff treatment” for further information on HTS numbers applicable to raw flexible magnets subject to these reviews.

Current five-year reviews

Commerce is conducting expedited reviews with respect to the countervailing duty order on raw flexible magnets from China and the antidumping duty orders on raw flexible magnets from China and Taiwan. Commerce intends to issue the final results of these reviews based on the facts available not later than June 5, 2019.²⁶

THE PRODUCT

Commerce’s scope

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

The products covered by this order are certain flexible magnets regardless of shape,²⁷ color, or packaging.²⁸ Subject flexible magnets are bonded magnets composed (not necessarily exclusively) of (i) any one or combination of various flexible binders (such as polymers or co-polymers, or rubber) and (ii) a magnetic element, which may consist of a

²² *Notice of Modification of Section 301 Action: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 65198, December 19, 2019.

²³ *Notice of Modification of Section 301 Action: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 7966, March 5, 2019.

²⁴ *Notice of Action and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 28710, June 20, 2018.

²⁵ *Notice of Modification of Section 301 Action: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 47974, September 21, 2018.

²⁶ *Letter from Abdelali Elouaradia, Director Office IV, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Nannette Christ*, March 20, 2019.

²⁷ The term “shape” includes, but is not limited to profiles, which are flexible magnets with a non-rectangular cross-section.

²⁸ Packaging includes retail or specialty packaging such as digital printer cartridges.

ferrite permanent magnet material (commonly, strontium or barium ferrite, or a combination of the two), a metal alloy (such as NdFeB or Alnico), any combination of the foregoing with each other or any other material, or any other material capable of being permanently magnetized.

Subject flexible magnets may be in either magnetized or unmagnetized (including demagnetized) condition, and may or may not be fully or partially laminated or fully or partially bonded with paper, plastic, or other material, of any composition and/or color. Subject flexible magnets may be uncoated or may be coated with an adhesive or any other coating or combination of coatings.

Specifically excluded from the scope of this order are printed flexible magnets, defined as flexible magnets (including individual magnets) that are laminated or bonded with paper, plastic, or other material if such paper, plastic, or other material bears printed text and/or images, including but not limited to business cards, calendars, poetry, sports event schedules, business promotions, decorative motifs, and the like. This exclusion does not apply to such printed flexible magnets if the printing concerned consists of only the following: a trade mark or trade name; country of origin; border, stripes, or lines; any printing that is removed in the course of cutting and/or printing magnets for retail sale or other disposition from the flexible magnet; manufacturing or use instructions (e.g., “print this side up,” “this side up,” “lamine here”); printing on adhesive backing (that is, material to be removed in order to expose adhesive for use such as application of laminate) or on any other covering that is removed from the flexible magnet prior or subsequent to final printing and before use; non– permanent printing (that is, printing in a medium that facilitates easy removal, permitting the flexible magnet to be re–printed); printing on the back (magnetic) side; or any combination of the above.

All products meeting the physical description of subject merchandise that are not specifically excluded are within the scope of these orders. The products subject to the orders are currently classifiable principally under subheadings 8505.19.10 and 8505.19.20 of the Harmonized Tariff Schedule of the United States (“HTSUS”) The HTSUS subheadings are provided only for convenience and customs purposes; the written description of the scope of the orders is dispositive.²⁹

²⁹ *Initiation of Five-Year (Sunset) Reviews*, 84 FR 1705, February 5, 2019; and *Raw Flexible Magnets from the People’s Republic of China and Taiwan: Continuation of Antidumping and Countervailing Duty Orders*, 79 FR 6886, February 5, 2014. Commerce issued several scope rulings subsequent to its continuation of the orders, see table I-2, but these scope rulings did not affect the scope of the investigation.

U.S. tariff treatment

Raw flexible magnets are currently provided for in 8505.19.10 (flexible magnets) and 8505.19.20 (composite good containing flexible magnets). Raw flexible magnets imported from China and Taiwan enter the U.S. market at a column 1-general duty rate of 4.9 percent. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Description and uses³⁰

Flexible magnets are permanent magnets that can be twisted, bent, slit, punched, coiled, and otherwise molded into any shape without loss of magnetic properties. Raw flexible magnets³¹ consist of sheet (or sheeting), strip, and thermoplastic profile shapes, typically of uniform thickness and surface finish. Figure I-1 presents a depiction of various types of sheet, strip, and profile shape flexible magnets produced by Magnum.

Figure I-1
Raw flexible magnets: Product forms



Source: Magnum Magnetics Website, https://www.magnummagnetics.com/resources/file/PDF/sellsheets/Clean_Care.pdf, retrieved March 18, 2019.

³⁰ Unless otherwise noted, this information is based on *Raw Flexible Magnets From China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, USITC Publication 4030, August 2008, pp. I-7 –I-9.

³¹ “Raw flexible magnets” is a term adopted for the purposes of these investigations to distinguish between the unprinted products of raw magnet producers such as Magnum and Flexmag and the printed magnets and other products of their non-distributor customers.

