

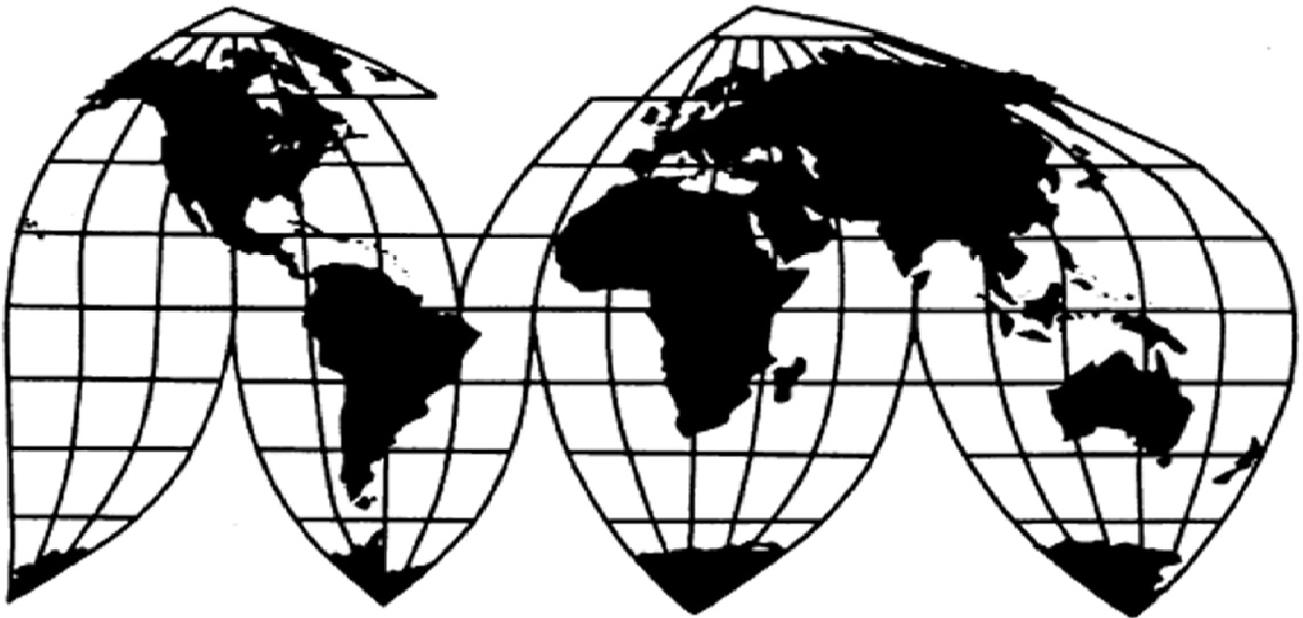
Folding Gift Boxes From China

Investigation No. 731-TA-921 (Review)

Publication 3917

April 2007

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Daniel R. Pearson, Chairman
Shara L. Aranoff, Vice Chairman
Deanna Tanner Okun
Charlotte R. Lane
Irving A. Williamson
Dean A. Pinkert

Robert A. Rogowsky
Director of Operations

Staff assigned:

Gabriel Ellenberger, *Investigator*
Fred Forstall, *Industry Analyst*
Patrick Gallagher, *Attorney*

George Deyman, *Supervisory Investigator*

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Folding Gift Boxes From China

Investigation No. 731-TA-921 (Review)



Publication 3917

April 2007

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Determination | 1 |
| Views of the Commission | 3 |
| Information obtained in the review | I-1 |
| Introduction | I-3 |
| The original investigation | I-3 |
| Commerce’s original determination and five-year review | I-4 |
| Administrative review | I-4 |
| Distribution of Continued Dumping and Subsidy Offset Act funds | I-5 |
| The product | I-5 |
| Scope | I-5 |
| U.S. tariff treatment | I-6 |
| Domestic like product and domestic industry | I-6 |
| Physical characteristics, uses, and manufacturing processes | I-7 |
| Channels of distribution, interchangeability, customer and producer perceptions, and prices | I-7 |
| The industry in the United States | I-8 |
| U.S. producers | I-8 |
| U.S. producers’ operations on FGBs | I-9 |
| U.S. imports and apparent U.S. consumption | I-10 |
| U.S. imports | I-10 |
| Apparent U.S. consumption and market shares | I-10 |
| The industry in China | I-11 |
| Appendix | |
| A. <i>Federal Register</i> notices | A-1 |
| B. Statement on adequacy | B-1 |

Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been identified by the use of *. Final identification of confidential information is in the public version of the staff report.**

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-921 (Review)

FOLDING GIFT BOXES 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 section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty order on folding gift boxes 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 December 1, 2006 (71 FR 69586) and determined on March 6, 2007 that it would conduct an expedited review (72 FR 13512, March 22, 2007).

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

IEWS 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 “Act”), that revocation of the antidumping duty order on folding gift boxes 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.

1. BACKGROUND

The original investigation of folding gift boxes from China was instituted on February 20, 2001, based on a petition filed by Harvard Folding Box Co., Inc. (“Harvard”) and Field Container Co., L.P. (“Field”).¹ In December 2001, the Commission determined that an industry in the United States was materially injured by reason of imports of folding gift boxes sold at less than fair value (“LTFV”) from China.² The Department of Commerce (“Commerce”) imposed an antidumping duty order on imports of certain folding gift boxes from China on January 8, 2002.³

On December 1, 2006, the Commission instituted this review pursuant to section 751(c) of the Act, to determine whether revocation of the antidumping duty order on folding gift boxes from China would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.⁴ The sole response to the notice of institution was filed by domestic producer Harvard.⁵ This firm is believed to account for *** percent of U.S. production of folding gift boxes in 2005.⁶ The Commission did not receive a response from any respondent interested party. On March 6, 2007, the Commission determined that the domestic interested party response to its notice of institution was adequate.⁷ It also determined that the respondent interested party group response to the notice of institution was inadequate.⁸ The Commission did not find any circumstances that would warrant conducting a full review. The Commission determined to conduct an expedited review pursuant to section 751(c)(3) of the Act.^{9 10} Because the Commission’s review of the antidumping duty order has been expedited, much of the information relied upon in this review was collected during the original investigation, from Harvard’s submissions in this proceeding, as well as from publicly available information.¹¹

¹ Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final), USITC Pub. 3480 (Dec. 2001), at I-1 (“Original Determination”).

² Original Determination, USITC Pub. 3480, at 3.

