

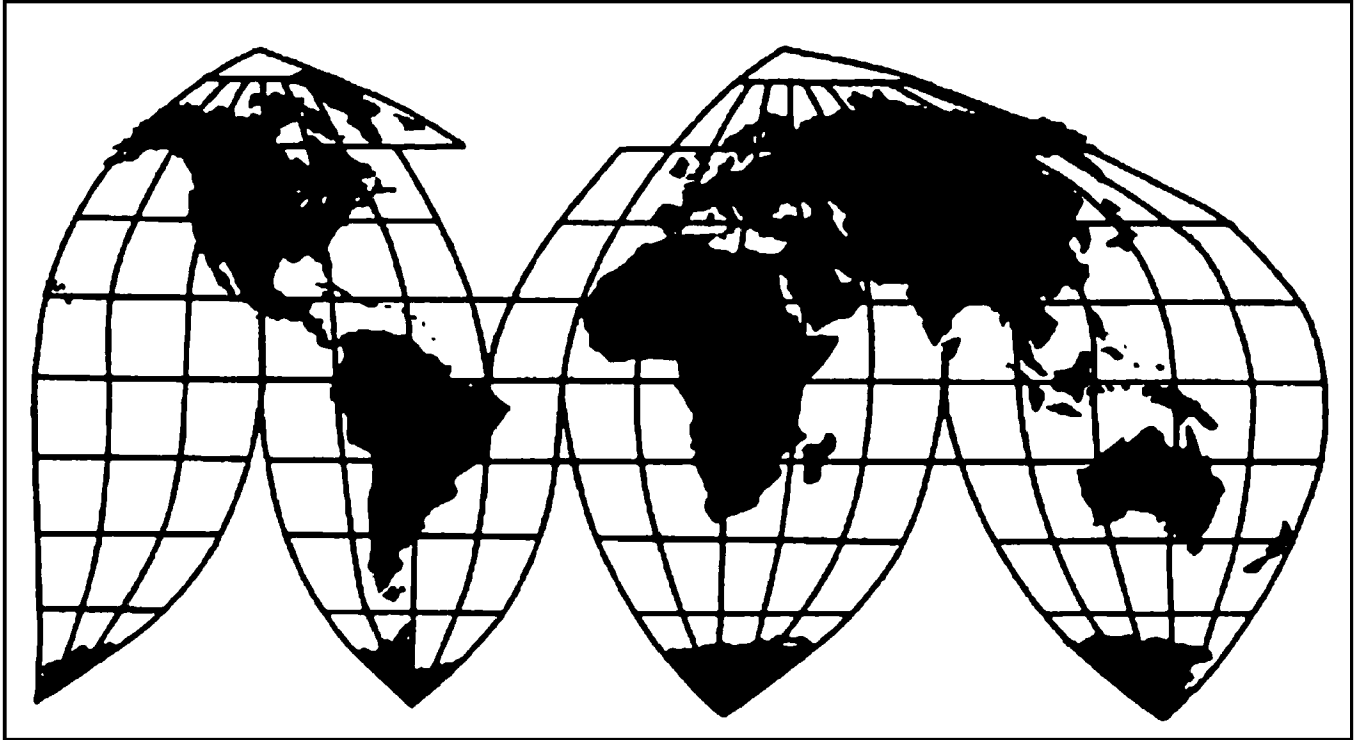
Certain Tissue Paper Products From China

Investigation No. 731-TA-1070B (Third Review)

Publication 5236

November 2021

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note: Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets or by headings in confidential reports and is deleted and replaced with asterisks in public reports

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1070B (Third Review)

Certain Tissue Paper Products from China

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty order on certain tissue paper products 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.

BACKGROUND

The Commission instituted this review on June 1, 2021 (86 FR 29289) and determined on September 7, 2021 that it would conduct an expedited review (86 FR 54238, September 30, 2021).

¹ The record is defined in § 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 this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on certain tissue paper products (“tissue paper”) 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 Investigation. In February 2004, Seaman Paper Company (“Seaman Paper”), Eagle Tissue, Flower City, Garlock Printing, Putney Paper Co. (“Putney Paper”), Paper Service Ltd. (“Paper Service”), American Crepe Paper Corporation (“American Crepe”), and the Paper, Allied-Industrial, Chemical and Energy Workers International Union AFL-CIO, CLC (“PACE”) filed an antidumping duty petition covering imports of tissue paper and crepe paper from China. The petition was subsequently divided into one investigation for crepe paper (731-TA-1070A) and one for tissue paper (731-TA-1070B) because the U.S. Department of Commerce (“Commerce”) found tissue paper and crepe paper to be separate products and made an earlier determination with respect to crepe paper; consequently the Commission made separate determinations with respect to tissue paper and crepe paper.¹

In March 2005, the Commission determined that an industry in the United States was materially injured by reason of imports of tissue paper from China that were sold at less than

¹ *Certain Crepe Paper Products from China*, Inv. No. 731-TA-1070A (Final), USITC Pub. 3749 at 3 (Jan. 2005); *Certain Tissue Paper Products from China*, Inv. No. 731-TA-1070B (Final), USITC Pub. 3758 at 3 (Mar. 2005) (“Original Determination”).

fair value.² The Commission defined a single domestic like product consisting of all tissue paper, coextensive with Commerce's scope, and a single domestic industry consisting of all U.S. producers of tissue paper. Subsequently, Commerce issued an antidumping duty order covering these imports.³

Cleo Inc. and its wholly-owned subsidiary, Crystal Creative Products, Inc., at that time a domestic producer and an importer of subject merchandise from China (collectively "Cleo"), and Target Corporation ("Target"), then an importer of subject merchandise from China, appealed the Commission's affirmative determination to the U.S. Court of International Trade ("CIT"). The CIT sustained the Commission's affirmative determination on September 10, 2007.⁴

Cleo and Target appealed the CIT's decision to the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit"). The Federal Circuit held that the Commission's material injury determination was supported by substantial evidence and sustained the Commission's determination.⁵

First review. The Commission instituted its first five-year review concerning the antidumping duty order on tissue paper from China in February 2010. The Commission conducted an expedited review and determined that revocation of the order on tissue paper

² *Original Determination*, USITC Pub. 3758 at 3. Chairman Koplun and Commissioners Hillman and Lane made an affirmative determination. *Id.* Vice Chairman Okun and Commissioners Miller and Pearson dissented finding two domestic like products consisting of bulk tissue paper and consumer tissue paper and two corresponding domestic industries; they determined that the industry producing bulk tissue paper was materially injured by reason of subject imports from China while the industry producing consumer tissue paper was neither materially injured nor threatened with material injury by reason of subject imports from China. *See id.* at 29-43 (dissenting views).

³ *Notice of Final Determination of Sales at Less Than Fair Value: Certain Tissue Paper Products from the People's Republic of China*, 70 Fed. Reg. 7475 (Feb. 14, 2005).

⁴ *Cleo Inc. v. United States*, 30 C.I.T. 1380 (2006).

⁵ *Cleo Inc. v. United States*, 501 F.3d 1291 (Fed. Cir. 2007).

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.⁶ Commerce subsequently published a continuation of the antidumping duty order.⁷ No litigation resulted from the Commission's affirmative determination in the first five-year review.

Second Review. The Commission instituted the second review in June 2015.⁸ The Commission found the domestic interested party response to the notice of institution to be adequate and the respondent interested party response to be inadequate, but it determined that other circumstances warranted conducting a full review.⁹ In June 2016, the Commission determined that revocation of the order on tissue paper 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.¹⁰ Commerce subsequently published a continuation of the antidumping duty order.¹¹ No litigation resulted from the Commission's affirmative determination in the full second five-year review.

Current Review. The Commission instituted the current five-year review on June 1, 2021.¹² Seaman Paper filed the sole response to the notice of institution.¹³ On September 7,

⁶ *Certain Tissue Paper from China*, Inv. No. 731-TA-1070B, USITC Pub. 4165 (Jul. 2010) ("First Review").

⁷ *Certain Tissue Paper Products From the People's Republic of China: Notice of Continuation of Antidumping Duty Order*, 75 Fed. Reg. 42067 (Jul. 20, 2010).

⁸ *Certain Tissue Paper from China; Institution of Five-Year Review*, 80 Fed. Reg. 31065 (Jun. 1, 2015).

⁹ *Certain Tissue Paper from China; Notice of Commission Determination to Conduct a Full Five-Year Review*, 80 Fed. Reg. 57386 (Sep. 23, 2015).

¹⁰ *Certain Tissue Paper from China*, Inv. No. 731-TA-1070B, USITC Pub. 4617 (June 2016) ("Second Review") at 5.

¹¹ *Certain Tissue Paper Products From China: Continuation of Antidumping Duty Order*, 81 Fed. Reg. 43642 (Jul. 5, 2016).

¹² *Tissue Paper From China; Institution of a Five-Year Review*, 86 Fed. Reg. 29289 (Jun. 1, 2021).

2021, the Commission determined that the domestic interested party group response to the notice of institution was adequate and that the respondent interested party group response was inadequate.¹⁴ In the absence of any other circumstances that would warrant a full review, the Commission determined that it would conduct an expedited review of the order.¹⁵ Seaman Paper submitted final comments pursuant to Commission rule 207.62(d)(1) on October 16, 2021.¹⁶

U.S. industry data for this review are based on information submitted by Seaman Paper, which reportedly accounted for *** percent of domestic production of tissue paper in 2020.¹⁷ U.S. import data and related information are based on Commerce's official import statistics.¹⁸ Foreign industry data and related information are based on information furnished by Seaman Paper, information from the prior proceedings, and publicly available information gathered by the Commission.¹⁹ Two U.S. purchasers responded to the Commission's adequacy phase questionnaire.²⁰

¹³ See Seaman Paper's Response to the Commission's Notice of Institution, EDIS Doc. 745860 (Jul. 1, 2021) ("Response") at 1; Confidential Report, INV-TT-098 (Aug. 23, 2021) ("CR")/Public Report ("PR") at I-2. In addition to being a domestic producer, Seaman Paper is a U.S. importer of tissue paper from China, either directly or through its affiliate, Seaman Paper Asia Company, Limited ("SPA"). Response at 6. SPA, however, did not provide a separate response to the notice of institution. Response at 6-7.

¹⁴ Explanation of Commission Determination on Adequacy, EDIS Doc. 752080.

¹⁵ Explanation of Commission Determination on Adequacy, EDIS Doc. 752080; *see also*, *Tissue Paper From China; Scheduling of Expedited Five-Year Review*, 86 Fed. Reg. 54238 (Sep. 30, 2021).

¹⁶ Seaman's Final Comments, EDIS Doc. 753548 (Oct. 6, 2021) ("Comments").

¹⁷ CR/PR at Table I-1; Response at 34.

¹⁸ See CR/PR at Tables I-4 and I-5. The official import statistics for the applicable HTS numbers are overstated because they include in-scope products as well as out-of-scope products. *Id.* at Table I-4.

¹⁹ See CR/PR at I-18, Tables I-6 and I-7.

²⁰ CR/PR at D-3.

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.”²¹ The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”²² 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.²³

Commerce has defined the scope of the antidumping order in this five-year review as follows:

. . . {C}ut-to-length sheets of tissue paper having a basis weight not exceeding 29 grams per square meter. Tissue paper products subject to this order may or may not be bleached, dye-colored, surface-colored, glazed, surface decorated or printed, sequined, crinkled, embossed, and/or die cut. The tissue paper subject to this order is in the form of cut-to-length sheets of tissue paper with a width equal to or greater than one-half (0.5) inch. Subject tissue paper may be flat or folded, and may be packaged by banding or wrapping with paper or film, by placing in plastic or film bags, and/or by placing in boxes for distribution and use by the ultimate consumer. Packages of tissue paper subject to this order may consist solely of tissue paper of one color and/or style, or may contain multiple colors and/or styles.

²¹ 19 U.S.C. § 1677(4)(A).

²² 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. Dep’t 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).

²³ *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).

The merchandise subject to this order does not have specific classification numbers assigned to them under the Harmonized Tariff Schedule of the United States (“HTSUS”). Subject merchandise may be under one or more of several different subheadings, including: 4802.30, 4802.54, 4802.61, 4802.62, 4802.69, 4804.31.1000, 4804.31.2000, 4804.31.4020, 4804.31.4040, 4804.31.6000, 4804.39, 4805.91.1090, 4805.91.5000, 4805.91.7000, 4806.40, 4808.30, 4808.90, 4811.90, 4823.90, 4802.50.00, 4802.90.00, 4805.91.90, 9505.90.40.