Magnetic sheet is characterized as “(s)heets of material that are highly flexible and have permanent magnetic properties.”³² Sheet, which is generally (but not exclusively) produced by the calendaring process described below, is the widest form of raw flexible magnet, typically available in widths up to approximately 24 inches. Flexible magnetic strips are dimensionally narrower than sheet. According to testimony at the staff conference, “(s)trips may be produced by cutting sheets into much narrower products, or they may be made by extruding the materials to its final dimension. Thicker strips typically are extruded.” Finally, profile shapes are flexible magnets that are not square or rectangular in cross section.³³ Thermoplastic profile shapes are manufactured exclusively by the extrusion method.

In general, flexible magnets are used in a number of applications such as refrigerator door gaskets; magnetic car and safety signs; direct mail promotional items; magnetic business cards; advertising signs; calendars; nameplates; and toys and games. The key physical characteristics and similarities among all flexible magnets include magnetism, thinness, flexibility, lightness of weight, and ease of cutting. Raw flexible magnet profile shapes are used in the production of commercial products such as refrigerator doors, shower doors, and merchandise exhibits. Raw flexible magnetic sheet and strip are typically used to produce refrigerator magnets, magnetic photo pockets,³⁴ magnetic business cards such as used by real-estate agents in promotional applications, and label holders for metal shelving.

Manufacturing process³⁵

Raw flexible magnets are manufactured by consolidating a mixture (in either granular or slurry form) of magnetic ferrite powders such as strontium or barium³⁶ with a flexible resin binder (polymer), then transferring the mixture to one of several varieties of forming processes

³² During the Commission’s hearing, “permanent magnetic properties” were defined as “capable of being permanently magnetized by exposure to a strong magnetic field.” Further, “. . . when the field is removed the material retains the magnetic force, enabling the material to hold itself to a metallic surface.”

³³ Examples include label holders on metal shelving and magnetic pencil holders with a slot for the pencil.

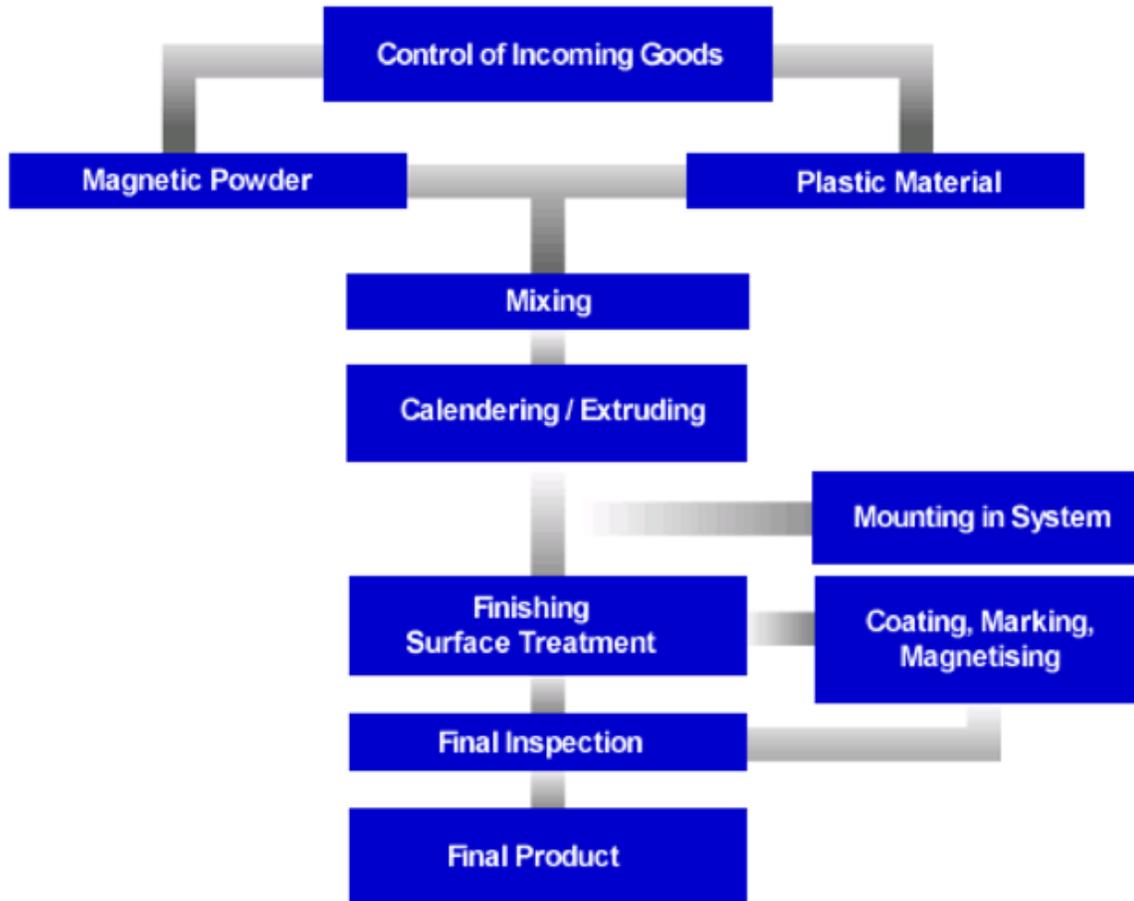
³⁴ “Magnetic photo pockets are a laminated vinyl plastic pocket attached to a magnetic sheet, designed to protect the photo from dust, dirt, and the harmful effects of UV light.” According to Magnum, photo pockets also enable customers to attach other ‘loose’ materials to metal surfaces, serving the same function as a refrigerator magnet.