³ Notice of Antidumping Duty Order: Certain Folding Gift Boxes from the People’s Republic of China, 67 Fed. Reg. 864 (January 8, 2002).

⁴ Institution of a Five-year Review Concerning the Antidumping Duty Order on Folding Gift Boxes from China, 71 Fed. Reg. 69586 (December 1, 2006), reprinted in Confidential Report (“CR”) and Public Report (“PR”), INV-EE-036 (April 3, 2007) at Appendix A.

⁵ CR/PR at I-3 n.3; and Table I-4.

⁶ Id. at Table I-4.

⁷ 72 Fed. Reg. 13512 (Mar. 22, 2007); see Explanation of Commission Determination on Adequacy, CR/PR at Appendix B.

⁸ Explanation of Commission Determination on Adequacy, CR/PR at Appendix B.

⁹ 19 U.S.C. § 1675(c)(3) (2000).

¹⁰ See Explanation of Commission Determination on Adequacy, CR/PR at Appendix B.

¹¹ Section 751(c)(3)(B) of the Act indicates that the Commission in an expedited five-year review may issue a determination based on the facts available. See 19 U.S.C. § 1677e(a). Accordingly, we have relied upon the facts
(continued...)

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”¹² The Act defines the “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.”¹³ In five-year reviews, the Commission looks to the domestic like product definition from the original determination and any previous reviews and considers whether the record indicates any reason to revisit that definition.¹⁴

In the final results of its expedited sunset review, Commerce defined the imported merchandise within the scope of the order as:

a type of folding or knock-down carton manufactured from paper or paperboard. Folding gift boxes are produced from a variety of recycled and virgin paper or paperboard materials, including, but not limited to, clay-coated paper or paperboard and kraft (bleached or unbleached) paper or paperboard. The scope of the order excludes gift boxes manufactured from paper or paperboard of a thickness of more than 0.8 millimeters, corrugated paperboard, or paper mache. The scope of the order also excludes those gift boxes for which no side of the box, when assembled, is at least nine inches in length.

Folding gift boxes included in the scope of the order are typically decorated with a holiday motif using various processes, including printing, embossing, debossing, and foil stamping, but may also be plain white or printed with a single color. The subject merchandise includes folding gift boxes, with or without handles, whether finished or unfinished, and whether in one-piece or multi-piece configuration. One-piece gift boxes are die-cut or otherwise formed so that the top, bottom, and sides form a single, contiguous unit. Two-piece gift boxes are those with a folded bottom and a folded top as separate pieces. Folding gift boxes are generally packaged in shrink-wrap, cellophane, or other packaging materials, in single or multi-box packs for sale to the retail customer. The scope excludes folding gift boxes that have a retailer’s name, logo, trademark or similar company information printed prominently on the box’s top exterior (such folding gift boxes are often known as “not-for-resale” gift boxes or “give-away” gift boxes and may be provided by department and specialty stores at no charge to their retail customers). The scope of the order also excludes folding gift boxes where both the

¹¹ (...continued)

otherwise available in these reviews, including information from the original investigation. See 19 U.S.C. § 1677e(a).

¹² 19 U.S.C. § 1677(4)(A).

¹³ 19 U.S.C. § 1677(10). See *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).

¹⁴ See *Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom*, Invs. Nos. 701-TA-380 to 382 and 731-TA-797 to 804 (Review), USITC Pub. 3788 at 6 (Jul. 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).

outside of the box is a single color and the box is not packaged in shrink-wrap, cellophane, other resin-based packaging films, or paperboard.¹⁵

Folding gift boxes are manufactured of paperboard in a variety of styles and designs. A majority of all folding gift boxes, including imports and approximately 100 percent of “holiday” folding gift boxes, are manufactured with a type of recycled paperboard known as clay-coated newsback, a clay-coated paperboard manufactured from old newspapers and other various recycled fiber.¹⁶

The scope definition set out above is unchanged from Commerce’s original scope determination. In the Commission’s original determination, it defined the domestic like product as folding gift boxes for resale, commensurate with the scope of the investigation.¹⁷ In this review, Harvard agrees with the Commission’s definition of the domestic like product in the original investigation.¹⁸ There is no new information obtained during this review that would suggest revisiting the Commission’s domestic like product definition in the original determination. Therefore, we continue to define the domestic like product as folding gift boxes for resale, coextensive with the scope definition.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”¹⁹

In the original determination, the Commission defined the domestic industry as consisting of all domestic producers of folding gift boxes for resale, comprised of Harvard; Field; Superior Packaging, Inc. (“Superior”); and St. Joseph Packaging, Inc. (“St. Joseph”), and it did not exclude any domestic producer as a related party.²⁰ Harvard states that it does not object to how the Commission defined the domestic industry in the original investigation.²¹ There is no new information obtained during this review that

¹⁵ Folding Gift Boxes from the People’s Republic from China: Final Results of the Expedited Sunset Review of the Antidumping Duty Order, 72 Fed. Reg. 16765 (April 5, 2007).

¹⁶ CR at I-8, PR at I-7.

¹⁷ Original Determination, USITC Pub. 3480 at 7. The Commission examined the issue of whether to include “not-for-resale” or “give-away” gift boxes which were outside Commerce’s scope of investigation. The Commission found that most “for-resale” folding gift boxes of the type described by the scope were printed with holiday “motifs” or were plain white, and shrink-wrapped in multi-box packs. The Commission also found that most “give-away” boxes were printed with company names and logos, or were single colors, and were sold in bulk. The Commission determined not to expand the definition of the domestic like product to include “give-away” folding gift boxes because of the differences in physical characteristics, production processes and workers, channels of distribution, customer and producer perceptions, and the limited interchangeability between for-resale and “give-away” folding gift boxes. Id. at 5-7.

¹⁸ Harvard Response to the Commission’s Notice of Institution (January 20, 2007) at 20 (“Harvard Response”).

¹⁹ 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission’s general practice has been to include in the industry all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996).

²⁰ Original Determination, USITC Pub. 3480 at 7-9.

²¹ According to Harvard, Field merged with Altivity Packaging in August 2006 and presently operates under the “Altivity” name and Superior ceased production in 2004. Harvard Response at 4 n.1, 7. Harvard did not discuss St. Joseph in its Response.

would suggest any reason for revisiting our prior domestic industry definition.²² Accordingly, we continue to define the domestic industry as all producers of folding gift boxes for resale.

III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDER IS REVOKED

For the reasons stated below, we determine that revocation of the antidumping duty order on folding gift boxes from China would be likely to lead to continuation or recurrence of material injury to the domestic industry producing folding gift boxes within a reasonably foreseeable time.