Excluded from the scope of this order are the following tissue products: (1) tissue paper products that are coated in wax, paraffin, or polymers, of a kind used in floral and food service applications; (2) tissue paper products that have been perforated, embossed, or die-cut to the shape of a toilet seat, i.e., disposable sanitary covers for toilet seats; and (3) toilet or facial tissue stock, towel, or napkin stock, paper of a kind used for household or sanitary purposes, cellulose wadding, and webs of cellulose fibers (HTSUS 4803.00.20.00 and 4803.00.40.00).²⁴

The scope definition set out above has remained the same since the prior determinations.²⁵

Tissue paper within the scope of the order is of a class of lightweight paper (no greater than 29 grams per square meter) with a gauze-like, partially transparent appearance. Available in a variety of colors, designs, and packaging, it is used for the wrapping of a product within a box or bag, for decorative purposes or as a lightweight gift wrap. It is produced from jumbo rolls of flat tissue paper that undergo a converting process of sheeting, folding, and packaging.²⁶

²⁴ *Certain Tissue Paper Products From China: Final Results of Expedited Sunset Review of the Antidumping Order*, 86 Fed. Reg. 52444 (Sep. 21, 2021) (“Commerce AD Sunset Determination”); *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Antidumping Duty Order on Certain Tissue Paper Products from the People’s Republic of China* (Sep. 10, 2021) at 2-3.

²⁵ See *Second Review*, USITC Pub. 4617 at 6-7.

²⁶ CR/PR at I-8.

In the original investigation, the Commission found that there was one like product consisting of all tissue paper, coextensive with Commerce's scope definition.²⁷ The Commission majority considered and rejected the argument made by respondents that it should define two separate like products, one consisting of bulk tissue paper and the other consisting of consumer tissue paper.²⁸ It found that bulk tissue paper and consumer tissue paper shared the same general physical characteristics and uses and had common manufacturing facilities, production processes, and employees.²⁹ While the record was mixed with respect to customer and producer perceptions of the two forms of tissue paper and their interchangeability, the Commission concluded that there were no inherent qualities that prevented the two forms of tissue paper from being used interchangeably.³⁰ Finally, the Commission found that there was only a limited degree of similarity between the two forms of tissue paper with respect to channels of distribution and price; bulk tissue paper was sold primarily to distributors whereas consumer tissue paper was sold primarily to retailers in 2003, and consumer tissue paper prices were generally higher than bulk tissue paper prices.³¹ The Commission, however, observed that prices for consumer tissue paper were more similar to prices for bulk tissue paper when sold in larger consumer packaging sizes, suggesting that sheet quantities per package played an important role in the price differences.³² Consequently, the Commission concluded that the differences between bulk tissue paper and consumer tissue paper did not establish the clear

²⁷ *Original Determination*, USITC Pub. 3758 at 5-9. Vice Chairman Okun and Commissioners Miller and Pearson found two separate like products consisting of bulk tissue paper and consumer tissue paper. *See id.* at 29-32 (dissenting views).

²⁸ *Original Determination*, USITC Pub. 3758 at 6.

²⁹ *Original Determination*, USITC Pub. 3758 at 6-8.

³⁰ *Original Determination*, USITC Pub. 3758 at 7.

³¹ *Original Determination*, USITC Pub. 3758 at 7-8.

³² *Original Determination*, USITC Pub. 3758 at 8.

dividing line required for finding separate domestic like products. The Commission, therefore, defined the domestic like product as all tissue paper, coextensive with the scope.³³

In the first five-year review, the Commission observed that the evidence regarding the factors in the domestic like product analysis remained unchanged and that no party had requested that it adopt a definition different from that in the original investigation.

Consequently, the Commission continued to define the domestic like product as all tissue paper, coextensive with Commerce's scope.³⁴

In the second five-year review, the domestic producers argued that the Commission should continue to define a single domestic like product consisting of all tissue paper.³⁵ Reconsidering the definition of the domestic like product, the Commission found that bulk and consumer tissue paper continued to share the same general characteristics and uses; were generally used interchangeably; overlapped in terms of manufacturing facilities, processes, and production employees; and were perceived as comparable by customers and producers.³⁶ While recognizing that the evidence concerning channels of distribution and price was mixed, the Commission again found that the record with respect to the six domestic like product factors did not establish a clear dividing line between bulk and consumer tissue paper. The Commission consequently defined a single domestic like product coextensive with the scope.³⁷

³³ *Original Determination*, USITC Pub. 3758 at 8-9.

³⁴ *First Review*, USITC Pub. 4165 at 8. Commissioners Okun and Pearson found two separate like products consisting of bulk tissue paper and consumer tissue paper. *See id.* at 23-32 (dissenting views).

³⁵ *Second Review*, USITC Pub. 4617 at 8-11.

³⁶ *Second Review*, USITC Pub. 4617 at 8-11.

³⁷ *Second Review*, USITC Pub. 4617 at 8-11.

In the current review, Seaman Paper agrees with the definition of the domestic like product adopted by the Commission in prior proceedings.³⁸ There is no new information obtained during this review indicating that the characteristics of tissue paper have changed since the prior reviews so as to warrant revisiting the Commission’s domestic like product definition.³⁹ We therefore again define a single domestic like product consisting of tissue paper, coextensive with Commerce’s scope.

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.”⁴⁰ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. This review raises the issue of whether appropriate circumstances exist to exclude any producer from the domestic industry pursuant to the related parties provision. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or are themselves importers.⁴¹

³⁸ Response at 7.

³⁹ See *generally* CR/PR at I-6-7.

⁴⁰ 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.

⁴¹ 19 U.S.C. § 1677(4)(B). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

In the prior proceedings, the Commission defined the domestic industry to consist of all domestic producers of tissue paper.⁴² In those proceedings, the Commission recognized that certain domestic producers qualified for exclusion under the related parties provision but determined that appropriate circumstances did not exist to exclude any producer from the domestic industry as a related party under 19 U.S.C. § 1677(4)(B).⁴³

(2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31(Ct. Int'l. Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

⁴² *Original Determination*, USITC Pub. 3758 at 9-10; *First Review*, USITC Pub. 4165 at 8-10; *Second Review*, USITC Pub. 4617 at 14. In the original investigation, Vice Chairman Okun and Commissioners Miller and Pearson, consistent with their finding of two domestic like products, found two corresponding domestic industries, an industry producing bulk tissue paper and an industry producing consumer tissue paper. *Original Determination*, USITC Pub. 3758 at 32 (dissenting views). In the expedited first five-year review, Chairman Okun and Commissioner Pearson again found two domestic industries, one producing bulk tissue paper and the other producing consumer tissue paper. *First Review*, USITC Pub. 4165 at 3 n.1.

⁴³ In the original investigation, the Commission identified ***, and Cleo as related parties by virtue of their importation of subject merchandise. Regarding the first four domestic producers, the Commission found that subject import quantities were small when compared to each firm's domestic production and that the financial data did not show that the domestic production operations of any of those firms derived a substantial benefit from such imports during the period examined. Regarding Cleo, the Commission found that although it appeared as a respondent in the investigation and its business focus had shifted to importation by the end of the period, its business focus was on domestic production through much of the period examined and it did not experience any significant benefit from importation to its domestic production operations. *Confidential Original Determination*, EDIS Doc. 560508 at 12-16.

In the first five-year review, the Commission identified *** as a related party due to its ***, and its importation of subject merchandise during the period of review. The Commission found that appropriate circumstances did not exist to exclude *** from the domestic industry. *Confidential First Review*, EDIS Doc. 560512 at 11-13.

In the full second five-year review, the Commission again identified *** as a related party because it directly controlled ***, an importer and exporter of subject merchandise. It also identified *** as a related party because it shared the same parent company, ***, as ***, and *** as qualifying for possible exclusion under the related parties provision based on its imports of subject merchandise. The Commission again found that appropriate circumstances did not exist to exclude any of these domestic

In this review, Seaman Paper qualifies for possible exclusion under the related parties provision because it directly controls ***, an importer of subject merchandise. It imported subject merchandise directly, but primarily through ***.⁴⁴ Seaman Paper stated that it agrees with the definition of the domestic industry used in the prior proceedings.⁴⁵

Seaman Paper estimates that it accounted for *** percent of total U.S. production of tissue paper in 2020, and its ratio of subject imports to domestic production was *** percent that year.⁴⁶ Seaman Paper states that ***.⁴⁷ Seaman Paper supports the continuation of the order.⁴⁸

Given its low ratio of subject imports to domestic production in 2020, Seaman Paper's primary interest was in domestic production rather than in importation. Accordingly, we find that appropriate circumstances do not exist to exclude Seaman Paper from the domestic industry pursuant to the related parties provision.

In sum, consistent with our definition of the domestic like product, we define the domestic industry as all U.S. producers of tissue paper.

producers from the domestic industry pursuant to the related parties provision. *Confidential Second Review*, EDIS Doc. 584695 at 19-22.

⁴⁴ Response at 6; CR/PR at I-2 and I-14.

⁴⁵ Response at 7.

⁴⁶ CR/PR at I-14.

⁴⁷ Response at 6.

⁴⁸ Response at 1.

III. Revocation of the Antidumping Duty Order 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.”⁴⁹ The Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (SAA) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”⁵⁰ Thus, the likelihood standard is prospective in nature.⁵¹ The CIT has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.⁵²

⁴⁹ 19 U.S.C. § 1675a(a).

⁵⁰ SAA, H.R. Rep. 103-316, vol. 1 at 883-84 (1994). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material 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.

⁵¹ 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.

⁵² 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*

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.”⁵³ 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.”⁵⁴

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.”⁵⁵ 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

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’”).

⁵³ 19 U.S.C. § 1675a(a)(5).

⁵⁴ 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.*

⁵⁵ 19 U.S.C. § 1675a(a)(1).

regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).⁵⁶ 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.⁵⁷

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.⁵⁸ 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.⁵⁹

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

⁵⁶ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the order under review. Commerce AD I&D Memo at 4.

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

⁵⁸ 19 U.S.C. § 1675a(a)(2).

⁵⁹ 19 U.S.C. § 1675a(a)(2)(A-D).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁶⁰

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.⁶¹ 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 order under review and whether the industry is vulnerable to material injury upon revocation.⁶²

No respondent interested party participated in this expedited review. The record, therefore, contains limited new information with respect to the tissue paper industry in China.

⁶⁰ 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.

⁶¹ 19 U.S.C. § 1675a(a)(4).

⁶² 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.

There also is limited information regarding the tissue paper market in the United States during the current period of review.⁶³ Accordingly, for our determination, we rely as appropriate on the information available from the original investigation and subsequent reviews and the limited new information on the record in this review.

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.”⁶⁴ The following conditions of competition inform our determination.

1. Demand Conditions

Original Investigation. In the original investigation, the Commission observed that demand for tissue paper experienced a modest increase, with apparent U.S. consumption growing by 4.9 percent between 2001 and 2003.⁶⁵ The Commission further observed that demand for tissue paper tended to increase in the latter part of the year when retailer sales and gift-giving for the holidays increased.⁶⁶

First Review. In the first five-year review, the Commission found that an economic downturn had a significant impact on the U.S. retail market, including the holiday and gift-giving sectors, which in turn adversely affected the market for tissue paper products. The Commission

⁶³ The period of review is calendar years 2016 through 2020.

⁶⁴ 19 U.S.C. § 1675a(a)(4).

⁶⁵ *Original Determination*, USITC Pub. 3758 at 13. Apparent U.S. consumption went from 2.3 billion square meters in 2001 to 2.4 billion square meters in 2003. CR/PR at C-3.