³⁵ Unless otherwise noted, this information is based on *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, USITC Publication 4030, August 2008, pp. I-9 through I-11.

³⁶ In the original investigations, U.S. production of flexible magnets consisted chiefly of strontium ferrites due to the low-cost and toxicity associated with barium ferrites. Other magnetic material can be substituted for the strontium or barium ferrites if significantly higher energy is required. As of the original investigations, U.S. producer Electrodyne, specialized in these products.

(namely calendaring, coating, or extrusion). The product - in sheet form, narrower strip form, or as a profile shape - is finished and prepared for shipment, typically in rolls or coils (Figure I-2).

Figure I-2
Raw flexible magnets: Manufacturing process



Source: *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, USITC Publication 4030, August 2008, figure I-2.

In the calendaring process, the magnetic particulate (a mixture of ferrite metals and resins) is fed through a calendar, where it is pressed between two large rotating steel rolls to create magnetic sheets or strip of uniform thickness and surface finish.³⁷ In the extrusion process, the magnetic particulate is forced through a shaped die to create rectangular or square sheets, strips, or other profile shapes. In the coating process the magnetic material is coated

³⁷ A calender is a machine consisting of metal rolls in a stack that are used for applying pressure to smooth paper and other materials.

onto a carrier material such as paper, using a slot die or similar coating method. These materials are then cut,³⁸ scored,³⁹ slit,⁴⁰ or die-cut⁴¹ into many different sizes. Some types of flexible magnet sheeting are laminated⁴² with paper or plastic (typically white, but can be any color), or are coated with an adhesive (in most cases a pre-printed or decorated laminate) or other material.⁴³ A minority of flexible magnets is shipped in rolls or coils, but the manufacturer cuts most magnetic sheeting into various sized (widths and lengths) sheets to be shipped in stacks to the customer or distributor.

In the original investigations, Magnum reported that slitting might add approximately *** percent value to the product by a converter; however, Magnum typically charged customers *** for most of its slitting. Likewise, Magnum typically charged *** for cutting operations, whereas converters might add *** percent of the value in their cutting operations. For extrusions and small pieces of sheeting, cutting is done on a punch press and can add *** percent in value. Likewise, scoring can add *** percent of the value if the score is down the length of the web, as with slitting, or it can add *** percent of the value if the score must be done across the width of the magnet with a punch press (as with cutting), depending on the distance between “scores.” Die cutting may add *** percent of the value, depending on the method used and the size of the piece: a punch press with a steel-rule die or by creating “score” lines within a die cut piece. According to Magnum, in some cases, one or more of the steps can be combined for a single product, resulting in cumulated added values from each step. Slitting, cutting, and scoring, for example, can be combined resulting in cumulated added values.

³⁸ Cutting typically involves large sheets or rolls and is customarily performed on a punch press.

³⁹ Scoring a magnet takes place when a cut is not made through the entire magnet, enabling it to remain in a larger piece or roll for packaging and ease of process for the customer. This process typically takes place via a punch press and is considered a value-added service.

⁴⁰ Slitting refers to slicing the magnet along the length of the roll. Slitting is not always considered a value added service by the manufacturer.

⁴¹ Die-cutting typically is performed on a punch press with a steel rule die. A die-cut is employed in individual magnet pieces cut into precise dimensions. Die-cutting can also create “score” lines within the die cut piece to permit easy removal of separate magnet pieces after further processing by the customer. The use of die-cutting is a value added service employed by the producer.

⁴² Laminating typically is completed by the magnet producer or by a printer and refers to the process for adhering any flat film, paper, or adhesive to the magnet.

⁴³ Flexible magnets may be “back coated” with a smooth substance in order to cause sheets of the material to pass more readily over each other when being fed into printing equipment and also to prevent blocking or “bricking” of stacks of raw flexible magnetic sheets in the printing process. Blocking or bricking occurs when “the magnet, or part of a roll or stack of raw flexible magnet sheets, does not feed smoothly into printing, cutting, or feeding equipment, but, instead, the layers or sheets stick together, causing interruption of the process.” Causes include storage in conditions of elevated heat or humidity, use of a binder polymer that may cause some adherence of the sheets to each other, and the cumulative weight of stacked magnets may press individual sheets together. Although back coating is relatively inexpensive compared with the cost of laminating or applying an adhesive, some customers may prefer delivery of the raw flexible magnets without a back coating because back coating may not be compatible with the adhesive or laminate preferred by the customer.