A. Legal Standard In a Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping 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 duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”²³ 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.”²⁴ Thus, the likelihood standard is prospective in nature.²⁵ The U.S. Court of International Trade has found that “likely,” as used in the five-year review

²² The related parties provision, 19 U.S.C. § 1677(4)(B), allows the Commission to exclude certain domestic producers from the domestic industry that import subject merchandise or have a corporate affiliation with importers or exporters of subject merchandise, if the Commission finds that appropriate circumstances exist. Harvard reports no corporate affiliations with importers or exporters of subject merchandise, and it does not report any imports of subject merchandise. We conclude that Harvard is not a related party.

In the original investigation, Field and Superior reported importing some subject merchandise. The Commission found, however, that neither Field nor Superior were benefitting from the subject imports and both companies supported the petition. Therefore, the Commission also did not find that appropriate circumstances existed to exclude Field or Superior from the domestic industry. Original Determination, USITC Pub. 3480, at 8-9. There is no information on the record of the five-year review concerning any importing activity by these firms.

²³ 19 U.S.C. § 1675a(a).

²⁴ The SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

²⁵ 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.

provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.²⁶

27 28

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.”²⁹ 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.”³⁰

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty 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.”³¹ 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 the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).³²

No respondent interested party has participated in this review. The record, therefore, contains limited information with respect to the folding gift box industry in China. Accordingly, we rely on

²⁶ 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 without opinion, 140 Fed. Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 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, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

²⁷ For a complete statement of Commissioner Okun’s interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review) (Remand), USITC Pub. 3754 (Feb. 2005).

²⁸ Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

²⁹ 19 U.S.C. § 1675a(a)(5).

³⁰ 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.

³¹ 19 U.S.C. § 1675a(a)(1).

³² 19 U.S.C. § 1675a(a)(1). Commerce did not make any duty absorption findings with respect to the order under review. See Commerce’s Review Determination, 71 Fed. Reg. at 70956-57. 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. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

available information when appropriate, which consists primarily of information from the original investigation and information collected in this five-year review, including that submitted by Harvard.^{33 34}

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, 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.”³⁵ The following conditions of competition are relevant to our determination.

Demand. In the original investigation, the Commission found that demand for folding gift boxes was seasonal or holiday driven. Both domestically produced and imported folding gift boxes are sold to mass merchandisers, discount stores, food and drug stores, and other retail stores nationwide. Although most Chinese folding gift boxes were sold to discount retailers, the number sold to mass merchandisers was increasing and becoming more competitive with domestic like product sales in that part of the market.³⁶ Apparent U.S. consumption of folding gift boxes, as measured by value, increased steadily from \$*** in 1998 to \$*** in 2000.³⁷

There is no indication in the record of this review that the seasonality of demand observed in the original investigation has changed. Although record data suggests that apparent U.S. consumption of folding gift boxes has decreased *** since the original investigation, the data may be understated ***.³⁸

Supply. In the original investigation, the Commission found that the U.S. producers had substantial available capacity to supply the U.S. market. The Commission noted that folding gift boxes were either domestically produced or imported from China; non-subject supply sources did not have a significant role in the U.S. market.³⁹ As noted above, during this review, one firm in the domestic

³³ 19 U.S.C. § 1677e(a) authorizes the Commission to “use the facts otherwise available” in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or other person withholds information requested by the agency, fails to provide such information in the time, form, or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(i) of the Act. 19 U.S.C. § 1677e(a). The verification requirements in section 782(i) are applicable only to Commerce. 19 U.S.C. § 1677m(i). See Titanium Metals Corp., 155 F. Supp. 2d at 765 (“[T]he ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of a Commission investigation.”).

³⁴ Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” SAA at 869.

³⁵ 19 U.S.C. § 1675a(a)(4).

³⁶ Original Determination, USITC Pub. 3480 at 10.

³⁷ CR/PR at Table I-5.

³⁸ Id.

³⁹ Original Determination, USITC Pub. 3480 at 12. The Commission noted that the only non-subject imports were from China. Commerce calculated a de minimis dumping margin for one Chinese folding gift box producer in the original LTFV investigation. Id.; and Commerce Final LTFV, 66 Fed. Reg. at 55118.

industry, Superior, reportedly ceased production of folding gift boxes.⁴⁰ Of the remaining three producers, only Harvard participated in this review. Harvard accounts for approximately *** percent of current domestic production of folding gift boxes.⁴¹ Although the industry's current production capacity is not available, Harvard states that domestic producers' U.S. shipments of folding gift boxes were lower in 2005 at approximately \$*** compared to \$43.3 million in 2000.⁴²

Since the imposition of the order, the domestic industry has been the principal supplier to the U.S. market. Subject imports, however, continue to supply the market.⁴³ In the original investigation, U.S. producers' share of the U.S. market by value declined from *** percent in 1998 to *** percent in 1999 and fell further to *** percent in 2000.⁴⁴ Information gathered in this review indicates that U.S. producers' share of the U.S. market by value was *** percent in 2005.⁴⁵

In the original determination, the Commission found that subject imports' share of the U.S. market increased directly at the expense of the domestic industry's share, from only *** percent of the value of apparent U.S. consumption in 1998 to *** percent in 1999 and further to *** percent in 2000.⁴⁶ Non-subject imports occupied a relatively minor share of the folding gift box market in the original investigation. In 1998, there were *** non-subject imports; China constituted the only foreign supply source in the U.S. market in 1999 and 2000.⁴⁷ There is no information in the current record to permit a precise calculation of non-subject imports in the U.S. market for 2005. This is because all known non-subject imports are from Max Fortune, the Chinese producer which received a de minimis dumping margin from Commerce in the original investigation and, hence, was excluded from the order. Total imports in 2005 accounted for *** percent of the U.S. market.⁴⁸

Substitutability. In the original determination, the Commission observed that the domestic like product and the subject merchandise were substitutable. *** domestic producers stated that the domestic like product and the subject merchandise were always interchangeable, and the majority of importers stated that they were frequently or sometimes interchangeable. Purchasers familiar with both the domestic like product and the subject merchandise considered them to be substitutable generally. The Commission found that price was an important factor in purchasing decisions, although there was no clear price leader in the industry. Although quality was often the first consideration in purchasing decisions, the Commission found that many purchasers viewed the quality and consistency of the domestic like

⁴⁰ CR at I-10, PR at I-8.

⁴¹ CR/PR at Table I-4.

⁴² CR at I-11, PR at I-9.

⁴³ CR/PR at Table I-5.