⁶⁶ *Original Determination*, USITC Pub. 3758 at 13.

observed that apparent U.S. consumption in 2009 was lower than at any time during the original investigation and was *** percent less than apparent U.S. consumption in 2003.⁶⁷

Second Review. In the second five-year review, the Commission observed that demand for tissue paper continued to follow demand in the retail sector and remained seasonal.⁶⁸ The Commission observed that apparent U.S. consumption of tissue paper increased during the period of review and was higher than it was in 2009 but lower than any year from 2001 to 2003.⁶⁹ While domestic producers stated that overall demand for tissue paper had increased since the first five-year review as the market recovered from the global recession, they claimed that demand had fluctuated during the period of review and was likely to continue to fluctuate in the foreseeable future.⁷⁰

Current Review. In the current review, the information available indicates that the factors influencing demand remain unchanged from the prior proceedings.⁷¹ Demand for tissue paper continues to be influenced by demand in the retail sector and the seasonality of gift-giving.⁷² Based on this relationship, Seaman Paper stated that the COVID-19 pandemic had a significant impact on the party supply industry, resulting in reduced overall demand for tissue paper as numerous events were cancelled and consumers spent less on discretionary activity involving tissue paper.⁷³ Although available data indicate apparent U.S. consumption in 2020

⁶⁷ *First Review*, USITC Pub. 4165 at 12; *Confidential First Review* at 17.

⁶⁸ *Second Review*, USITC Pub. 4617 at 17.

⁶⁹ *Second Review*, USITC Pub. 4617 at 18.

⁷⁰ *Second Review*, USITC Pub. 4617 at 17-18.

⁷¹ The two purchasers of tissue paper that responded to the adequacy phase questionnaire (***) did not report any significant changes to demand or supply conditions for tissue paper in the United States during the current period of review. CR/PR at D-3.

⁷² Response at 30-31.

⁷³ Response at 37; *see also* Comments at 4.

was *** square meters, which is lower than it was in the original investigation and prior reviews, Seaman Paper claims that demand for tissue paper remains *** from the pre-order period.⁷⁴

2. Supply Conditions

Original Investigation. In the original investigation, the Commission found that the market was supplied almost exclusively by domestic production and subject imports, and that U.S. shipments of domestically produced tissue paper decreased during the period examined while U.S. shipments of tissue paper from China increased, which resulted in a significant shift in market shares.⁷⁵ The Commission further found that domestic industry production capacity increased between 2001 and 2002, but then declined in 2003 and in January-September (“interim”) 2004 relative to interim 2003.⁷⁶

First Review. In the first five-year review, the Commission found that the volume of subject imports from China declined irregularly but significantly since the original investigation.⁷⁷ The Commission further found that the volume of nonsubject imports increased from 2003 to 2009 and established a substantial presence in the U.S. market.⁷⁸ As a

⁷⁴ CR/PR at Table I-5; Response at 32-33. We note that apparent U.S. consumption in 2020, based on Seaman Paper’s U.S. shipments, is likely understated because Seaman Paper accounted for only *** percent of domestic production of tissue paper that year. *Id.* at Tables I-1, I-5. Seaman Paper estimates that total apparent U.S. consumption, including shipments by all domestic producers, was *** square meters in 2020. Response at 34.

⁷⁵ *Original Determination*, USITC Pub. 3758 at 14.

⁷⁶ *Original Determination*, USITC Pub. 3758 at 14. Domestic industry production capacity was 3.72 billion square meters in 2001, 3.88 billion square meters in 2002, and 3.81 billion square meters in 2003. It was 2.74 billion square meters in interim 2003 and 2.58 billion square meters in interim 2004. *See id.* at n.92.

⁷⁷ *First Review*, USITC Pub. 4165 at 13.

⁷⁸ *First Review*, USITC Pub. 4165 at 13. The largest sources of nonsubject imports during the period of review were Indonesia, Vietnam, India, and Thailand. *See id.* As a share of apparent U.S.

share of apparent U.S. consumption, nonsubject imports were *** percent of the U.S. market by quantity and *** percent by value in 2009, compared to *** percent by quantity and *** percent by value in 2003.⁷⁹ The Commission, however, observed that the available data on tissue paper imports from countries other than China included tissue paper produced by converters from China-origin jumbo rolls found by Commerce to be circumventing the antidumping duty order and that imports of tissue paper from Vietnam and Thailand declined in 2008 and 2009 in reaction to Commerce's anti-circumvention determinations.⁸⁰ The Commission also observed that the domestic industry's reported capacity was *** square meters and that its capacity utilization rate was only *** percent, which the domestic producers attributed to weak demand.⁸¹

Second Review. In the second five-year review, the Commission found that six domestic producers, Seaman Paper, Flower City, Garlock Printing, Hallmark, Eagle Tissue, and Soundview, produced tissue paper in the United States.⁸² The domestic industry accounted for 81.7 percent of apparent U.S. consumption in 2013, 82.9 percent in 2014, and 80.6 percent in 2015.⁸³ Subject imports' share of the quantity of apparent U.S. consumption increased during the period of review from *** percent in 2013 to *** percent in 2014, and *** percent in 2015.⁸⁴ The Commission observed that while the largest nonsubject sources of tissue paper to the U.S. market in 2015 were India and Indonesia, the data on tissue paper imports from India

consumption, by quantity, subject imports from China declined from *** percent in 2003 to *** percent in 2009. *Confidential First Review* at 19.

⁷⁹ *Confidential First Review* at 19.

⁸⁰ *First Review*, USITC Pub. 4165 at 13.

⁸¹ *Confidential First Review* at 20.

⁸² *Second Review*, USITC Pub. 4617 at 19.

⁸³ *Second Review*, USITC Pub. 4617 at 19.

⁸⁴ *Second Review*, USITC Pub. 4617 at 19; *Confidential Second Review* at 31.

included paper produced by a converter of China-origin jumbo rolls that Commerce had found to be circumventing the antidumping duty orders.⁸⁵

Current Review. The domestic industry was the largest source of supply to the U.S. market in 2020, accounting for *** percent of apparent U.S. consumption that year.⁸⁶ While the domestic industry's share of apparent U.S. consumption in 2020 was higher than in 2003 and 2009, it was lower than in 2015.⁸⁷

Subject imports accounted for *** percent of apparent U.S. consumption in 2020, which is lower than their share in 2009 and 2015.⁸⁸ Nonsubject imports were the second-largest source of supply in the U.S. market in 2020, accounting for *** percent of apparent U.S. consumption that year.⁸⁹ Indonesia, India, and Germany were the largest sources of nonsubject imports during the current period of review.⁹⁰

3. Substitutability and Other Conditions

Prior Proceedings. In the original investigation and subsequent reviews, the Commission found that there was a high degree of substitutability between domestically produced tissue paper and subject imports, and that price was an important consideration in purchasing decisions.⁹¹

Current Review. The record in this review contains no new information to indicate that the degree of substitutability between the domestic like product and subject imports, or the

⁸⁵ *Second Review*, USITC Pub. 4617 at 19-20.

⁸⁶ CR/PR at Table I-5.

⁸⁷ CR/PR at Table I-5.

⁸⁸ CR/PR at Table I-5.

⁸⁹ CR/PR at Table I-5.

⁹⁰ CR/PR at Table I-4.

⁹¹ *Original Determination*, USITC Pub. 3758, at 16; *First Review*, USITC Pub. 4165 at 16; *Second Review*, USITC Pub. 4617 at 20; *Second Review*, USITC Pub. 4617 at 20.

importance of price in purchasing decisions, has changed since the prior proceedings.⁹²

Accordingly, we find that domestically produced tissue paper and subject imports are highly substitutable, and that price continues to be an important factor in purchasing decisions for tissue paper in the U.S. market.

We note that effective September 24, 2018, tissue paper from China became subject to an additional 10 percent *ad valorem* duty under Section 301 of the Trade Act of 1974⁹³ (“section 301 tariffs”).⁹⁴ Effective May 10, 2019, this additional duty increased from 10 percent to 25 percent *ad valorem*.⁹⁵

C. Likely Volume of Subject Imports

1. The Prior Proceedings

Original Investigation. In the original determination, the Commission found that the volume of subject imports from China was significant, both in absolute terms and relative to consumption and production in the United States. The absolute volume of subject imports increased by approximately 268 percent between 2001 and 2003, with subject imports gaining *** percentage points of market share during this period. Because nonsubject imports accounted for a very small portion of the market, the Commission found that the growth in subject import market share came directly at the expense of the domestic industry, which lost

⁹² Seaman Paper asserts that the high degree of substitutability between domestic and subject tissue paper, and the importance of price to purchasing decisions, remain unchanged. Response at 19, 33, 43.

⁹³ 19 U.S.C. § 2411.

⁹⁴ CR/PR at I-7; *Notice of Action Pursuant to Section 301: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 47974 (Sep. 21, 2018).

⁹⁵ CR/PR at I-7; *Notice of Modification of Section 301 Action: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 Fed. Reg. 20459 (May 9, 2019).

*** percentage points of market share in the same period.⁹⁶ Subject import volume relative to domestic production rose from 9.8 percent in 2001 to 43.4 percent in 2003 and reached 49.7 percent in interim 2004.⁹⁷

First Review. In the first five-year review the Commission found that subject import volume would likely be significant both in absolute terms and relative to production and consumption in the United States if the order were revoked. The Commission observed that although the volume of subject imports had declined significantly since the imposition of the antidumping duty order, subject imports had a continuing presence at reduced levels in the U.S. market, thereby indicating the continued attractiveness of the U.S. market to Chinese producers.⁹⁸ The Commission further observed that although there were no responses from Chinese producers in the review, the domestic producers provided evidence that the Chinese industry had increased its capacity since the original investigation, had plans to increase further its capacity in the reasonably foreseeable future, and that the Chinese producers continued to produce significant volumes of tissue paper.⁹⁹ Based on information from the original investigation regarding the increase in volume and market share of subject imports and the subject industry's substantial production capacity and unused capacity, the ability of Chinese producers to increase capacity and production quickly, and evidence on the record of the first review regarding the Chinese industry's capacity to produce tissue paper, the export orientation of the Chinese industry, and the attractiveness of the U.S. market, the Commission

⁹⁶ *Original Determination*, USITC Pub. 3758 at 17-18; *Confidential Original Determination* at 23-24.

⁹⁷ *Original Determination*, USITC Pub. 3758 at 17.

⁹⁸ *First Review*, USITC Pub. 4165 at 16-17. Subject imports accounted for *** percent of the U.S. market in 2009. See *Confidential First Review* at 23.

⁹⁹ *First Review*, USITC Pub. 4165 at 16-17.

found that Chinese producers had the ability and the incentive to increase exports to the United States if the antidumping duty order were revoked.¹⁰⁰

Second Review. The Commission found that subject imports had increased their presence in the U.S. market during the period of review, from *** square meters in 2013 to *** square meters in 2015, due in large part to ***, but also to subject imports from producers other than ***.¹⁰¹ The Commission also found that, in the event of revocation, the volume of subject imports from producers and exporters in China other than *** would likely increase and that overall subject import volume would likely be significant.¹⁰² In this regard, the Commission found that the Chinese industry was export oriented and had considerable production capacity and substantial excess capacity, giving it the ability to rapidly increase exports of subject merchandise.¹⁰³ The Commission also found that the United States remained an attractive market for tissue paper producers in China, as evidenced by the four affirmative anti-circumvention determinations issued by Commerce since the imposition of the antidumping duty order.¹⁰⁴ The Commission also observed that several responding purchasers had indicated that they would consider shifting purchases from the domestic industry to subject imports in the event of revocation, and already purchased other gift-related products from Chinese producers of tissue paper, giving Chinese producers an existing customer base.¹⁰⁵ Based on the forgoing considerations, as well as the volume and market share of subject imports prior to imposition of the order, the Commission found that the volume of subject imports, both in

¹⁰⁰ *First Review*, USITC Pub. 4165 at 17.

¹⁰¹ *Second Review*, USITC Pub. 4617 at 22; *Confidential Second Review* at 34-35.

¹⁰² *Second Review*, USITC Pub. 4617 at 22.

¹⁰³ *Second Review*, USITC Pub. 4617 at 22.

¹⁰⁴ *Second Review*, USITC Pub. 4617 at 23.