Further value can be added by processing the raw flexible magnets into photo pockets.⁴⁴ Die-cutting, meanwhile, is typically not combined with any other type of converting.⁴⁵

According to Magnum, in describing its value-added operations, most laminating is done by the flexible magnet manufacturer or printer, not by a converter. A converter's laminating operations would generally be limited to 60-mil 3 inch wide extrusions, and most commonly would involve adding an adhesive backing to the magnet, resulting in added value of approximately *** percent. Laminating is only performed on a small range of products by converters but is performed by Magnum on its products.⁴⁶

Raw flexible magnets can be magnetized by either the producer at various stages of the manufacturing process or by the customer, depending on the particular customer's material handling needs. There are no particular handling precautions that have to be taken with flexible magnets since they are relatively weak magnetically, are not brittle, and can be used up to temperatures of *** degrees centigrade or more.⁴⁷

THE INDUSTRY IN THE UNITED STATES

U.S. producers

During the final phase of the original investigations, the Commission received U.S. producer questionnaires from *** firms, which accounted for 95 percent of production of raw flexible magnets in the United States during 2007.⁴⁸

During the expedited first five-year reviews, the Commission received one response to the notice of institution from *** firms, which accounted for approximately *** percent of production of raw flexible magnets in the United States during 2012.⁴⁹

In response to the Commission's notice of institution in these current reviews, domestic interested parties provided a list of five known and currently operating U.S. producers of raw flexible magnets, Magnum, Flexmag Industries, Inc., ILPEA Industries, Inc., The Electrodyne Company, and Magnet Technology.⁵⁰

⁴⁴ Magnetic photo pockets are formed by "bonding two different pieces of plastic material to the flexible magnet substrate to form a pocket into which a photograph may be inserted."

⁴⁵ *Raw Flexible Magnets from China and Taiwan—Staff Report*, INV-FF-087, p. I-13–14.

⁴⁶ *Raw Flexible Magnets from China and Taiwan—Staff Report*, INV-FF-087, p. I-14.

⁴⁷ *Ibid.*

⁴⁸ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, Staff Report, INV-FF-087, June 30, 2008, pp. I-4 and III-1.

⁴⁹ *Investigation Nos. 701-TA-452 and 731-TA-1129-1130 (Review): Raw Flexible Magnets from China and Taiwan—Staff Report*, INV-LL-116, December 18, 2013, p. I-17.

⁵⁰ Domestic interested parties' response to the notice of institution, February 6, 2019, Exhibit 14.

Recent developments

Since the Commission's last five-year reviews, the following developments have occurred in the raw flexible magnet industry. Domestic interested parties report that U.S. raw flexible magnet demand is driven by overall economic trends and the real estate market, though recent demand growth has "been slower than that of the economy generally."⁵¹ The factors that have contributed to the slow demand growth have been "softness" in the U.S. economy and the real estate market in particular U.S. regions, less demand for magnets for inclusion with printed phone directories, and legal changes related to gifts to physicians by pharmaceutical companies."⁵² Domestic interested parties indicated that pharmaceutical gifts and telephone directory markets are previously significant market segments that have substantially declined.⁵³ Overall, however, they indicate that the general distribution of demand by end-use has not significantly changed, though shipments to printers may have become even more important.⁵⁴

The five known and currently operating U.S. producers of raw flexible magnets identified by the domestic interested parties were also listed as producers in the last five-year reviews. A sixth firm, MagneCote, was also identified by producers in the last five-year review, but not in the current reviews.⁵⁵ Nekooska Coated Products⁵⁶ acquired the MagneCote business from MagnetNotes LLC in 2013, and indicated that it planned to move production to a subsidiary in Lakewood, New Jersey.⁵⁷ Nekoosa Coated Products identifies the MagneCote product as a "premagnetized paper."⁵⁸

⁵¹ Ibid.

⁵² Domestic interested parties' response to the notice of institution, February 6, 2019, pp. 19–20.

⁵³ Domestic interested parties' response to the notice of institution, February 6, 2019, p. 20.

⁵⁴ Ibid.

⁵⁵ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, USITC Publication 4030, August 2008, p. I–12; and Domestic interested parties' response to the notice of institution, February 6, 2019, Exhibit 14.

⁵⁶ Nekoosa was acquired by Sentinel Capital Partners in November 2017. Nekooska Coated Products, "Sentinel Capital Partners Acquires Nekoosa," November 1, 2017, <http://www.nekoosacoated.com/WhatsNew/Sentinel-Capital-Partners-Acquires-Nekoosa.aspx>, retrieved March 4, 2019.

⁵⁷ Nekooska Coated Products, "Nekoosa Holdings, Inc. Acquires the MagneCote Business," News release, September 25, 2013, <http://www.nekoosacoated.com/Making-Waves/Nekoosa-Holdings,-Inc--Acquires-MagneCote-Bus.aspx>, retrieved March 4, 2019.

⁵⁸ Nekooska Coated Products website, <http://www.nekoosacoated.com/Category/MagneCote.aspx>, retrieved March 4, 2019.

U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year reviews.⁵⁹ 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.

Since the previous reviews, the domestic raw flexible magnets industry has stabilized allowing domestic producers the ability to make capital investments in new production equipment and expand capacity.⁶⁰ The domestic interested parties note production and sales volumes have remained relatively stable, due in part to decreasing demand for certain advertising magnets as a result of the rise in digital media.⁶¹ They also note that inventories are ***.⁶²

⁵⁹ Individual company trade and financial data are presented in app. B.

⁶⁰ Domestic interested parties' response to the notice of institution, February 6, 2019, p. 10.

⁶¹ Ibid.

⁶² Ibid.