⁴⁴ CR/PR at Table I-5; Staff Report, INV-Y-240 (December 3, 2001) at Table IV-3. In the original investigation, the Commission used value-based data because of the difficulties in determining the quantities reported. Original Determination, USITC Pub. 3480 at 10, n. 59. For similar reasons, we use value-based data in this review.

⁴⁵ CR/PR at Table I-5.

⁴⁶ CR/PR at Table I-5.

⁴⁷ CR at I-12, PR at I-10.

⁴⁸ Based on business proprietary information provided to the Commission by Customs, imports of merchandise from Max Fortune, the firm excluded from the order, under the applicable HTS statistical reporting numbers amounted to \$*** in 2005. See, e.g., CR at I-13 at n. 44, PR at I-10, n. 44. This may include product, however, not within Commerce's scope description.

product and the subject merchandise to be comparable.⁴⁹ Harvard maintains that these conditions continue today.⁵⁰

Based on the record evidence, we find that conditions of competition in the folding gift box market are not likely to change significantly in the reasonably foreseeable future. Accordingly, in this review, we find that current conditions in the market provide us with a reasonable basis on which to assess the likely effects of revocation of the order in the reasonably foreseeable future.

C. Likely Volume of Subject Folding Gift Box Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping and countervailing duty orders are revoked, 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.⁵¹ 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.⁵²

In the original determination, the Commission found that the volume and market share of subject imports increased substantially throughout the period of investigation. The Commission also found that the value of U.S. shipments of subject imports nearly doubled from 1998 to 2000, rising from \$*** in 1998 to \$*** in 1999, and then to \$*** in 2000.⁵³ Over the period of investigation, U.S. shipments of subject imports accounted for an increasingly large share of the U.S. market, rising from *** percent of the value of shipments in 1998 to *** percent in 1999 and to *** percent in 2000.⁵⁴ The Commission concluded that the U.S. producers’ loss of volume and market share over this period was attributable to subject imports from China. Thus, the Commission found that the volume and market share of subject imports, as well as the increases in those volumes and market share, were significant, both in absolute terms and relative to consumption in the United States.⁵⁵

Commerce issued the antidumping duty order on subject folding gift boxes from China in 2002. Overall, the order has had a restraining effect on the volume of subject imports from China. Imports of folding gift boxes from China continued to increase after imposition of the order, but a *** portion of these imports may be attributed to Max Fortune, the Chinese producer that is not subject to the order on folding gift boxes.⁵⁶

In this review, largely because subject producers in China have declined to participate or furnish information in the review, including information on the volume of subject imports, the Commission is

⁴⁹ CR at I-9, PR at I-7, I-8.

⁵⁰ Harvard Comments (April 6, 2007) at 4 (“[T]he conditions of competition identified by the Commission in the original investigation remain prevalent today.”).

⁵¹ 19 U.S.C. § 1675a(a)(2).

⁵² 19 U.S.C. § 1675a(a)(2)(A)-(D).

⁵³ CR/PR at Table I-5.

⁵⁴ CR/PR at Table I-5.

⁵⁵ Original Determination, USITC Pub. 3480 at 11-12.

⁵⁶ CR/PR at Table I-5; and CR at I-13 n. 44, PR at I-10 n. 44.

constrained to rely on the facts available on the record.⁵⁷ We conclude, based on the facts available, that the volume of imports of subject folding gift boxes is likely to increase significantly, and the resultant volume is likely to be significant, if the order is revoked.

As noted, subject producers did not provide specific data in this review regarding their current capacity and production levels for folding gift boxes or the industry's export orientation. In the original investigation, the Commission received questionnaires with usable data from only two foreign producers: Red Point Paper Products Company, Ltd. ("Red Point") and Luk Ka Printing Company, Ltd. ("Luk Ka").⁵⁸ Red Point estimated that it accounted for *** percent of total production of folding gift boxes in China and *** percent of China's exports to the United States in 2000. Red Point reported exporting *** between 1998 and 2000.⁵⁹ Luk Ka reported that over *** percent of its gift boxes were sold to factories in China for packaging their end products and were not sold in retail directly. Luk Ka did report, however, ***.⁶⁰ The record indicated that *** of China's reported exports in 2000 were directed at the U.S. market.⁶¹

There is no indication that the Chinese folding gift box industry has changed significantly since the original investigation when its capacity and unused capacity levels were substantial. As described above, subject producers from China rapidly gained market share during the original investigation. The record reflects that subject producers in China would have some incentive to redirect production from non-subject to subject merchandise for export to the United States in the absence of the order. According to Harvard, Chinese producers of folding gift boxes have a substantial capacity to produce the subject merchandise because any printer with a die cutter is capable of producing folding gift boxes. Many Chinese producers of non-subject boxes are large, sophisticated, high-volume companies capable of producing folding gift boxes.⁶² In addition, Harvard notes that the United States is the only major market for folding gift boxes.⁶³

Based on the substantial volumes of exports to the United States and gains in market share during the original investigation, the potential for product-shifting in the Chinese folding gift box industry, and the singular attractiveness of the U.S. market, Chinese producers would have an incentive to ship significant volumes of additional exports to the United States if the order were revoked. We therefore find that the likely volume of subject imports, both in absolute terms and relative to production and consumption in the United States, would be significant if the order were revoked.

D. Likely Price Effects of Subject Folding Gift Box Imports

In evaluating the likely price effects of subject imports if the antidumping order is revoked, 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

⁵⁷ See 19 U.S.C. § 1677e(a); see also e.g., Glycine from China, Inv. No. 731-TA-718 (Review), USITC Pub. 3315 (June 2000) at 6-7.

⁵⁸ Original Determination, USITC Pub. 3480, at VII-2.

⁵⁹ Staff Report (INV-Y-240) at VII-2.

⁶⁰ Staff Report (INV-Y-240) at VII-6.

⁶¹ CR/PR at Table I-6.

⁶² Harvard Response at 13-14; and Exhibit 3.

⁶³ Id. at 14.