¹⁰⁵ *Second Review*, USITC Pub. 4617 at 23.

absolute terms and as a share of the U.S. market, would likely be significant in the event of revocation.¹⁰⁶

2. Current Review

The record in this five-year review indicates that, under the discipline of the order, subject imports maintained a significant, but declining, presence in the U.S. market during the period of review. The volume of subject imports decreased from a period high of 218.2 million square meters in 2017 to 77.7 million square meters in 2020,¹⁰⁷ a level far lower than the peak annual subject import volume of *** square meters in 2003 but still *** percent of apparent U.S. consumption in 2020.¹⁰⁸

The facts available also indicate that producers of tissue paper in China have the means to significantly increase exports of the subject merchandise to the United States should the order be revoked. As previously stated, no producer or exporter of subject merchandise participated in this expedited review. Nevertheless, Seaman Paper provided information concerning fifteen producers of tissue paper in China that possess large production capacities, including two that have allegedly expanded their production capacities since the last review.¹⁰⁹

Moreover, the record indicates that subject Chinese producers remain export oriented and interested in the U.S. market. Throughout the period of review, China was the world's second largest exporter of condenser, wrapping paper, other kraft paper, and paper board, a product category including both tissue paper and out-of-scope products. The United States was

¹⁰⁶ *Second Review*, USITC Pub. 4617 at 23-24.

¹⁰⁷ CR/PR at Table I-4. The volume of subject imports was 183 million square meters in 2016, 213 million square meters in 2018, and 107.9 million square meters in 2019. *Id.*

¹⁰⁸ CR/PR at Tables I-5, C-3.

¹⁰⁹ Response at 37-41 and Exh. 11.

among China's largest export markets for such paper in 2020.¹¹⁰ The continued presence of subject imports in the U.S. market during the period, and subject producers' maintained contacts with U.S. customers, indicate that they remain interested in serving the U.S. market. Commerce's four affirmative anti-circumvention determinations since the imposition of the order provide further evidence that Chinese producers find the United States to be an attractive market and will likely increase their exports of tissue paper to the U.S. market upon revocation.¹¹¹

Based on the foregoing considerations, as well as the volume and market share that subject imports held prior to the imposition of the antidumping duty order, we find that the volume of subject imports, both in absolute terms and relative to consumption in the United States, would likely be significant if the order were revoked.¹¹²

D. Likely Price Effects

1. The Prior Proceedings

Original Investigation. In the original determination, the Commission found that subject imports had significantly undersold the domestic like product in *** of *** quarterly comparisons at a combined weighted average margin of *** percent.¹¹³ Although the Commission found that the pricing data did not demonstrate significant price depression or

¹¹⁰ CR/PR at Tables I-6-7.

¹¹¹ Response at 42.

¹¹² We observe that the record in these expedited reviews contains no information concerning inventories of the subject merchandise or the potential for product shifting. See CR/PR at I-17. The record indicates that the subject merchandise is not subject to antidumping or countervailing duty orders or investigations in markets other than the United States. *Id.* at I-19.

While Section 301 tariffs currently impose a 25 percent *ad valorem* duty on subject imports from China, neither Seaman Paper nor any responding purchaser reported that these tariffs have had an effect on either the supply of or demand for subject imports or that they anticipated such effects in the reasonably foreseeable future. See *id.* at D-3.

¹¹³ *Original Determination*, USITC Pub. 3758 at 19; *Confidential Original Determination* at 27.

price suppression, it determined that given the high degree of substitutability between the subject imports and domestically produced tissue paper and the importance of price to purchasers in the U.S. market, the significant underselling of the domestic like product by subject imports “fuel{ed} the rapidly increasing volume of and market share of subject imports and its direct displacement of sales by domestic producers.”¹¹⁴ The Commission further found that the confirmed allegations of lost sales and lost revenues supported this conclusion.¹¹⁵

First Review. In the first five-year review, the Commission found that revocation of the antidumping duty order would likely lead to a significant increase in subject imports from China at prices that would significantly undersell the domestic industry, thereby eroding the domestic industry’s market share and causing significant adverse effects on prices for the domestic like product.¹¹⁶ The Commission observed that although there was no new product-specific pricing information on the record in the first review, the domestic producers reported that domestic prices had “stabilized and increased moderately” since the imposition of the antidumping duty order and that input costs had replaced the price of subject imports as the primary driver of tissue paper prices, suggesting that the discipline of the order improved domestic prices and helped stabilize the domestic industry.¹¹⁷ Moreover, given the high level of substitutability between domestically produced tissue paper and subject imports and the importance of price in purchasing decisions, the Commission found that absent the disciplining effects of the antidumping duty order, subject imports would likely re-enter the U.S. market in large volumes

¹¹⁴ *Original Determination*, USITC Pub. 3758 at 19-20.

¹¹⁵ *Original Determination*, USITC Pub. 3758 at 20.

¹¹⁶ *First Review*, USITC Pub. 4165 at 19.

¹¹⁷ *First Review*, USITC Pub. 4165 at 18-19.

and would be aggressively marketed at low prices in order to gain market share as they had done during the original investigation.¹¹⁸

Second Review. In the second review, the Commission again found that subject imports and the domestic like product were highly substitutable and that price was an important factor in purchasing decisions.¹¹⁹ The limited price comparisons on the record showed that subject imports undersold the domestic like product in the two quarterly comparisons available, with margins ranging from *** to *** percent.¹²⁰ Based on its finding of a likely significant volume of subject imports, the high degree of substitutability between subject imports and the domestic like product, and the importance of price in purchasing decisions, the Commission found that subject producers would likely significantly undersell the domestic like product upon revocation of the order to gain market share as in the original investigation, forcing domestic producers to either cut prices or risk losing market share to subject imports.¹²¹ The Commission concluded that revocation of the order would likely result in significant subject import underselling that would cause significant adverse effects on prices of the domestic like product.¹²²

2. Current Review

There is no new product-specific pricing information on the record of this expedited review. As previously discussed, we have found that domestically produced tissue paper and subject imports continue to be highly substitutable, and that price remains an important factor

¹¹⁸ *First Review*, USITC Pub. 4165 at 19.

¹¹⁹ *Second Review*, USITC Pub. 4617 at 25.

¹²⁰ *Second Review*, USITC Pub. 4617 at 25; *Confidential Second Review* at 40.

¹²¹ *Second Review*, USITC Pub. 4617 at 25.

¹²² *Second Review*, USITC Pub. 4617 at 25.

in purchasing decisions. Given this, and our finding of a likely significant volume of subject imports, we find that if the antidumping duty order were revoked, subject imports would likely undersell the domestic like product to gain market share as they did during the original investigation. This underselling would likely force domestic producers to either reduce their prices or risk losing sales and market share to subject imports.

Accordingly, we find that if the order were revoked, increasing volumes of subject imports would likely undersell the domestic like product to a significant degree and capture increasing market share, and would likely have a significant depressing or suppressing effect on prices for the domestic like product.

E. Likely Impact

1. The Prior Proceedings

Original Investigation. In the original determination, the Commission examined the relevant economic factors bearing on the industry in the United States and found that by most measures, the domestic industry's condition worsened over the period examined despite increasing apparent U.S. consumption. The Commission attributed the domestic industry's performance declines in significant part to the rapid increases in volume and market share of subject imports.¹²³ The Commission determined that as subject imports captured significant market share by underselling the domestic like product, U.S. producers' production, capacity utilization, shipments and employment all decreased. The industry's sales quantities and values

¹²³ *Original Determination*, USITC Pub. 3758 at 21-22.

declined contributing to lower operating income and profitability. The Commission concluded that subject imports had a significant adverse impact on the domestic industry.¹²⁴

First Review. In the first five-year review, the Commission found that revocation of the antidumping duty order would likely lead to a significant increase in the volume of subject imports and that subject imports would aggressively compete with the domestic like product on price, resulting in significant adverse effects on U.S. prices. The Commission determined that the intensified subject import competition that would likely occur upon revocation of the antidumping duty order would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry, which, in turn, would have a direct adverse impact on the industry's profitability and employment levels as well as the domestic industry's ability to raise capital and to make and maintain capital investments.¹²⁵ The Commission observed that although nonsubject imports increased at the same time subject imports declined, they had not completely replaced subject imports and had not taken market share from the domestic industry, and that prices had stabilized.¹²⁶ Accordingly, the Commission concluded that if the antidumping duty order were revoked, subject imports from China would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.¹²⁷

¹²⁴ *Original Determination*, USITC Pub. 3758 at 23. The Commission considered and rejected the arguments of Cleo and Target that subject imports were not significantly contributing to the declines in the industry's condition. *See id.* at 22-23.

¹²⁵ *First Review*, USITC Pub. 4165 at 20-21.

¹²⁶ *First Review*, USITC Pub. 4165 at 21 n.148.

¹²⁷ *First Review*, USITC Pub. 4165 at 20. The Commission did not make a finding as to whether the domestic industry was vulnerable because there was no information in the record of the first review pertaining to indicators that it customarily considered in assessing whether the domestic industry was in a weakened state, such as productivity, return on investments, wages, ability to raise capital, investment capacity, and employment levels. *See id.* at n.145.

Second Review. In the second review, the Commission found that the domestic industry's condition remained stable and that, despite some declining performance indicators, the industry was not vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.¹²⁸ Based on the record in the review, the Commission found that if the order were revoked, the likely significant volume of subject imports would significantly undersell domestically produced tissue paper, resulting in significant adverse effects on prices for the domestic like product.¹²⁹ The Commission also found that the significant intensification of subject import competition likely to occur after revocation would have a significant adverse impact on the domestic industry's market share, price of goods, production, sales, revenue, profitability, and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.¹³⁰ Noting that nonsubject imports decreased as a share of apparent U.S. consumption, and included nonsubject imports from India found by Commerce to be circumventing the antidumping duty order,¹³¹ the Commission found that subject imports were likely to cause adverse effects on the domestic industry that were distinct from those of nonsubject imports in the event of revocation.¹³² Accordingly, the Commission found that if the order were revoked, subject imports would likely have a significant impact on the domestic industry within a reasonably foreseeable time.¹³³

¹²⁸ *Second Review*, USITC Pub. 4617 at 28.

¹²⁹ *Second Review*, USITC Pub. 4617 at 28.

¹³⁰ *Second Review*, USITC Pub. 4617 at 28.

¹³¹ *Second Review*, USITC Pub. 4617 at 28, 45.

¹³² *Second Review*, USITC Pub. 4617 at 45.

¹³³ *Second Review*, USITC Pub. 4617 at 46.

2. The Current Review

Due to the expedited nature of this review, the record contains limited new information on the domestic industry's condition, consisting of data provided by Seaman Paper in its response to the notice of institution. The limited record in this review is insufficient for us to make a finding as to whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

The information on the record indicates that in 2020, the domestic industry's capacity utilization was lower than in the prior proceedings, while its financial performance was relatively stronger.¹³⁴ In 2020, the domestic industry's capacity was *** square meters, its production was *** square meters, and its capacity utilization was *** percent.¹³⁵ U.S. shipments were *** square meters, valued at \$***, with an average unit value ("AUV") of \$*** per 1,000 square meters.¹³⁶ In 2020, the domestic industry had net sales revenues of \$***, cost of goods sold ("COGS") of \$***, a gross profit of \$***, and an operating income of \$***; its ratio of operating income to net sales was *** percent.¹³⁷

¹³⁴ We note that comparisons of the domestic industry's performance in 2020 with the industry's performance in prior proceedings are complicated by the lower data coverage of the domestic industry in this review. Although data on the record of prior proceedings accounted for all or nearly all domestic producers of tissue paper, data on the record of this review was submitted by Seaman Paper, which accounted for *** percent of U.S. production of tissue paper in 2020. CR/PR at I-11, Table I-1. Consequently, data on the record of this review may understate many measures of the domestic industry's performance in 2020.