Table I-3**Raw flexible magnets: Trade and financial data submitted by U.S. producers, 2007, 2012 and 2018**

Item	2007	2012	2018
Capacity (1,000 pounds)	154,696	***	***
Production (1,000 pounds)	75,007	***	***
Capacity utilization (percent)	48.5	***	***
Total U.S. shipments:			
Quantity (1,000 pounds)	70,401	***	***
Value (\$1,000)	79,217	***	***
Unit value (per 1,000 pounds)	\$1.13	\$***	\$***
Net sales (\$1,000)	85,819	***	***
COGS (\$1,000)	67,995	***	***
COGS/net sales	79.2	***	***
Gross profit or (loss) (\$1,000)	17,823	***	***
SG&A expenses (loss) (\$1,000)	13,354	***	***
Operating income/(loss) (\$1,000)	4,470	***	***
Operating income (loss)/net sales (percent)	5.2	***	***

Note.— In the original investigations, U.S. producer questionnaires were submitted by *** believed to account for over 95 percent of U.S. production of raw flexible magnets during 2007. In the first five-year reviews, *** and Magnum responded to the Commission’s notice of institution and believed to account for *** percent of U.S. production of raw flexible magnets during 2012. In these current reviews, the domestic interested parties believed to account for *** percent of U.S. production of raw flexible magnets during 2018. *Raw Flexible Magnets from China and Taiwan—Staff Report*, INV-FF-087, p. III-1 and table III-1; *Investigation Nos. 701-TA-452 and 731-TA-1129-1130 (Review): Raw Flexible Magnets from China and Taiwan—Staff Report*, INV-LL-116, December 18, 2013, p. I-17; and Domestic interested parties’ revised response to the notice of institution, February 7, 2019, p. 30.

Source: For the years 2007 and 2012, data are compiled using data submitted in the Commission’s original investigations and first five-year reviews. See *app. C*. For the year 2018, data are compiled using data submitted by domestic interested parties. Domestic interested parties’ response to the notice of institution, February 6, 2019, exh. 3; and Domestic interested parties’ revised response to the notice of institution, February 7, 2019, p. 5.

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.⁶³

⁶³ Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

In its original and expedited first five-year review determinations, the Commission defined a single domestic like product, consisting of raw flexible magnets coextensive with the scope of the investigations.⁶⁴

In its original and prior five-year review determinations, the Commission defined the domestic industry as all U.S. producers of the domestic like product.⁶⁵

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 as stated in the last five-year reviews.⁶⁶ The domestic interested parties did not cite any potential related parties issues and agreed with the Commission's prior definition of the domestic industry.⁶⁷

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 42 firms, which accounted for over 95 percent of total U.S. imports of raw flexible magnets during 2007.⁶⁸ In the expedited first five-year reviews, the domestic interested parties identified two potential importers of raw flexible magnets from China and Taiwan.⁶⁹

Although the Commission did not receive responses from any respondent interested parties in these current reviews, in its response to the Commission's notice of institution, the domestic interested parties provided a list of two potential U.S. importers of raw flexible magnets.⁷⁰

⁶⁴ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, USITC Publication 4030, August 2008, p. 7; and *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Review)*, USITC Publication 4449, January 2014, pp. 5-6.

⁶⁵ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, USITC Publication 4030, August 2008, p. 9; and *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Review)*, USITC Publication 4449, January 2014, p. 6.

⁶⁶ Domestic interested parties' response to the notice of institution, February 6, 2019, p. 15.

⁶⁷ *Ibid.*

⁶⁸ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, USITC Publication 4030, August 2008, p. IV-1.

⁶⁹ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Review)*, USITC Publication 4449, January 2014, pp. I-13-I-14.

⁷⁰ Domestic interested parties' response to the notice of institution, February 6, 2019, pp. 32-33.

U.S. imports⁷¹

The domestic interested parties reported that there has been very little to no imports of subject merchandise from China or Taiwan since the previous five-year reviews.⁷² In addition, the domestic interested parties note various scope requests indicate companies may have imported samples of raw flexible magnets before becoming aware such merchandise is subject to orders.⁷³

Apparent U.S. consumption and market shares

During the original investigations, apparent consumption decreased from 85.6 million pounds in 2005 to 78.4 million pounds in 2007.⁷⁴ In its original determinations, the Commission found that demand for raw flexible magnets is closely linked to the demand for the end-use products, such as promotional materials, magnetic signs, and refrigerator gaskets, in which they are incorporated. Magnum indicated that demand for raw flexible magnets tends to track changes in the U.S. economy in general and in particular the U.S. real estate market.⁷⁵

In the expedited first five-year reviews, the domestic interested parties reported that the antidumping and countervailing duty orders allowed the domestic industry to survive the recession and to *** production and profitability.⁷⁶

In the current five-year reviews the domestic interested parties report little growth in the last five-years and note that ***.⁷⁷ The domestic interested parties note the demand for raw flexible magnets generally follows trends for the overall U.S. economy especially the real estate market; they also state that there has been a loss in demand for certain kinds of advertising magnets in part due to displacement by digital media.⁷⁸

⁷¹ Import data are not available for the current reviews. In the original investigations, U.S. import data were based on questionnaire responses, which collected quantity data in 1,000 pounds. Official import statistics cannot be relied upon to disclose amounts of or trends in subject imports because (1) the Harmonized Tariff Schedule of the United States subheadings in question also cover substantial nonsubject imports within their scope and (2) the unit of quantity specified in the HTS for reporting subject merchandise under these subheadings is “number” whereas the Commission relied upon quantity measured in 1,000 pounds.