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁶⁴

In the original determination, the Commission found a mixed pattern of underselling and overselling, but observed that the pricing data likely understated the extent of actual underselling because the importer prices included transportation while domestic prices did not include these charges. The Commission concluded that underselling was significant, given the general substitutability of imported and domestic folding gift boxes, and that the pricing data likely understated the extent of the underselling.⁶⁵

In addition, the Commission determined that the record evidence confirmed most of the petitioner's allegation of lost sales and revenues.⁶⁶ The Commission determined that the level of confirmed lost sales and lost revenue allegations was consistent with the Commission's finding of significant underselling by the subject imports. Thus, the Commission concluded that the subject imports were only able to gain market share as a result of underselling, given the substitutability of the subject imports and the domestic like product, and the price competitive nature of the U.S. market.⁶⁷

Finally, the Commission noted that the cost of goods sold relative to net sales increased steadily between 1998 and 2000, indicating a cost-price squeeze where the domestic producers were unable to increase prices to recoup increased costs. The Commission attributed the price suppression, to a significant degree, to the increasing volumes of underpriced subject imports.⁶⁸ As a result of these findings, the Commission determined that there had been significant underselling by the subject imports and the subject imports suppressed domestic prices to a significant degree.

There is no new product-specific pricing information on the record in this expedited review. As concluded above, we find that Chinese producers likely would increase exports to the United States significantly in the reasonably foreseeable future if the antidumping duty order were revoked.

Based on the information available in this review, including the determination in the original investigation, we find that the market for subject merchandise is price-competitive. Consequently, as in the original investigation, subject imports would likely undersell the domestic like product to gain market share. The volume of subject imports at those prices, in turn, would be likely to have significant depressing or suppressing effects on prices of the domestic like product. Therefore, we conclude that, were the order revoked, subject imports from China likely would increase significantly at prices that likely would undersell the domestic like product and those imports would have a significant depressing or suppressing effect on prices for the domestic like product.

E. Likely Impact of Subject Folding Gift Box Imports

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order is revoked, 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: (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

⁶⁴ 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.

⁶⁵ Original Determination, USITC Pub. 3480 at 12-13.

⁶⁶ Original Determination, USITC Pub. 3480 at 13.

⁶⁷ Id.

⁶⁸ Id.

industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁶⁹ 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.⁷⁰ 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 at issue and whether the industry is vulnerable to material injury if the order is revoked.

In its original determination, the Commission found that both domestic consumption and domestic producers' U.S. shipments rose (in terms of value), but domestic producers' market share declined steadily from 1998 to 2000 in contrast to rising subject import market share. In addition, domestic production and capacity decreased steadily during this period, although capacity utilization remained relatively steady. The Commission further found that subject imports negatively affected other domestic industry performance indicators, including average unit sales, gross profits, operating income, operating income margins, employment, wages, productivity, unit labor costs, and capital expenditures. Although certain large purchasers did not purchase the subject merchandise during the period of investigation, the Commission found that low-priced imports of for-resale folding gift boxes from China successfully competed for sales to a variety of purchasers on the basis of price, thereby gaining sales to mass merchandise retailers, as well as other retailers, at the expense of the U.S. folding gift box producers. As a result, the Commission concluded that subject imports were having a significant adverse impact on the domestic folding gift box industry.⁷¹

The record reveals that the domestic folding gift box industry has contracted since the original investigation. Of the four domestic producers that comprised the domestic industry in the original investigation, one producer, accounting for *** percent of domestic folding gift box production in 2000, reportedly has ceased operations.⁷² In addition, it is not clear whether another U.S. producer, St. Joseph, representing *** percent of domestic folding gift box production in 2000, continues to manufacture folding gift boxes.⁷³

As noted above, apparent U.S. consumption seems to have decreased *** since the original investigation⁷⁴ and Harvard's capacity utilization in 2005 was approximately *** percent, an improvement from the original investigation.⁷⁵ Due to substantial increases in energy costs and the inability to raise prices because of continued price pressure from subject imports, Harvard asserts that it had experienced ***.⁷⁶ Thus, Harvard argues that the industry also continues to experience a cost-price squeeze due to the increasing volume of underpriced subject imports and increasing cost of goods sold relative to net sales.

⁶⁹ 19 U.S.C. § 1675a(a)(4).

⁷⁰ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. Commerce expedited its determination in its review of folding gift boxes from China and found that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the following margins: 8.90 percent for Red Point Paper Products Co., Ltd., and 164.75 percent for the PRC-wide rate. These dumping margins were the same margins that Commerce calculated in its original investigation. Commerce Sunset Review Determination, 72 Fed. Reg. at 16765.

⁷¹ Original Determination, USITC Pub. 3480 at 13-15.

⁷² CR at I-10, PR at I-8; CR/PR at Table I-4.

⁷³ CR/PR at Table I-4.

⁷⁴ CR/PR at Table I-5.

⁷⁵ Harvard Response at 7. ***, Id. at 17.

⁷⁶ CR at I-12, PR at I-9; Harvard Response at 11, 17.

There is no current information in the record, however, pertaining to many of the other indicators, such as operating income, productivity, return on investments, cash flow, wages, ability to raise capital, investment capacity, and employment levels, that we customarily consider in assessing whether the domestic industry is in a weakened condition, as contemplated by the statute. The limited evidence in this expedited review is insufficient for us to make a finding on whether the domestic industry producing folding gift boxes is vulnerable to the continuation or reoccurrence of material injury in the event of revocation of the order.

We find that revocation of the order would likely lead to a significant increase in the volume of subject imports that would likely undersell the domestic like product to a significant degree and significantly suppress or depress U.S. prices. We find that the significant likely volume of low-priced subject folding gift boxes, when combined with the likely adverse price effects of those imports, would likely have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic industry. This reduction in the industry's production, shipments, sales, and revenue levels likely would have a direct adverse impact on the industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.

Accordingly, we conclude that, if the antidumping duty order on folding gift boxes from China were revoked, subject imports from China would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time. Thus, we determine that revocation of the antidumping duty order on folding gift boxes 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.

CONCLUSION

For the foregoing reasons, we determine under section 751(c) of the Act that revocation of the antidumping duty order on folding gift boxes 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 THE REVIEW

INTRODUCTION

On December 1, 2006, in accordance with section 751(c) of the Tariff Act of 1930, as amended,¹ the U.S. International Trade Commission (“Commission”) gave notice that it had instituted a review to determine whether revocation of the antidumping duty order on certain folding gift boxes (“FGBs”) from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.² On March 6, 2007, the Commission determined that the domestic interested party’s response to its notice of institution was adequate;³ the Commission also determined that the respondent interested party’s response was inadequate.⁴ The Commission found no other circumstances that would warrant conducting a full review.⁵ Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930.⁶ The Commission voted on this review on April 19, 2007, and notified the U.S. Department of Commerce (“Commerce”) of its determination on April 30, 2007. Information relating to the background of the review is presented below:

| Effective date | Action | <i>Federal Register</i> citation |
|------------------|--|----------------------------------|
| January 8, 2002 | Commerce’s antidumping duty order | 67 FR 864 |
| December 1, 2006 | Commission’s institution of five-year review | 71 FR 69586 |
| March 6, 2007 | Commission’s determination to conduct expedited five-year review | 72 FR 13512 March 22, 2007 |
| April 5, 2007 | Commerce’s final results of expedited five-year review | 72 FR 19765 |
| April 19, 2007 | Commission’s vote | Not applicable |
| April 30, 2007 | Commission’s determination transmitted to Commerce | Not applicable |

The Original Investigation

On February 20, 2001, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with further material injury by reason

¹ 19 U.S.C. 1675(c).