¹³⁵ CR/PR at Table I-3. Capacity was lower than in 2009 and 2015, but higher than in 2003. Production and capacity utilization in 2020 were lower than in 2003, 2009, and 2015. *See id.*

¹³⁶ CR/PR at Table I-3. The quantity of U.S. shipments was lower than in all previous periods of investigation and review, while the value of U.S. shipments in 2020 was lower than in 2003 and 2015. The AUV of U.S. shipments was higher in 2020 than in 2003, 2009, and 2015. *See id.*

¹³⁷ CR/PR at Table I-3. The industry's net sales during the period of review were lower than in all previous periods except for 2009. COGS were higher in 2020 than during the original investigation in 2003, but lower than the proceeding reviews in 2009 and 2015. The operating income ratio was higher

Based on the information available in this review, we find that revocation of the order would likely lead to a significant volume of subject imports that would likely significantly undersell the domestic like product. Given the high degree of substitutability between the domestically produced tissue paper and subject imports and the importance of price to purchasers, increasing volumes of low-priced subject imports would likely capture market share from the domestic industry and force domestic producers to lower their prices to defend their sales, thereby depressing or suppressing prices for the domestic like product to a significant degree. Consequently, subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenue of the domestic industry. These declines would likely impact the domestic industry's profitability and employment, its ability to raise capital, and to make and maintain capital investments.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. Although nonsubject imports have increased their presence in the U.S. market since the previous reviews, and their market share was *** percent in 2020,¹³⁸ there is no information on the record indicating that the presence of nonsubject imports would prevent subject imports from entering the U.S. market in significant quantities upon revocation of the order. Given the high degree of substitutability between the domestic like product and subject imports and the domestic industry's large share of the U.S. market in 2020, any increase in subject import market share would likely come, at least in substantial proportion, at the

than in the previous periods of investigation and review; however, the gross profits were lower than in the previous periods of investigation and reviews except for 2009. *See id.*

¹³⁸ CR/PR at Table I-5.

expense of the domestic industry. Consequently, we find that subject imports would likely cause adverse effects on the domestic industry that are distinct from those of nonsubject imports in the event of revocation.

Accordingly, we conclude that if the antidumping duty order were revoked, subject imports would likely have a significant impact on the domestic industry within a reasonably foreseeable time.

IV. Conclusion

Based upon the foregoing reasons, we determine that revocation of the antidumping duty order on tissue paper 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.

Information obtained in this review

Background

On June 1, 2021, 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 a review to determine whether revocation of the antidumping duty order on certain tissue paper products (“tissue paper”) from China 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:

Effective date	Action
June 1, 2021	Notice of initiation by Commerce (86 FR 29239 June 1, 2021)
June 1, 2021	Notice of institution by Commission (86 FR 29289, June 1, 2021)
September 7, 2021	Commission’s vote on adequacy
September 21, 2021	Commerce’s results of its expedited review (86 FR 52444)
November 4, 2021	Commission’s determination and views

¹ 19 U.S.C. 1675(c).

² 86 FR 29289, June 1, 2021. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order. 86 FR 29239, June 1, 2021. 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 the original investigation and subsequent full reviews are 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 domestic like product and the subject merchandise. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in this proceeding.

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 review. It was filed on behalf of the Seaman Paper Company of Massachusetts, Incorporated (“Seaman Paper”), a domestic producer (referred to herein as “domestic interested party”).⁵

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
Tissue paper: Summary of completed responses to the Commission’s notice of institution

Interested party	Type	Number of firms	Coverage
U.S. producer	Domestic	1	***%

Note: The U.S. producer coverage figure presented is the domestic interested party’s estimate of its share of total U.S. production of tissue paper during 2020. Domestic interested party’s response to the notice of institution, July 1, 2021, p. 1.

Party comments on adequacy

The Commission received party comments on the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review from Seaman Paper. Seaman Paper requests that the Commission conduct an expedited review of the antidumping duty order on tissue paper from China.⁶

⁵ In addition to being a domestic producer, Seaman Paper is a U.S. importer of tissue paper from China. Seaman Paper supports the continuation of the order covering imports of tissue paper from China. Domestic interested party’s response to the notice of institution, July 1, 2021, pp. 1, 6. In the most recent full review concerning tissue paper, Seaman / Seaman Paper Asia accounted for *** percent of imports of tissue paper from China in 2015. Second review confidential report, table I-9 and p. I-21 n. 21.

⁶ Domestic interested party’s comments on adequacy, August 10, 2021, p. 2.

The original investigation and subsequent reviews

The original investigation

The original investigation resulted from a petition filed on February 17, 2004 with Commerce and the Commission by Seaman Paper Company of Massachusetts, Inc., Otter River, Massachusetts; American Crepe Corporation, Montoursville, Pennsylvania; Eagle Tissue LLC, South Windsor, Connecticut; Flower City Tissue Mills Co., Rochester, New York; Garlock Printing & Converting, Inc., Gardner, Massachusetts; Paper Service Ltd., Hinsdale, New Hampshire; Putney Paper Co., Ltd., Putney, Vermont; and Paper, Allied-Industrial, Chemical and Energy Workers International Union AFL-CIO, CLC.⁷ The petition covered both tissue paper and crepe paper. However, the Commission's investigation proceeded in two parts in the final phase – identified in the investigation number by the suffixes A for crepe paper and B for tissue paper – because Commerce found tissue paper and crepe paper to be separate products and conducted two separate investigations of the subject merchandise.⁸ The petitioners in the original investigation with respect to tissue paper were all the firms that filed the petition for tissue paper and crepe paper, except for American Crepe, which produced only crepe paper.⁹ On February 14, 2005, Commerce determined that imports of tissue paper from China were being sold at less than fair value (“LTFV”).¹⁰ The Commission determined on March 21, 2005, that the domestic industry was materially injured by reason of imports from China of tissue paper.¹¹ On March 30, 2005, Commerce issued its antidumping duty order with the final weighted-average dumping margin of 112.64 percent.¹²

⁷ Certain Tissue Paper Products from China, Inv. Nos. 731-TA-1070B (Final), USITC Publication 3758, March 2005 (“Original publication”), p. I-1.

⁸ Certain Crepe Paper Products from China, Inv. No. 731-TA-1070A (Final), USITC Publication 3749, January 2005, p. 3. Moreover, Commerce made an earlier determination with respect to its crepe paper investigation. Original publication, p. 3.

⁹ Original publication, p. 3.

¹⁰ 70 FR 7475, February 14, 2005.

¹¹ Vice Chairman Deanna Tanner Okun, Commissioner Marcia E. Miller, and Commissioner Daniel R. Pearson found two domestic like products in this investigation - consumer tissue paper and bulk tissue paper. They determined that an industry in the United States was materially injured by reason of imports of bulk tissue paper from China. They also determined that an industry in the United States was not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports of consumer tissue paper from China.

¹² 70 FR 16223, March 30, 2005.

Cleo Inc. (“Cleo”), its subsidiary Crystal Creative Products, Inc. (“Crystal”) (at the time a leading importer of tissue paper), and Target Corp. (“Target”) (at the time a purchaser and importer of tissue paper) appealed the Commission’s affirmative determination to the Court of International Trade (“CIT”) and later to the United States Court of Appeals for the Federal Circuit (“Federal Circuit.”) On August 31, 2006, the CIT sustained the Commission’s affirmative determination in all respects and on September 10, 2007, the Federal Circuit affirmed the judgment of the CIT.¹³

The first five-year review

On May 7, 2010, the Commission determined that it would conduct an expedited review of the antidumping duty order on tissue paper from China.¹⁴ On June 10, 2010, Commerce determined that revocation of the antidumping duty order on tissue paper from China would be likely to lead to the continuation or recurrence of dumping.¹⁵ On July 1, 2010, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.¹⁶ Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective July 20, 2010, Commerce issued a continuation of the antidumping duty order on imports of tissue paper from China.¹⁷

The second five-year review

On September 4, 2015, the Commission determined that it would conduct a full review of the antidumping duty orders on tissue paper from China.¹⁸ On October 2, 2015, Commerce determined that revocation of the antidumping duty orders on tissue paper from China would be likely to lead to continuation or recurrence of dumping.¹⁹ On June 23, 2016, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.²⁰ Following affirmative determinations in the five-year review by Commerce

¹³ *Cleo, Inc. v. United States*, Slip Op. 06-131 (Ct. Int’l Trade Aug. 31, 2006), *aff’d*, 501 F.3d 1291, 1297-99 (Fed. Cir. 2007).

¹⁴ 75 FR 28061, May 19, 2010.

¹⁵ 75 FR 32910, June 10, 2010.

¹⁶ 75 FR 39277, July 8, 2010.

¹⁷ 75 FR 42067, July 20, 2010.

¹⁸ 81 FR 1643, January 13, 2016.

¹⁹ 80 FR 59734, October 2, 2015.

²⁰ 81 FR 43642, July 5, 2016.

and the Commission, effective July 12, 2016, Commerce issued a continuation of the antidumping duty order on imports of tissue paper from China.²¹

Previous and related investigations

As discussed previously, the Commission conducted a final phase investigation on crepe paper from China. On December 3, 2004, Commerce made an affirmative LTFV determination with respect to crepe paper from China.²² On January 18, 2005, the Commission determined that an industry in the United States was materially injured by reason of imports of crepe paper from China that were sold at LTVF.²³ On January 25, 2005, Commerce issued an antidumping duty order on imports of crepe paper from China.²⁴

On March 8, 2010, the Commission determined that it would conduct an expedited review on the antidumping duty order on crepe paper from China.²⁵ On April 30, 2010, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.²⁶ Following affirmative determinations by Commerce and the Commission, effective May 13, 2010, Commerce issued a continuation of the antidumping duty order on imports of crepe paper from China.²⁷

On July 6, 2015, the Commission determined that it would conduct an expedited review on the antidumping duty order on crepe paper from China.²⁸ On August 31, 2015, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.²⁹ Following affirmative determinations by Commerce and the Commission, effective September 22, 2015, Commerce issued a continuation of the antidumping duty order on imports of crepe paper from China.³⁰

On November 6, 2020, the Commission determined that it would conduct an expedited review on the antidumping duty order on crepe paper from China.³¹ On February 22, 2021, the Commission determined that material injury would be likely to continue or recur within a

²¹ 81 FR 45128, July 12, 2016.

²² 69 FR 70233, December 3, 2004.

²³ 70 FR 3385, January 24, 2005.

²⁴ 70 FR 3509, January 25, 2005.

²⁵ 75 FR 13779, March 23, 2010.

²⁶ 75 FR 24968, May 6, 2010.

²⁷ 75 FR 26919, May 13, 2010.

²⁸ 80 FR 43118, July 21, 2015.

²⁹ 80 FR 53888, September 8, 2015.

³⁰ 80 FR 57149, September 22, 2015.

³¹ 86 FR 7411, January 28, 2021.

reasonably foreseeable time.³² Following affirmative determinations by Commerce and the Commission, effective March 5, 2021, Commerce issued a continuation of the antidumping duty order on imports of crepe paper from China.³³

Commerce's five-year review

Commerce announced that it would conduct an expedited review with respect to the order on imports of tissue paper from China with the intent of issuing the final results of this review based on the facts available not later than September 29, 2021.³⁴ Commerce publishes its Issues and Decision Memoranda and its final results concurrently, accessible upon publication at <http://enforcement.trade.gov/frn/>. Issues and Decision Memoranda contain complete and up-to-date information regarding the background and history of the order, including scope rulings, duty absorption, changed circumstances reviews, and anticircumvention, as well as any decisions that may have been pending at the issuance of this report. Any foreign producers/exporters that are not currently subject to the antidumping duty order on imports of tissue paper from China are noted in the sections titled "The original investigation" and "U.S. imports," if applicable.

The product

Commerce's scope

Commerce has defined the scope as follows:

Tissue paper products covered by the order are cut-to-length sheets of tissue paper having a basis weight not exceeding 29 grams per square meter. Tissue paper products subject to this order may or may not be bleached, dye-colored, surface-colored, glazed, surface decorated or printed, sequined, crinkled, embossed, and/or die cut. The tissue paper subject to this order is in the form of cut-to-length sheets of tissue paper with a width equal to or greater than one-half (0.5) inch. Subject tissue paper may be flat or folded, and may be packaged by banding or

³² 86 FR 11793, February 26, 2021.

³³ 86 FR 12908, March 5, 2021.

³⁴ Letter from Alex Villanueva, Senior Director, Office I, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Nannette Christ, Director of Investigations, July 22, 2021.

wrapping with paper or film, by placing in plastic or film bags, and/or by placing in boxes for distribution and use by the ultimate consumer. Packages of tissue paper subject to this order may consist solely of tissue paper of one color and/or style, or may contain multiple colors and/or styles.