⁷² This statement is based on domestic interested parties’ market intelligence reports and compilations of vessel manifest information. Domestic interested parties’ response to the notice of institution, February 6, 2019, pp. 5, 22.

⁷³ Domestic interested parties’ response to the notice of institution, February 6, 2019, p. 32.

⁷⁴ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, USITC Publication 4030, August 2008, table C-1.

⁷⁵ *Ibid.*

⁷⁶ *Investigation Nos. 701-TA-452 and 731-TA-1129-1130 (Review): Raw Flexible Magnets from China and Taiwan—Staff Report*, INV-LL-116, December 18, 2013, pp. I-22-I-23.

⁷⁷ Domestic interested parties’ response to the notice of institution, February 6, 2019, p. 34.

⁷⁸ Domestic interested parties’ response to the notice of institution, February 6, 2019, pp. 10 and 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.⁷⁹

In the original investigations, the Commission found raw flexible magnets from China and Taiwan to be significantly fungible, consisting of sheeting, strips, and profile shapes manufactured using the same calendaring process.⁸⁰ Despite some differences in the channels of distribution, subject imports and the domestic like product were found to have geographic overlap during the original investigations.⁸¹

In the first five-year reviews, the Commission found imports from China and Taiwan would likely have no discernible adverse impact on the domestic industry in the event of revocation.⁸² The Commission found “likely reasonable overlap of competition between and among subject imports from each subject country and the domestic like product if the orders under review were revoked”.⁸³

Since imposition of the orders, imports of raw flexible magnets from China and Taiwan have declined significantly. The domestic interested parties note that raw flexible magnet producers in China and Taiwan are export oriented and have continued to show interest in the U.S. market.⁸⁴ The domestic interested parties also report that the U.S. raw flexible magnet market continues to be an unsegmented national market.⁸⁵

THE INDUSTRY IN CHINA

During the original investigations, the Commission received foreign producer/exporter questionnaires from three firms, which accounted for approximately *** percent of production

⁷⁹ In addition, available information concerning subject country producers and the global market is presented in the next section of this report.

⁸⁰ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Final)*, USITC Publication 4030, August 2008, pp. 11-12.

⁸¹ *Ibid.*

⁸² *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Review)*, USITC Publication 4449, January 2014, p. 8.

⁸³ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Review)*, USITC Publication 4449, January 2014, p. 11.

⁸⁴ Domestic interested parties’ response to the notice of institution, February 6, 2019, pp. 17-18.

⁸⁵ Domestic interested parties’ response to the notice of institution, February 6, 2019, p. 18.

of raw flexible magnets from China during 2007, and most exports from China to the United States during 2007.⁸⁶

The Commission did not receive responses from any respondent interested party in its first five-year reviews. Domestic interested parties provided a list of 30 firms they believed produced raw flexible magnets in China.⁸⁷

In these current reviews, the Commission did not receive any response from a respondent interested party to the notice of institution. The domestic interested parties identified 13 Chinese producers/exporters of raw flexible magnets.⁸⁸

China is the leading global permanent magnet producer (including nonsubject products), accounting for 65–70 percent of global production of ferrite magnets and 70–75 percent of production of Neodymium Iron Boron (NdFeB) magnets, according to a January 2019 presentation.⁸⁹ A January 2017 presentation listed China's share of global ferrite magnet production at more than 75 percent, and its share of global NdFeB production at more than 80 percent.⁹⁰ China's permanent magnet (including nonsubject products) industry's capacity utilization rate was less than 60 percent, according to a January 2015 presentation.⁹¹

Since no Chinese producers responded to the notice of institution, no further data are available specific to the production or capacity of subject raw flexible magnets from China.⁹²

THE INDUSTRY IN TAIWAN

During the final phase of the original investigations, the Commission received foreign producer/exporter questionnaires from two firms, which accounted for approximately *** percent of production of raw flexible magnets from Taiwan during 2007 and these two firms

⁸⁶ *Raw Flexible Magnets from China and Taiwan—Staff Report*, INV-FF-087, July 30, 2008. pp. VII-1-VII-2

⁸⁷ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Review)*, USITC Publication 4449, January 2014, p. I-16.

⁸⁸ Domestic interested parties' response to the notice of institution, February 6, 2018, Exhibit 12.

⁸⁹ Benecki, Walter T., "The Future of the Permanent Magnet Industry," January 12, 2019, p. 15, http://www.waltbenecki.com/uploads/The_Future_of_The_Magnet_Industry.pdf, retrieved March 11, 2019.

⁹⁰ Benecki, Walt, "More Than You Ever Wanted to Know About the Permanent Magnet Industry!" January 2017, p. 7, http://www.waltbenecki.com/uploads/more_than_you_ever_wanted_to_know.pdf, retrieved March 11, 2019.

⁹¹ Benecki, Walt, "The Chinese Challenge to Hitachi's NdFeB Patents and the Potential Implications for the U.S. Marketplace," *Magnetics 2015*, January 22, 2015, p. 7, http://www.waltbenecki.com/uploads/The_Chinese_Challenge_to_Hitachis_NdFeB_Patents_and_the_PotentialImplications_for_the_US_Marketplace.pdf (accessed March 11, 2019).