² *Folding Gift Boxes from China*, 71 FR 69586, December 1, 2006. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission’s notice of institution is presented in app. A.

³ The Commission received one submission in response to its notice of institution for the subject review (hereinafter “*Response*”). It was filed on behalf of Harvard Folding Box Co., Inc. (“Harvard” or “the domestic interested party”), a manufacturer of FGBs in the United States. Harvard indicated in its response that it accounted for *** percent of domestic production of FGBs during 2005.

⁴ The Commission did not receive any responses to its notice of institution from Chinese producers or U.S. importers of the subject merchandise.

⁵ The Commission’s statement on adequacy is presented in app. B.

⁶ 19 U.S.C. § 1675(c)(3).

of less-than-fair-value (“LTFV”) imports of FGBs from China.⁷ ⁸ The Commission completed its original investigation in December 2001, determining that an industry in the United States was materially injured by reason of LTFV imports of FGBs from China.⁹ After receipt of the Commission’s determination, Commerce issued an antidumping duty order on imports of FGBs from China.¹⁰ FGBs have not been the subject of any other Commission investigation.

Commerce’s Original Determination and Five-Year Review¹¹

Table I-1 presents the antidumping duty margins calculated by Commerce in its original investigation and this review.

Table I-1
FGBs: Commerce’s original and five-year review antidumping duty margins for producers/exporters from China

| Producer/exporter | Original margin (percent) | Five-year review margin (percent) |
|------------------------------|------------------------------|--------------------------------------|
| Max Fortune ¹ | 1.67 ² | (²) |
| Red Point ³ | 8.90 | (⁴) |
| China-wide rate ⁵ | 164.75 | (⁴) |

¹ Max Fortune Industrial, Ltd.
² *De minimis* and therefore excluded from the order.
³ Red Point Paper Products Co., Ltd.
⁴ Commerce had not yet published the final results of its expedited five-year review at the time this report was issued.
⁵ Commerce treated China as a non-market-economy country and used India as the surrogate country in its calculations of normal value in determining the original China-wide weighted-average dumping margin.

Source: Antidumping duty order, January 8, 2002, 67 FR 864.

Administrative Review

Commerce completed one antidumping duty administrative review on subject imports of FGBs from China, the results of which are presented in table I-2.

⁷ The petition was on behalf of Harvard and Field Container Co., L.P. (“Field”) on February 20, 2001. *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. I-1.

⁸ The original petition filed with the Commission on February 20, 2001, listed Simkins Industries, Inc. (“Simkins”) as a petitioner. The Commission was notified by letter dated March 5, 2001, from counsel for petitioners, that Harvard was the producer of the FGBs, not Simkins. Additionally, the entry of appearance and APO application filed with the Commission on December 21, 2006, in this five-year review proceeding, listed Simkins as a domestic producer. The Commission was notified by letter dated January 3, 2007, from counsel that Harvard was actually the domestic producer of FGBs, not Simkins.

⁹ *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. 3.

¹⁰ *Notice of Antidumping Duty Order: Certain Folding Gift Boxes From the People’s Republic of China*, 67 FR 864, January 8, 2002.

¹¹ No duty absorption findings, changed circumstance reviews, or scope rulings were made by Commerce.

Table I-2**FGBs: Administrative review of the antidumping duty order on FGBs from China**

| Date results published | Period of review | Producer or exporter | Margin |
|------------------------------------|-----------------------|----------------------|--------|
| December 23, 2003 (68 FR 74207) | 8/6/2001 - 12/31/2002 | Red Point | 0.00 |
| | | China-wide rate | 164.75 |

Source: Cited *Federal Register* notice.

Distribution of Continued Dumping and Subsidy Offset Act Funds

The Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”) (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.¹² During the review period, qualified U.S. producers of FGBs were eligible to receive disbursements from U.S. Customs and Border Protection (“Customs”) under CDSOA relating to the antidumping duty order on the subject product beginning in federal fiscal year 2001.¹³ Table I-3 presents CDSOA disbursements and claims for Federal fiscal years (October 1-September 30) 2002-06 by firm.

Table I-3**FGBs: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2002-06**

| Item | Federal fiscal year | | | | |
|--------------------------------|---------------------|------------|------|-------------|-------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Disbursements (dollars) | | | | | |
| Field Container Co. | 0 | 63,422 | 0 | 8,031 | 0 |
| Harvard Folding Box Co. | 0 | 244,853 | 0 | 61,722 | 112,506 |
| Superior Packaging | 0 | 40,441 | 0 | 0 | 0 |
| Total | 0 | 348,716 | 0 | 69,753 | 112,506 |
| Claims (dollars) | | | | | |
| Total | 0 | 97,245,567 | 0 | 153,401,934 | 167,321,119 |

Source: U.S. Customs and Border Protection's CDSOA *Annual Reports*. www.cbp.gov/xp/cgov/import/add_cvd, retrieved March 12, 2007.

THE PRODUCT**Scope**

The imported product subject to the antidumping duty order on FGBs from China has been defined by Commerce as follows:

{FGBs} are a type of folding or knockdown carton manufactured from paper or paperboard. {FGBs} are produced from a variety of recycled and virgin paper or paperboard materials, including, but not limited to, clay-coated paper or paperboard and kraft (bleached or unbleached) paper or paperboard. The scope of the order excludes gift boxes manufactured from paper or paperboard of a thickness of more than 0.8 millimeters, corrugated paperboard, or paper mache.

¹² Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675c).

¹³ 19 CFR 159.64 (g).

The scope also excludes those gift boxes for which no side of the box, when assembled, is at least nine inches in length.