Excluded from the scope of this order are the following tissue paper products: (1) Tissue paper products that are coated in wax, paraffin, or polymers, of a kind used in floral and food service applications; (2) tissue paper products that have been perforated, embossed, or die-cut to the shape of a toilet seat, i.e., disposable sanitary covers for toilet seats; and (3) toilet or facial tissue stock, towel or napkin stock, paper of a kind used for household or sanitary purposes, cellulose wadding, and webs of cellulose fibers (HTSUS 4803.00.20.00 and 4803.00.40.00).³⁵

U.S. tariff treatment

Tissue paper is currently provided for in HTS subheadings 4804.39.40, 4811.90.40, 4811.90.60, and 4811.90.90. Tissue paper imported from China under all four subheadings enters the U.S. market at a column 1-general duty rate of “Free.” Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Effective September 24, 2018, tissue paper imported from China were assessed an additional 10 percent ad valorem duty (which was increased to 25 percent as of May 10, 2019) by the Office of the United States Trade Representative (“USTR”), under section 301 of the Trade act of 1974, as amended.³⁶ See also U.S. notes 20(e), 20(f), and 20(l) to subchapter III of

³⁵ 81 FR 45128, July 12, 2016.

³⁶ 19 U.S.C. § 2411. HTS subheadings 4804.39.40, 4811.90.40, 4811.90.60, and 4811.90.90 were included in the USTR’s third enumeration (“Tranche 3” or “List 3”) of products imported from China that became subject to the additional 10 percent ad valorem duties (Annexes A and C of 83 FR 47974, September 21, 2018) as of September 24, 2018. Escalation of this duty to 25 percent ad valorem was rescheduled from January 1, 2019 (Annex B of 83 FR 47974, September 21, 2018) to March 2, 2019 (83 FR 65198, December 19, 2018), but was subsequently postponed until further notice (84 FR 7966, March 5, 2019), and then was implemented as of May 10, 2019 (84 FR 20459, May 9, 2019). A subsequent modification was provided for subject goods exported from China prior to May 10, 2019 not to be subject to the escalated 25 percent duty as long as such goods entered into the United States prior to June 1, 2019 (84 FR 21892, May 15, 2019). USTR proposed raising this additional duty from 25 percent to
(continued...)

HTS chapter 99.³⁷ As of August 1, 2021, USTR has not granted any exemptions for tissue paper from the Section 301 duties.³⁸ Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Description and uses³⁹

Subject tissue paper is a type of lightweight paper (no greater than 29 grams per square meter) with a gauze-like, partially transparent appearance. Tissue paper is used to wrap products within a box or bag, for decorative purposes, or as a lightweight gift wrap. Certain tissue paper products are cut-to-length sheets that are produced from rolls of flat tissue paper (i.e., jumbo rolls)⁴⁰ and are sold either flat or folded. Basis weights for subject tissue paper products reportedly range from 13.8 grams per square meter to 24.4 grams per square meter, and the ink for printed designs may add an additional 4.9 to 6.5 grams per square meter.

Although subject tissue paper is available in standard or custom colors or printed designs, white tissue paper is a large part of the U.S. market. The industry recognizes four different grades of white tissue paper based on its whiteness and brightness. Lower grades of white tissue paper reportedly have little decorative value and are used principally as dunnage to stuff or wrap items such as shoes and handbags.

Tissue paper is generally sold in two forms, consumer and bulk. Consumer tissue paper is sold packaged for retail sale to consumers, while bulk tissue paper typically is used by businesses as a wrap to protect consumer purchases. Both forms are converted from jumbo rolls of flat tissue paper and sold in a range of dimensions, frequently in white or solid colors. In terms of form, bulk tissue is typically sold in flat sheets, but is also sold in quire-folded sheets (in which a stack of sheets is folded as a unit). Consumer tissue paper is typically sold in folds, although it is occasionally sold in flat format. In terms of sheet count, bulk tissue is typically sold

(...continued)

30 percent on such products imported from China, on or after October 1, 2019 (Annex C – (List 3 - \$200 Billion Action), Part 1, of 84 FR 46212, September 3, 2019).

³⁷ HTSUS (2021) Basic Revision 2, USITC Publication 5181, April 2021, pp. 99-III-23 – 99-III-24, 99-III-46, 99-III-54, and 99-III-241 – 99-III-248.

³⁸ HTS U.S. note 20, subchapter III, chapter 99; and USITC, “Harmonized Tariff Information,” August 8, 2021, https://www.usitc.gov/harmonized_tariff_information, retrieved August 9, 2021.

³⁹ Unless otherwise noted, the discussion in this section is taken principally from Certain Tissue Paper Products from China, Investigation No. 701-TA- 1070B (Second Review), USITC Publication 4617, June 2016 (“Second review publication”) p. I-13.

⁴⁰ Subject tissue paper is made from flat rather than dry-creped tissue paper, the latter of which is used for sanitary or household purposes.

by the ream (480-500 sheets) but may also be sold in half-reams (250 sheets) or in multiple-ream packaging. Consumer tissue is typically sold packaged for sale as a retail item in smaller quantities, although sheet counts for seasonal packages and club counts range from 90 to 400 sheets.

Manufacturing process⁴¹

The domestic industry producing certain tissue paper products includes firms that manufacture and convert jumbo rolls of flat tissue paper and firms that convert purchased jumbo rolls. Typically, the U.S. paper mills that make rolls of flat tissue paper do not have pulp mills, and therefore rely on purchases of market pulp and/or wastepaper. To begin the manufacturing process, bales of dried pulp and/or wastepaper are fed into a repulper along with water, dyes, and chemical additives. A revolving agitator stirs the mixture, separating the individual wood fibers. Refiners clean and condition the resulting pulp slurry, which is then pumped to storage chests.

Next, the pulp slurry is pumped to the “wet end” of the paper machine, which forms a thin sheet of pulp in a continuous process. Water drains from the sheet as it is formed and conveyed to the press section. The press forms the sheet while squeezing out more water, after which the sheet enters the dryer section to be dried. Tissue paper machines have either a conventional or Yankee dryer. A conventional dryer has two or more tiers of steam-heated cylinders 30 to 60 inches (0.8 to 1.5 meters) in diameter which dry the sheet as it passes over and under successive cylinders. A conventional dryer imparts an unburnished finish to the sheet called a machine finish (MF). A Yankee dryer is particularly effective drying lightweight papers and consists of one large, steam-heated cylinder 9 to 15 feet (2.7 to 4.6 meters) in diameter that dries the sheet completely as it passes once around. The cylinder is polished and imparts a hard, smooth finish called a machine glaze (MG).⁴²

As the paper exits the dryer, it is wound onto a large reel. Once filled, the reel is hoisted by an overhead crane to a winder that is in line with the back end of the paper machine. The winder unwinds the reel, slits the sheet to the appropriate width, and rewinds the sheet onto

⁴¹ Unless otherwise noted, the discussion in this section is taken principally from second review publication, pp. I-13–I-15.

⁴² In general, MG papers are especially suited for printed tissue paper, especially types with intricate designs. However, the amount of gloss varies from sheet to sheet depending on how highly polished the surface of a particular Yankee dryer is, so MG papers produced on different machines would exhibit a range of finishes.

paperboard cores. The resulting jumbo rolls are wrapped with kraft paper or shrink wrap for protection during transit. Diameters and widths of the rolls vary depending on the attributes of the converting equipment for which the paper is intended. If necessary, tissue paper products are typically printed on high-speed, multicolor, web-fed (rotary), flexographic presses. Modern presses yield intricate graphic designs and greatly increase printing capacity. Customers may have their own seasonal designs, and their tissue purchases may become part of a coordinated product line.

Jumbo rolls intended for bulk and consumer tissue paper may be produced from the same reel of tissue paper. Bulk and consumer tissue paper often are printed on the same presses and typically share the same basic converting process, which includes sheeting, folding, and packaging. Because tissue paper is lightweight and lacks stiffness, it is not possible to cut individual sheets. Therefore, converting lines have multiple back stands (i.e., roll stands), and multiple sheets (commonly 10 or 24 sheets) are converted simultaneously to ensure that the web has enough rigidity to feed properly. Electric charges may be imparted to the sheets to “pin” them together. Generally, sheeters are rotary knives that cut the tissue paper at regular intervals as the web advances through the machine. Wider sheeters may also slit the web longitudinally in addition to the perpendicular cuts being made by the rotary knife. Guillotines also are used to cut large quantities of sheets to size at one time.

Production of tissue folds requires the paper be folded in two directions, both parallel and perpendicular to the direction of the machine. On a particular converting line, the folding equipment may be interspersed with the sheeting equipment. Folds made parallel to the machine flow are made before sheeting while the paper is still a continuous web. Then, the folded web is cut with a rotary sheeter as described above. Once cut to size, the sheets are folded perpendicular to machine flow by a tucker; additional tucks may be made depending on the size of the package. Stepped folds are made by offsetting different colored rolls by 1 inch on the roll stands. The offset is maintained throughout folding and sheeting, and once packaged, the different colors can be seen through the package.

Once sheeting and folding are complete, tissue paper may be packaged in a variety of ways. In a continuous process, form, fill, and seal equipment automatically wraps a tissue fold in plastic film and seals the end of each package. A three-step process is used for preformed plastic bags. A jet of air opens the mouth of the bag, the tissue fold is inserted, and the open end is sealed. Larger, hard to handle products (e.g., flat and quire-folded reams) may be packaged in plastic wrap using “L” bagger equipment, which requires more manual labor to insert the product and seal the bag. If necessary, a certain number of individual packages may be further packed in wholesale bags, which help the distributors control their shipments and

quantities. Finally, the individual packages or wholesale packages are packed manually into corrugated containers for shipping.

The industry in the United States

U.S. producers

During the final phase of the original investigation, the Commission received U.S. producer questionnaires from 10 firms, which accounted for nearly all production of tissue paper in the United States during 2003.⁴³ During the first five-year expedited review, domestic interested parties provided a list of six known and currently operating U.S. producers of tissue paper, which accounted for approximately 95 percent of production of tissue paper in the United States during 2010.⁴⁴ During the second five-year review, the Commission received U.S. producer questionnaires from six firms, which accounted for essentially all production of tissue paper in the United States during 2015.⁴⁵

In response to the Commission's notice of institution in this current review, domestic interested parties provided a list of five known and currently operating U.S. producers of tissue paper. The one firm providing U.S. industry data in response to the Commission's notice of institution accounted for approximately 50 percent of production of tissue paper in the United States during 2020.⁴⁶

⁴³ Original publication, p. I-2.

⁴⁴ Domestic interested party's response to the notice of institution, March 4, 2010, p. 29.

⁴⁵ Second review publication, III-1.

⁴⁶ Domestic interested party's response to the notice of institution, July 1, 2021, pp. 3-4.

Recent developments

Table I-2 presents events in the U.S. industry since the last five-year review.

Table I-2

Tissue paper: Recent developments in the U.S. industry since June 1, 2016

Item	Company	Event
***	***	***

Source: Domestic interested party's response to the notice of institution, July 1, 2021, p. 2.

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 in the current five-year review.⁴⁷ Table I-3 presents a compilation of the trade and financial data submitted from all responding U.S. producers in the original investigation and subsequent five-year reviews.

⁴⁷ Seaman's trade and financial data are presented in app. B.

Table I-3
Tissue paper: Trade and financial data submitted by U.S. producers, by period

Quantity in 1,000 square meters; value in 1,000 dollars; unit value in dollars per 1,000 square meters; ratio is in percent

Item	Measure	2003	2009	2015	2020
Capacity	Quantity	3,814,081	***	4,181,917	***
Production	Quantity	1,730,868	***	1,700,914	***
Capacity utilization	Ratio	45.4	***	40.7	***
U.S. shipments	Quantity	1,675,321	***	1,632,095	***
U.S. shipments	Value	93,879	***	132,169	***
U.S. shipments	Unit value	\$56.04	\$***	\$80.98	\$***
Net sales	Value	91,934	***	138,444	***
COGS	Value	66,918	***	103,239	***
COGS to net sales	Ratio	72.8	***	74.6	***
Gross profit or (loss)	Value	25,018	***	35,205	***
SG&A expenses	Value	21,404	***	24,281	***
Operating income or (loss)	Value	3,614	***	10,924	***
Operating income or (loss) to net sales	Ratio	3.9	***	7.9	***

Source: For the years 2003, 2009, and 2015, data are compiled using data submitted in the Commission's original investigation, first five-year review, and second five-year review, respectively. For the year 2020, data are compiled using data submitted by the domestic interested party. Domestic interested party's response to the notice of institution, July 1, 2021, Exhibit 4.