⁹² Global Trade Information Services, Inc., *Global Trade Atlas*, data under HTS subheading 8505.19 includes substantial quantities of magnets that are not covered by the scope of these reviews. Therefore, these data would overstate raw flexible export data.

were the only firms identified by importer questionnaire responses as their supplier during the period for which data were gathered.^{93 94}

Although the Commission did not receive responses from any respondent interested parties in its first five-year reviews, the domestic interested parties provided a list of 12 firms that they believe currently produce raw flexible magnets in Taiwan.⁹⁵ In these current reviews, the Commission did not receive any responses to the notice of institution. The domestic interested parties identified seven Taiwanese producers/exporters.⁹⁶

Since no Taiwanese producers responded to the notice of institution, no further data are available specific to the production or capacity of subject raw flexible magnets from Taiwan.⁹⁷

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

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

THE GLOBAL MARKET

The global permanent magnet market (including non-subject products) increased from less than \$15 billion in 2015 to \$20 billion in 2016, then declined to \$18.9 billion in 2018.⁹⁸ NdFeB magnets accounted for 59 percent of the market by value in 2018, while ferrite magnets

⁹³ *Raw Flexible Magnets from China and Taiwan—Staff Report*, INV-FF-087, July 30, 2008. p. VII-9.

⁹⁴ In its questionnaire response Jasdi estimated that it accounted for *** percent of exports to the United States. *** exports to the United States were equivalent to *** percent of imports suggesting its estimated share of exports to the United States was ***. Magruba claimed to account for *** percent of exports to the United States in 2007. *Raw Flexible Magnets from China and Taiwan—Staff Report*, INV-FF-087, July 30, 2008, p. VII-9.

⁹⁵ *Raw Flexible Magnets from China and Taiwan, Inv. Nos. 701-TA-452 and 731-TA-1129-1130 (Review)*, USITC Publication 4449, January 2014, p. I-16.

⁹⁶ Domestic interested parties' response to the notice of institution, February 6, 2018, Exhibit 13.

⁹⁷ Global Trade Information Services, Inc., Global Trade Atlas, data under HTS subheading 8505.19 includes substantial quantities of magnets that are not covered by the scope of these reviews. Therefore, these data would overstate export data.

⁹⁸ A comparable market value for 2017 was not available. Benecki, Walter T., "The Future of the Permanent Magnet Industry," January 12, 2019, pp. 4–5, http://www.waltbenecki.com/uploads/The_Future_of_The_Magnet_Industry.pdf, retrieved March 11, 2019; Benecki, Walter T., "More Than You Ever Wanted to Know About the Permanent Magnet Industry!" January 2017, p. 2, http://www.waltbenecki.com/uploads/more_than_you_ever_wanted_to_know.pdf, retrieved March 11, 2019.

accounted for 82 percent of the market by volume.⁹⁹ Advertising and promotional products account for about 5 percent of the global market by weight, or about 33.3 tons in 2016.¹⁰⁰

China is the leading global permanent magnet producer, accounting for “65–70 percent of global ferrite magnet production” and “70–75 percent of global NdFeB magnet production,” according to a January 2019 presentation.¹⁰¹

⁹⁹ Benecki, Walter T., “The Future of the Permanent Magnet Industry,” January 12, 2019, p. 5, http://www.waltbenecki.com/uploads/The_Future_of_The_Magnet_Industry.pdf, retrieved March 11, 2019.

¹⁰⁰ Benecki, Walt, “More Than You Ever Wanted to Know About the Permanent Magnet Industry!” January 2017, pp. 2, 22, http://www.waltbenecki.com/uploads/more_than_you_ever_wanted_to_know.pdf, retrieved March 11, 2019.

¹⁰¹ Benecki, Walter T., “The Future of the Permanent Magnet Industry,” January 12, 2019, p. 15, http://www.waltbenecki.com/uploads/The_Future_of_The_Magnet_Industry.pdf, retrieved March 11, 2019.

APPENDIX A

FEDERAL REGISTER NOTICES

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

Citation	Title	Link
84 FR 8 January 2, 2019	<i>Raw Flexible Magnets from China and Taiwan; Institution of Five-Year Reviews</i>	https://www.govinfo.gov/content/pkg/FR-2019-01-02/pdf/2018-28271.pdf
84 FR 1705 February 5, 2019	<i>Initiation of Five-Year (Sunset) Reviews</i>	https://www.govinfo.gov/content/pkg/FR-2019-02-05/pdf/2019-01271.pdf

APPENDIX B
COMPANY-SPECIFIC DATA

* * * * *

APPENDIX C

SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS

Table C-1

Raw flexible magnets: Summary data concerning the U.S. market, 2005-07, January-March 2007, and January-March 2008