{FGBs} included in this scope are typically decorated with a holiday motif using various processes, including printing, embossing, debossing, and foil stamping, but may also be plain white or printed with a single color. The subject merchandise includes {FGBs}, with or without handles, whether finished or unfinished, and whether in one-piece or multi-piece configuration. One-piece gift boxes are die-cut or otherwise formed so that the top, bottom, and sides form a single, contiguous unit. Two-piece gift boxes are those with a folded bottom and a folded top as separate pieces. {FGBs} are generally packaged in shrink-wrap, cellophane, or other packaging materials, in single or multi-box packs for sale to the retail customer. The scope excludes {FGBs} that have a retailer's name, logo, trademark or similar company information printed prominently on the box's top exterior (such {FGBs} are often known as "not-for-resale" gift boxes or "giveaway" gift boxes and may be provided by department and specialty stores at no charge to their retail customers). The scope of the order also excludes {FGBs} where both the outside of the box is a single color and the box is not packaged in shrink-wrap, cellophane, other resin-based packaging films, or paperboard.¹⁴

U.S. Tariff Treatment

The merchandise under review is currently classifiable under Harmonized Tariff Schedule of the United States ("HTS") statistical reporting numbers 4819.20.0040 and 4819.50.4060, with no normal trade relations tariffs.¹⁵ The HTS statistical reporting numbers covering imports of FGBs also cover many products that are outside the scope of the investigation (e.g., non-gift item folding boxes such as cereal boxes, office products folding cartons, other consumer products, paperboard boxes, etc.).¹⁶

Domestic Like Product and Domestic Industry

In its original determination, the Commission defined the domestic like product as consisting of certain folding gift boxes for resale, coextensive within the scope of the investigation, and not including give-away gift boxes.¹⁷ The Commission also defined the domestic industry as consisting of all producers of FGBs for resale and did not exclude any domestic producer as a related party.¹⁸ The domestic interested party responding to the Commission's notice of institution in this review agrees with the domestic like product and domestic industry defined by the Commission in its original determination.¹⁹

¹⁴ *Notice of Antidumping Duty Order: Certain Folding Gift Boxes From the People's Republic of China*, 67 FR 864, January 8, 2002.

¹⁵ *Harmonized Tariff Schedule of the United States (2007)*.

¹⁶ *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. I-2.

¹⁷ *Ibid.*, p. 7. The Commission examined the issue of expanding the like product to include "not-for-resale" or "give-away" gift boxes. However, because of the differences in physical characteristics, production processes and workers, channels of distribution, customer and producer perceptions, and the limited interchangeability between for-resale and give-away folding gift boxes, the Commission chose not to expand the definition of the domestic like product. *Ibid.*, pp. 5-7. Commissioner Bragg included not-for-resale or give-away folding gift boxes in the domestic like product. *Ibid.*, p. 5, fn. 9.

¹⁸ *Ibid.*, p. 9.

¹⁹ *Response*, p. 20.

Physical Characteristics, Uses, and Manufacturing Processes²⁰

FGBs are manufactured in a variety of styles and designs. The raw material for FGBs is paperboard. It is believed that a majority of all FGBs (including imports), and approximately 100 percent of “holiday” FGBs, are manufactured with a type of recycled paperboard known as clay-coated newsback, a clay-coated paperboard manufactured from old newspapers and other various recycled fiber.

The manufacturing process usually begins a year and a half before the Christmas selling season (for which most FGBs are intended). The size and shape of the box, and the graphic design to be printed, are determined, and then the selected design is printed on paperboard using either a flexographic or a lithographic printer.²¹ The printed paperboard sheets are fed through a die cutter, which cuts the material to shape and creates creases, scores, or perforations, and are then fed through gluing machines that apply glue and fold the boxes. Because manufacturers of FGBs offer many different designs, collating equipment is necessary where tops with different designs will be included in a single pack. This equipment also adds the appropriate number of tops and bottoms to each pack. Once properly assembled, the packs of boxes are compressed, sometimes shrink-wrapped, and are then packed in cartons for shipment.

Channels of Distribution, Interchangeability, Customer and Producer Perceptions, and Prices²²

Most of the FGB market is seasonal or holiday business, which requires that boxes be stored in warehouses until the third and fourth quarters, when the deliveries to customers’ distribution centers start in earnest (non-seasonal FGBs do not require warehousing). Most FGBs shipped during these quarters are then resold by retailers to consumers in November and December, mainly for packaging Christmas gift items. Domestically produced and imported FGBs are both sold to mass merchandisers, discount stores, food and drug stores, and other retail stores in all 50 states. Most Chinese FGBs are imported directly by retailers, though many FGBs are imported by importers who then resell them to retailers.

In the original investigation, all of the domestic producers who submitted questionnaire responses stated that domestic and Chinese FGBs are always interchangeable. Nine responding importers also indicated that domestic and Chinese FGBs are always interchangeable, and five others said that they are at least sometimes interchangeable. All of the 13 purchasers that responded to the question about interchangeability reported that domestic and Chinese FGBs are used in the same applications. When purchasers compared the U.S. and Chinese products in terms of availability, delivery terms, delivery time, discounts offered, minimum quantity requirements, packaging, product consistency, product quality, product range, reliability of supply, technical support and service, transportation, and lowest price, U.S.

²⁰ The discussion in this section is based on information from the following sources: *Staff Report*, December 3, 2001 (INV-Y-240), pp. I-5-I-7; and *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, pp. I-3-I-5.

²¹ Flexographic presses, usually rotary presses, have raised rubber plates (analogous to a stamp pad) from which ink is transferred to the paper. Lithographic presses have flat plates with areas either attractive or repellent to ink. After ink is applied to the plate, the image is captured by the alternately repellent and attractive regions and is transferred to paper. Several factors are considered when selecting the type of press to use. Simpler designs requiring two or three colors and long runs may be suitable for a flexographic printer. More complex designs require a lithographic printer.

²² The discussion in this section is based on information from the following sources: *Staff Report*, December 3, 2001 (INV-Y-240), pp. I-7-I-9, II-1-II-2, and V-3-V-11; and *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, pp. I-5-I-6, II-1, and V-2-V-5.

producers were ranked superior by a majority of purchasers in only delivery time, and Chinese producers in only price (i.e., the price of the Chinese product was deemed to be generally lower).²³

The Commission found that the pricing data gathered in the original investigation exhibited a mixed pattern of underselling and overselling. The delivered prices paid by retailers that imported directly, which comprised most subject imports, were lower than U.S. producer prices for pricing product 1 in five of the six quarters in which imports occurred. These pricing data likely understated the extent of actual underselling because the importer prices included transportation charges, and the domestic prices did not. The Commissioners found that pricing data reported by importers who resold to retailers showed a mixed pattern, with a roughly equal number of instances of overselling and underselling in the third and fourth quarters, the period of critical importance for this seasonal product. Given the general substitutability of imported domestic FGBs, and recognizing that the pricing data likely understate the extent of underselling, the Commission found the underselling to be significant.²⁴

THE INDUSTRY IN THE UNITED STATES

U.S. Producers

In the original investigation, the Commission received questionnaire responses from Harvard, Field, Superior Packaging, Inc. (“Superior”), and St. Joseph Packaging, Inc. (“St. Joseph”) (table I-4).²⁵ These firms represented a major proportion of the FGB domestic industry.²⁶ Harvard is the only firm to participate in the current review. In August 2006, Field merged with Altiivity Packaging and now operates under that name.²⁷ There is some evidence that St. Joseph continues to produce FGBs, and the firm added a new printing press in 2002.²⁸ Superior ceased production of FGBs in 2004 and now produces give-away boxes.²⁹ Harvard ***.³⁰

²³ *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. II-5.