Note: For a discussion of data coverage, please see "U.S. producers" section.

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 U.S. producer from the domestic industry for purposes of its injury determination if “appropriate circumstances” exist.⁴⁸

In its original determination and its expedited first five-year review determination, the Commission defined the domestic like product as one like product, consisting of all tissue paper; certain Commissioners defined the domestic like product differently, consisting of two domestic like products—bulk tissue paper and consumer tissue paper.⁴⁹ In its full second five-year review determination, the Commission defined the domestic like product as one like product, consisting of all tissue paper. In its original determination and its expedited first five-year review determination, the Commission defined the domestic industry as all domestic producers of tissue paper; certain Commissioners defined two domestic industries, one producing bulk tissue paper and the other producing consumer tissue paper. In its full second five-year review determination, the Commission defined the domestic industry as all domestic producers of tissue paper.⁵⁰ In 2020, U.S. producer Seaman Paper imported *** square meters of tissue paper from China, at a value of \$***, equivalent to *** percent of its U.S. production of tissue paper.⁵¹ These imports were primarily through Seaman’s affiliate, Seaman Paper Asia Company, Limited, and in smaller quantities by Seaman directly. One of five domestic producers of tissue paper, Seaman Paper accounted for *** percent of U.S. production in 2020.

⁴⁸ Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

⁴⁹ In the original investigation, Vice Chairman Deanna Tanner Okun, Commissioner Marcia E. Miller, and Commissioner Daniel R. Pearson found the domestic like product to consist of consumer and bulk tissue paper as separate domestic like products. Original publication, p. 1. In the first five-year review, Chairman Deanna Tanner Okun and Commissioner Daniel E. Pearson made the same finding of two separate domestic like product categories for bulk and consumer tissue paper. Second review publication, p. 1.

⁵⁰ 86 FR 29289, June 1, 2021.

⁵¹ Domestic interested party’s response to the notice of institution, July 1, 2021, exh. 5.

U.S. imports

U.S. importers

During the final phase of the original investigation, the Commission received U.S. importer questionnaires from 38 firms, which accounted for more than 99 percent of U.S. imports of tissue paper from China, by quantity, during 2003.⁵² Import data presented in the original investigation are based on questionnaire responses.

Although the Commission did not receive responses from any respondent interested parties in its first five-year review, the domestic interested parties provided a list of approximately 250 U.S. importers of the tissue paper from China.⁵³ Import data presented in the first review are based on official Commerce statistics.

During the second five-year review, the Commission received U.S. importer questionnaires from 13 firms, which accounted for approximately 66.4 percent of all U.S. imports of tissue paper in 2015.⁵⁴ Import data presented in the second review are based on questionnaire responses. Seaman's own imports from China in 2015 accounted for *** percent of U.S. imports of tissue paper from China in 2015.⁵⁵

Although the Commission did not receive responses from any respondent interested parties in this current review, in its response to the Commission's notice of institution, the domestic interested party provided a list of 379 potential U.S. importers of tissue paper.^{56 57}

⁵² Original publication, p. IV-2.

⁵³ Certain Tissue Paper Products from China, Inv. No. 731-TA-1070B (Review), USITC Publication 4165, July 2010 ("First review publication"), p. I-21.

⁵⁴ Second review publication, p. IV-1.

⁵⁵ Second review confidential report, table I-9.

⁵⁶ Seaman's reported tissue paper imports from China in 2020 accounted for a majority of U.S. imports of tissue paper from China. Domestic interested party's response to the notice of institution, July 1, 2021, exh. 5.

⁵⁷ The list of possible U.S. importers submitted by the domestic interested party likely overstates the actual number of U.S. importers of tissue paper because it includes numerous freight forwarding and logistics firms as well as a number of duplicate entities. Domestic interested party's response to the notice of institution, July 1, 2021, exh. 1.

U.S. imports

Table I-4 shows the quantity, value, and unit value of U.S. imports from China as well as the other top sources of U.S. imports (shown in descending order of 2020 imports by quantity).

Table I-4
Tissue paper: U.S. imports, by source and period

Quantity in 1,000 square meters; value in 1,000 dollars; unit value in dollars per 1,000 square meters

U.S. imports from	Measure	2016	2017	2018	2019	2020
China	Quantity	183,325	218,226	213,314	107,864	77,707
Indonesia	Quantity	115,428	113,871	123,243	139,487	127,176
India	Quantity	117,072	145,941	134,900	142,866	94,082
Germany	Quantity	0.13	5,225	33	2,158	12,705
All other sources	Quantity	20,033	33,485	45,248	32,084	19,775
Nonsubject sources	Quantity	252,532	298,521	303,424	316,596	253,739
All import sources	Quantity	435,857	516,747	516,738	424,460	331,445
China	Value	13,246	13,754	14,886	9,031	6,512
Indonesia	Value	10,984	9,064	9,990	9,281	9,908
India	Value	7,632	9,930	9,346	9,422	4,985
Germany	Value	5	354	9.26	194	596
All other sources	Value	1,961	2,456	3,897	2,862	1,451
Nonsubject sources	Value	20,582	21,804	23,242	21,759	16,940
All import sources	Value	33,827	35,558	38,127	30,790	23,452
China	Unit value	72.25	63.03	69.78	83.72	83.80
Indonesia	Unit value	95.16	79.60	81.06	66.54	77.91
India	Unit value	65.19	68.04	69.28	65.95	52.98
Germany	Unit value	38,462	67.75	281	89.90	46.91
All other sources	Unit value	97.89	73.35	86.13	89.20	73.38
Nonsubject sources	Unit value	81.50	73.04	76.60	68.73	66.76
All import sources	Unit value	77.61	68.81	73.78	72.54	70.76

Source: Compiled from official Commerce statistics for HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010, accessed July 1, 2021. These data are overstated because they contain products outside the scope of this review.

Note: Because of rounding, figures may not add to total shown.

Apparent U.S. consumption and market shares

Table I-5 presents data on U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares.

Table I-5
Tissue paper: Apparent U.S. consumption and market shares, by source and period

Quantity in 1,000 square meters; value in 1,000 dollars; share of quantity is the share of apparent U.S. consumption by quantity in percent; share of value is the share of apparent U.S. consumption by value in percent

Source	Measure	2003	2009	2015	2020
U.S. producers	Quantity	1,675,321	***	1,632,095	***
China	Quantity	***	137,610	***	77,707
Nonsubject sources	Quantity	***	374,219	***	253,739
Total imports	Quantity	687,753	511,829	391,689	331,445
Apparent U.S. consumption	Quantity	2,363,074	***	2,023,784	***
U.S. producers	Value	93,879	***	132,169	***
China	Value	***	6,242	***	6,512
Nonsubject sources	Value	***	16,655	***	16,940
All import sources	Value	36,822	22,897	27,713	23,452
Apparent U.S. consumption	Value	130,701	***	159,882	***
U.S. producers	Share of quantity	70.9	***	80.6	***
China	Share of quantity	***	***	***	***
Nonsubject sources	Share of quantity	***	***	***	***
All import sources	Share of quantity	29.1	***	19.4	***
U.S. producers	Share of value	71.8	***	82.7	***
China	Share of value	***	***	***	***
Nonsubject sources	Share of value	***	***	***	***
All import sources	Share of value	28.2	***	17.3	***

Source: For the years 2003, 2009, and 2015, data are compiled using data submitted in the Commission's original investigation, first five-year review, and second five-year review, respectively. For the year 2020, U.S. producers' U.S. shipments are compiled from the domestic interested party's response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010, accessed July 1, 2021.

Note: For 2003, apparent U.S. consumption is derived from U.S. shipments of imports, rather than U.S. imports. Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent.

Note: For a discussion of data coverage, please see "U.S. producers" and "U.S. importers" sections.

The industry in China

During the final phase of the original investigation, the Commission received foreign producer/exporter questionnaires from three firms. These firms did not provide estimates of the share of production in China, and did not report their U.S. exports of tissue paper as a share of U.S. total tissue paper imports from China.⁵⁸

Although the Commission did not receive any responses to its notice of institution from Chinese producers of tissue paper in the first five-year review, the domestic interested parties listed 79 producers of tissue paper in China in that proceeding.⁵⁹

During the second five-year review, the Commission received foreign producer/exporter questionnaires from three firms, which accounted for a small portion of China's tissue paper production but accounted for *** percent of exports of tissue paper from China to the United States.⁶⁰

Although the Commission did not receive response from any respondent interested parties in this five-year review, the domestic interested party provided a list of 201 producers of tissue paper in China.⁶¹

Table I-6 presents export data for condenser paper, wrapping paper, other kraft paper, and paperboard, categories that includes tissue paper and out-of-scope products, from China (by export destination in descending order of quantity for 2020).

⁵⁸ Original publication, p. VII-1.

⁵⁹ First review publication, p. I-30.

⁶⁰ Second review confidential report, p. IV-18.

⁶¹ Domestic interested party's response to the notice of institution, July 1, 2021, exh. 2.

Table I-6**Condenser paper, wrapping paper, other kraft paper, paperboard: Quantity of exports from China, by destination and period**

Quantity in 1,000 square meters

Destination market	2016	2017	2018	2019	2020
Vietnam	2,303,560	1,481,361	1,108,493	1,262,878	1,280,414
Malaysia	1,149,618	1,103,609	967,674	1,142,088	845,602
South Korea	1,111,923	1,141,030	789,381	709,039	688,531
Taiwan	515,798	515,545	722,276	692,110	673,109
Turkey	250,468	232,059	322,645	330,047	661,867
Pakistan	576,634	542,808	598,977	536,172	581,883
United States	1,992,211	2,096,138	1,461,439	984,615	579,193
All other markets	13,479,563	9,191,675	9,697,943	10,508,602	9,333,619
All markets	21,379,774	16,304,226	15,668,829	16,165,550	14,644,217

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheadings 4804.39 and 4811.90. These data may be overstated as HS subheadings 4804.39 and 4811.90 contain products outside the scope of this review.

Note: Because of rounding, figures may not add to total shown.

Third-country trade actions

There are no known trade remedy actions on tissue paper from China in third-country markets.⁶²

The global market

Table I-7 presents global export data for condenser paper, wrapping paper, other kraft paper, and paperboard, categories that include tissue paper and out-of-scope products, (by source in descending order of quantity for 2020).

⁶² Based on publicly available information from the WTO's dispute web portal.

Table I-7**Condenser paper, wrapping paper, other kraft paper, paperboard, and cellulose wadding and webs of cellulose fibers: Quantity of global exports by country and period**

Quantity in 1,000 square meters

Exporting country	2016	2017	2018	2019	2020
Germany	36,208,492	44,011,275	43,880,296	42,591,270	42,516,981
China	21,379,774	16,304,226	15,668,829	16,165,550	14,644,217
Austria	6,619,699	7,196,515	8,181,885	9,116,626	10,797,437
United States	12,792,885	13,247,451	12,958,830	11,628,260	10,168,279
Sweden	16,240,228	15,543,838	13,195,577	11,067,029	10,004,558
Finland	9,059,575	8,612,015	10,122,431	8,864,558	9,017,185
All other exporters	74,273,923	75,356,845	83,112,881	83,512,265	80,148,436
All exporters	176,574,575	180,272,165	187,120,728	182,945,557	177,297,091

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheadings 4804.39 and 4811.90. These data may be overstated as HS subheadings 4804.39 and 4811.90 contain products outside the scope of this review.

Note: Because of rounding, figures may not add to total shown.