(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			
	2005	2006	2007	January-March		2005-07	2005-06	2006-07	Jan.-Mar.
				2007	2008				2007-08
U.S. consumption quantity:									
Amount	85,571	89,110	78,399	19,152	17,213	-8.4	4.1	-12.0	-10.1
Producers' share (1)	95.6	93.9	89.8	92.6	93.0	-5.8	-1.7	-4.1	0.4
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	4.4	6.1	10.2	7.4	7.0	5.8	1.7	4.1	-0.4
U.S. consumption value:									
Amount	91,869	95,465	86,699	20,156	18,298	-5.6	3.9	-9.2	-9.2
Producers' share (1)	95.1	93.5	91.4	91.3	93.6	-3.7	-1.6	-2.1	2.3
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	4.9	6.5	8.6	8.7	6.4	3.7	1.6	2.1	-2.3
U.S. shipments of imports from:									
China:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Taiwan:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	3,806	5,473	7,997	1,413	1,196	110.2	43.8	46.1	-15.3
Value	4,518	6,230	7,482	1,751	1,165	65.6	37.9	20.1	-33.4
Unit value	\$1.19	\$1.14	\$0.94	\$1.24	\$0.97	-21.2	-4.1	-17.8	-21.4
Ending inventory quantity	969	1,153	2,041	1,130	1,122	110.7	19.0	77.0	-0.7
U.S. producers':									
Average capacity quantity	131,003	153,196	154,696	38,292	38,672	18.1	16.9	1.0	1.0
Production quantity	87,527	88,385	75,007	18,859	16,626	-14.3	1.0	-15.1	-11.8
Capacity utilization (1)	66.8	57.7	48.5	49.3	43.0	-18.3	-9.1	-9.2	-6.3
U.S. shipments:									
Quantity	81,765	83,637	70,401	17,739	16,017	-13.9	2.3	-15.8	-9.7
Value	87,351	89,235	79,217	18,405	17,133	-9.3	2.2	-11.2	-6.9
Unit value	\$1.07	\$1.07	\$1.13	\$1.04	\$1.07	5.3	-0.1	5.5	3.1
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	386	388	329	326	289	-14.9	0.5	-15.3	-11.3
Hours worked (1,000s)	828	750	674	184	165	-18.6	-9.4	-10.1	-10.6
Wages paid (\$1,000s)	11,370	11,546	10,479	2,679	2,553	-7.8	1.5	-9.2	-4.7
Hourly wages	\$13.73	\$15.39	\$15.54	\$14.56	\$15.52	13.2	12.1	1.0	6.6
Productivity (pounds per hour)	103.1	113.7	107.4	100.1	96.8	4.2	10.3	-5.6	-3.3
Unit labor costs	\$0.13	\$0.14	\$0.14	\$0.15	\$0.16	8.7	1.6	6.9	10.3
Net sales:									
Quantity	86,609	89,077	75,118	***	***	-13.3	2.8	-15.7	***
Value	93,670	96,738	85,819	***	***	-8.4	3.3	-11.3	***
Unit value	\$1.08	\$1.09	\$1.14	***	***	5.6	0.4	5.2	***
Cost of goods sold (COGS)	76,522	78,008	67,995	***	***	-11.1	1.9	-12.8	***
Gross profit or (loss)	17,148	18,730	17,823	***	***	3.9	9.2	-4.8	***
SG&A expenses	16,629	15,111	13,354	***	***	-19.7	-9.1	-11.6	***
Operating income or (loss)	519	3,619	4,470	***	***	762.0	598.1	23.5	***
Capital expenditures	13,879	7,026	1,856	***	***	-86.6	-49.4	-73.6	***
Unit COGS	\$0.88	\$0.88	\$0.91	***	***	2.4	-0.9	3.4	***
Unit SG&A expenses	\$0.19	\$0.17	\$0.18	***	***	-7.4	-11.6	4.8	***
Unit operating income or (loss)	\$0.01	\$0.04	\$0.06	***	***	893.9	578.7	46.4	***
COGS/sales (1)	81.7	80.6	79.2	***	***	-2.5	-1.1	-1.4	***
Operating income or (loss)/ sales (1)	0.6	3.7	5.2	***	***	4.7	3.2	1.5	***

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

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.

Table C-2

Raw flexible magnets: Summary data concerning the U.S. merchant market, 2005-07, January-March 2007, and January-March 2008

(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			
	2005	2006	2007	January-March		2005-07	2005-06	2006-07	Jan.-Mar. 2007-08
				2007	2008				
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from:									
China:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Taiwan:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	3,806	5,473	7,997	1,413	1,196	110.2	43.8	46.1	-15.3
Value	4,518	6,230	7,482	1,751	1,165	65.6	37.9	20.1	-33.4
Unit value	\$1.19	\$1.14	\$0.94	\$1.24	\$0.97	-21.2	-4.1	-17.8	-21.4
Ending inventory quantity	969	1,153	2,041	1,130	1,122	110.7	19.0	77.0	-0.7
U.S. producers':									
U.S. merchant market shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS):									
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***

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

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.

Table C-3
Raw flexible magnets: Summary data concerning the U.S. captive market, 2005-07, January-March 2007, and January-March 2008

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APPENDIX D
PURCHASER QUESTIONNAIRE RESPONSES

As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following four firms as the top purchasers of raw flexible magnets: ***. Purchaser questionnaires were sent to these four firms and two firms (***) provided responses which are presented below.

1. Have there been any significant changes in the supply and demand conditions for raw flexible magnets that have occurred in the United States or in the market for raw flexible magnets in China and Taiwan since January 1, 2014?

Purchaser	Changes that have occurred
***	No
***	No

2. Do you anticipate any significant changes in the supply and demand conditions for raw flexible magnets in the United States or in the market for raw flexible magnets in China and Taiwan within a reasonably foreseeable time?

Purchaser	Anticipated changes
***	No
***	No