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
86 FR 29239, June 1, 2021	<i>International Trade Administration Initiation of Five-Year ("Sunset") Review</i>	https://www.govinfo.gov/content/pkg/FR-2021-06-01/pdf/2021-11473.pdf
86 FR 29289, June 1, 2021	<i>Certain Tissue Paper Products from China; Institution of a Five-Year Review</i>	https://www.govinfo.gov/content/pkg/FR-2021-06-01/pdf/2021-11252.pdf

APPENDIX B
COMPANY-SPECIFIC DATA

RESPONSE CHECKLIST FOR U.S. PRODUCER

Table B-1

Tissue paper: Response checklist for U.S. producer

Item	Seaman Paper Company of Massachusetts, Inc.
Nature of operation	Yes
Statement of intent to participate	Yes
Statement of likely effects of revoking the order	Yes
U.S. producer list	Yes
U.S. importer/foreign producer list	Yes
List of 3-5 leading purchasers	Yes
List of sources for national/regional prices	NA
Changes in supply/demand	Yes

Table B-2

Tissue paper: Trade and financial data submitted by U.S. producer, 2020

Quantity in 1,000 pounds, value in 1,000 dollars, ratio in percent

Item	Measure	Seaman Paper Company of Massachusetts, Inc.
Capacity	Quantity	***
Production	Quantity	***
Percent of total production reported	Ratio	***
Commercial U.S. shipments	Quantity	***
Commercial U.S. shipments:	Value	***
Internal consumption and company transfers	Quantity	***
Internal consumption and company transfers	Value	***
Net sales	Value	***
COGS	Value	***
Gross profit or (loss)	Value	***
SG&A expenses	Value	***
Operating income or (loss)	Value	***

Note: The financial data are for fiscal year ended December 31, 2020.

APPENDIX C
SUMMARY DATA COMPILED IN PRIOR PROCEEDINGS

Table C-1

Tissue paper products: Summary data concerning the U.S. market, 2001-03, January-September 2003, and January-September 2004

Item	Reported data					Period changes			
	2001	2002	2003	January-September		2001-03	2001-02	2002-03	Jan.-Sept. 2003-04
				2003	2004				
U.S. consumption quantity:									
Amount	2,252,460	2,420,665	2,363,074	1,463,784	1,503,178	4.9	7.5	-2.4	2.7
Producers' share (1)	91.0	87.2	70.9	76.1	71.3	-20.1	-3.9	-16.3	-4.8
Importers' share (1):									
China	9.0	12.8	***	***	***	***	3.9	***	***
All other sources	0.0	0.0	***	***	***	***	0.0	***	***
Total imports	9.0	12.8	29.1	23.9	28.7	20.1	3.9	16.3	4.8
U.S. consumption value:									
Amount	130,075	138,680	130,701	81,380	90,947	0.5	6.6	-5.8	11.8
Producers' share (1)	91.4	87.5	71.8	76.9	71.6	-19.6	-3.9	-15.7	-5.3
Importers' share (1):									
China	8.6	12.5	***	***	***	***	3.9	***	***
All other sources	0.0	0.0	***	***	***	***	0.0	***	***
Total imports	8.6	12.5	28.2	23.1	28.4	19.6	3.9	15.7	5.3
U.S. shipments of imports from:									
China:									
Quantity	202,212	310,895	***	***	***	***	53.7	***	***
Value	11,201	17,291	***	***	***	***	54.4	***	***
Unit value	\$55.39	\$55.62	***	***	***	***	0.4	***	***
Ending inventory quantity	21,750	37,197	***	***	***	***	71.0	***	***
All other sources:									
Quantity	0	0	***	***	***	***	0	***	***
Value	0	0	***	***	***	***	0	***	***
Unit value	0	0	***	***	***	***	0	***	***
Ending inventory quantity	0	0	***	***	***	***	0	***	***
All sources:									
Quantity	202,212	310,895	687,753	350,047	431,718	240.1	53.7	121.2	23.3
Value	11,201	17,291	36,822	18,828	25,856	228.7	54.4	113.0	37.3
Unit value	\$55.39	\$55.62	\$53.54	\$53.79	\$59.89	-3.3	0.4	-3.7	11.3
Ending inventory quantity	21,750	37,197	95,427	233,686	235,154	338.7	71.0	156.5	0.6
U.S. producers':									
Average capacity quantity	3,722,201	3,878,349	3,814,081	2,737,161	2,579,323	2.5	4.2	-1.7	-5.8
Production quantity	2,079,215	2,221,313	1,730,868	1,249,484	1,156,725	-16.8	6.8	-22.1	-7.4
Capacity utilization (1)	55.9	57.3	45.4	45.6	44.8	-10.5	1.4	-11.9	-0.8
U.S. shipments:									
Quantity	2,050,248	2,109,770	1,675,321	1,113,738	1,071,459	-18.3	2.9	-20.6	-3.8
Value	118,874	121,388	93,879	62,552	65,091	-21.0	2.1	-22.7	4.1
Unit value	\$57.98	\$57.54	\$56.04	\$56.16	\$60.75	-3.4	-0.8	-2.6	8.2
Export shipments:									
Quantity	41,388	46,767	47,304	28,915	30,662	14.3	13.0	1.1	6.0
Value	2,265	2,436	2,373	1,453	1,621	4.8	7.5	-2.6	11.6
Unit value	\$54.73	\$52.09	\$50.16	\$50.25	\$52.87	-8.3	-4.8	-3.7	5.2
Ending inventory quantity	303,427	368,103	376,345	467,599	431,195	24.0	21.3	2.2	-7.8
Inventories total shipments (1)	14.5	17.1	21.8	30.7	29.3	7.3	2.6	4.8	-1.3
Production workers	592	571	428	413	437	-27.7	-3.4	-25.2	5.8
Hours worked (1,000s)	1,219	1,188	1,018	725	670	-16.5	-2.5	-14.4	-7.6
Wages paid (\$1,000s)	14,652	15,556	13,805	9,643	9,180	-5.8	6.2	-11.3	-4.8
Hourly wages	\$12.02	\$13.09	\$13.57	\$13.70	\$13.70	12.9	8.9	3.6	3.0
Productivity (sq meters/hour)	1,705.7	1,869.5	1,701.1	1,723.3	1,726.8	-0.3	9.6	-9.0	0.2
Unit labor costs	\$7.05	\$7.00	\$7.98	\$7.72	\$7.94	13.2	-0.6	13.9	2.8
Net sales:									
Quantity	2,191,763	2,114,996	1,606,772	1,142,607	1,102,121	-26.7	-3.5	-24.0	-3.5
Value	124,967	121,342	91,934	63,935	66,709	-26.4	-2.9	-24.2	4.3
Unit value	\$57.02	\$57.37	\$57.22	\$55.96	\$60.53	0.4	0.6	-0.3	8.2
Cost of goods sold (COGS)	92,831	91,627	66,918	47,705	48,231	-27.9	-1.3	-27.0	1.1
Gross profit or (loss)	32,135	29,715	25,016	16,230	18,478	-22.2	-7.5	-15.8	13.8
SG&A expenses	23,908	24,672	21,403	15,059	15,771	-10.5	3.2	-13.2	4.7
Operating income or (loss)	8,228	5,044	3,613	1,171	2,707	-56.1	-38.7	-28.4	131.2
Capital expenditures	2,057	1,382	1,004	2,464	291	-51.2	-32.8	-27.4	-88.2
Unit COGS	\$42.35	\$43.32	\$41.65	\$41.75	\$43.76	-1.7	2.3	-3.9	4.8
Unit SG&A expenses	\$10.91	\$11.67	\$13.32	\$13.18	\$14.31	22.1	6.9	14.2	8.6
Unit operating income or (loss)	\$3.75	\$2.38	\$2.25	\$1.02	\$2.46	-40.1	-36.5	-5.7	139.7
COGS/sales (1)	74.3	75.5	72.8	74.6	72.3	-1.5	1.2	-2.7	-2.3
Operating income or (loss)/ sales (1)	6.6	4.2	3.9	1.8	4.1	-2.7	-2.4	-0.2	2.2

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

(2) Not applicable.

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

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

Table C-1
Tissue paper: Summary data concerning the U.S. market, 2013-15

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

	Reported data					
	2013	Calendar year 2014	2015	2013-15	Calendar year 2013-14	2014-15
U.S. consumption quantity:						
Amount.....	1,956,038	2,032,987	2,023,784	3.5	3.9	(0.5)
Producers' share (fn1).....	81.7	82.9	80.6	(1.1)	1.2	(2.3)
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	18.3	17.1	19.4	1.1	(1.2)	2.3
U.S. consumption value:						
Amount.....	151,380	158,633	159,882	5.6	4.8	0.8
Producers' share (fn1).....	83.6	84.1	82.7	(0.9)	0.5	(1.4)
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	16.4	15.9	17.3	0.9	(0.5)	1.4
U.S. imports from:						
China:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
All other sources:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Total imports:						
Quantity.....	357,259	347,623	391,689	9.6	(2.7)	12.7
Value.....	24,861	25,220	27,713	11.5	1.4	9.9
Unit value.....	\$69.59	\$72.55	\$70.75	1.7	4.3	(2.5)
Ending inventory quantity.....	29,557	53,787	63,459	114.7	82.0	18.0
U.S. producers':						
Average capacity quantity.....	4,138,983	4,174,457	4,181,917	1.0	0.9	0.2
Production quantity.....	1,696,088	1,735,182	1,700,914	0.3	2.3	(2.0)
Capacity utilization (fn1).....	41.0	41.6	40.7	(0.3)	0.6	(0.9)
U.S. shipments:						
Quantity.....	1,598,779	1,685,364	1,632,095	2.1	5.4	(3.2)
Value.....	126,519	133,413	132,169	4.5	5.4	(0.9)
Unit value.....	\$79.13	\$79.16	\$80.98	2.3	0.0	2.3
Export shipments:						
Quantity.....	64,772	59,425	55,384	(14.5)	(8.3)	(6.8)
Value.....	5,799	5,602	5,310	(8.4)	(3.4)	(5.2)
Unit value.....	\$89.53	\$94.27	\$95.88	7.1	5.3	1.7
Ending inventory quantity.....	236,078	219,511	229,935	(2.6)	(7.0)	4.7
Inventories/total shipments (fn1).....	14.2	12.6	13.6	(0.6)	(1.6)	1.0
Production workers.....	358	368	420	17.3	2.8	14.1
Hours worked (1,000s).....	767	778	835	8.9	1.4	7.3
Wages paid (\$1,000).....	15,818	15,726	16,895	6.8	(0.6)	7.4
Hourly wages.....	\$20.62	\$20.21	\$20.23	(1.9)	(2.0)	0.1
Productivity (square meters per hour).....	2,211.3	2,230.3	2,037.0	(7.9)	0.9	(8.7)
Unit labor costs.....	\$9.33	\$9.06	\$9.93	6.5	(2.8)	9.6
Net sales:						
Quantity.....	1,705,454	1,660,582	1,688,936	(1.0)	(2.6)	1.7
Value.....	128,525	136,404	138,444	7.7	6.1	1.5
Unit value.....	\$75.36	\$82.14	\$81.97	8.8	9.0	(0.2)
Cost of goods sold (COGS).....	95,342	101,898	103,239	8.3	6.9	1.3
Gross profit of (loss).....	33,183	34,506	35,205	6.1	4.0	2.0
SG&A expenses.....	22,523	22,956	24,281	7.8	1.9	5.8
Operating income or (loss).....	10,660	11,550	10,924	2.5	8.3	(5.4)
Net income or (loss).....	10,487	11,447	10,761	2.6	9.2	(6.0)
Capital expenditures.....	***	***	***	***	***	***
Unit COGS.....	\$55.90	\$61.36	\$61.13	9.3	9.8	(0.4)
Unit SG&A expenses.....	\$13.21	\$13.82	\$14.38	8.9	4.7	4.0
Unit operating income or (loss).....	\$6.25	\$6.96	\$6.47	3.5	11.3	(7.0)
Unit net income or (loss).....	\$6.15	\$6.89	\$6.37	3.6	12.1	(7.6)
COGS/sales (fn1).....	74.2	74.7	74.6	0.4	0.5	(0.1)
Operating income or (loss)/sales (fn1).....	8.3	8.5	7.9	(0.4)	0.2	(0.6)
Net income or (loss)/sales (fn1).....	8.2	8.4	7.8	(0.4)	0.2	(0.6)

Notes:

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

Source: Compiled from data submitted in response to Commission questionnaires and proprietary Customs data using HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010, accessed March 24, 2016.

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 five firms as the top purchasers of tissue paper: ***. Purchaser questionnaires were sent to these five firms and two firms (***) provided responses which are presented below.

1. Have there been any significant changes in the supply and demand conditions for tissue paper that have occurred in the United States or in the market for tissue paper in China since January 1, 2016?

Purchaser	Changes that have occurred
***	***
***	***

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

Purchaser	Anticipated changes
***	***
***	***