²⁴ *Ibid.*, pp. 12-13.

²⁵ Field and Superior imported *** FGBs from China during the period examined in the original investigation, but the Commission determined that they were not benefitting from their subject imports and that each of their interests were predominantly those of a producer, and, therefore, did not exclude the two firms from the domestic industry as related parties. *Ibid.*, p. 9.

²⁶ Several firms believed to produce FGBs did not return questionnaires to the Commission in the original investigation. However, these firms were thought to produce very small amounts of FGBs. *Ibid.*, p. 13, n. 81.

²⁷ *Response*, p. 4.

²⁸ <http://www.stjpkg.com/images/Milestones.pdf>, website accessed March 12, 2007, website last updated June 3, 2005.

²⁹ *Response*, p. 7, and <http://www.superiorpackaginginc.com/aboutus.htm>, accessed March 12, 2007, last update not known.

³⁰ *Response*, p. 11, and exh. 5. Harvard added that ***.

Table I-4

FGBs: U.S. producers and shares of U.S. production, 2000 and 2005

| Firm | Location | Share of reported U.S. production (percent) | |
|------------------|-----------------------|---|------------------|
| | | 2000 | 2005 |
| Field (Altivity) | Elk Grove Village, IL | *** | (¹) |
| Harvard | Lynn, MA | *** | *** ² |
| St. Joseph | St. Joseph, MO | *** | (¹) |
| Superior | Melville, NY | *** | (³) |

¹ Data not available.
² Harvard provided this number in its *Response*, and it is based on the assumption that Harvard and Field are the only two firms in the United States currently producing FGBs. However, there is some evidence that St. Joseph's continues to produce FGBs, which, if true, would imply that Harvard's share of production may be overstated.
³ No longer producing FGBs.

Source: Data for 2000 are from the *Staff Report*, December 3, 2001 (INV-Y-240), table III-1, p. III-2; data for 2005 are from the *Response*, p. 7.

U.S. Producers' Operations on FGBs

U.S. producers' capacity, production, and U.S. shipments of FGBs (all measured in pieces) decreased between each year and period for which data were obtained in the original investigation (1998-2000 and January-June of both 2000 and 2001). Capacity utilization remained relatively stable at about 75 percent in each calendar year. The value of U.S. producers' U.S. shipments increased from \$40.3 million in 1998 to \$42.7 million in 1999 and \$43.3 million in 2000.³¹ The U.S. industry was increasingly unprofitable in each year and period for which data were collected in the original investigation.³² Detailed financial and industry data for U.S. producers for 2005 are not available.

The domestic interested party provided limited data in its *Response*, reporting that domestic producers' U.S. sales were valued at approximately \$*** in 2005 and that Harvard's U.S. sales of its domestically produced FGBs were \$***.³³ Since the imposition of the antidumping duty order, Harvard's capacity utilization in 2005 was approximately *** percent, an improvement from the original investigation.³⁵ The imposition of the antidumping duty order created ***.³⁶ However, due to substantial increases in energy costs and an inability to raise prices because of continued price pressure from subject imports, Harvard experienced a cost-price squeeze, which caused the firm ***.³⁷ In the

³¹ *Staff Report*, December 3, 2001 (INV-Y-240), table III-3, p. III-5, and table III-4, p. III-6.

³² *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, table VI-1.

³³ *Response*, p. 7, and exh. 5. Harvard's exports in 2005 were valued at \$***. Domestic producers' sales could be understated because the domestic interested party omitted St. Joseph, a possible domestic producer of FGBs.

³⁴ *Ibid.*, p. 17.

³⁵ *Ibid.*, p. 7. ***. *Ibid.*, p. 17.

³⁶ *Ibid.*, p. 11.

³⁷ *Ibid.*, pp. 11, 17.

original investigation, the Commission determined that a cost-price squeeze existed due to the increasing volume of underpriced subject imports and the increasing cost of goods sold relative to net sales.³⁸

U.S. IMPORTS AND APPARENT U.S. CONSUMPTION

U.S. Imports³⁹

Between 1998 and 2000, the period examined in the Commission's original investigation, China was the only source of U.S. imports of FGBs.^{40 41} During this period, the value of U.S. shipments of subject imports from China nearly doubled, increasing from \$*** in 1998 to \$*** in 2000. The value of U.S. shipments of nonsubject imports increased from \$*** in 1998 to \$*** in 2000.^{42 43} The domestic interested party believes that, while the value of imports from China continued to increase to \$***⁴⁴ in 2005, the antidumping duty order has restrained imports from China and that, in the order's absence, subject imports would have increased more rapidly.⁴⁵

Apparent U.S. Consumption and Market Shares

During the period of the original investigation, the value of apparent consumption rose from \$*** in 1998 to \$*** in 2000 (table I-5).⁴⁶ The value of U.S. producers' U.S. shipments followed the same trend. However, domestic market share (by value) steadily declined during this period (from *** percent in 1998 to *** percent in 2000), as subject import market share (by value) rose from *** percent in 1998

³⁸ *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. 13.

³⁹ In making its original determination, the Commission focused on data pertaining to the value of subject imports, and not the quantity, because of the difficulty in determining the quantities reported. Although the Commission in the final phase of the original investigation requested quantity data as pieces, rather than packs, it appeared that a number of firms may have reported quantity figures in terms of packs while others reported their figures in terms of pieces. The fact that different numbers of folding gift boxes are contained in various packs did not enable staff to readily convert the number of packs to the number of pieces. *Ibid.*, p. 10, fn. 59.

⁴⁰ *Ibid.*, p. IV-2.

⁴¹ Imports from Max Fortune were found to have *de minimis* LTFV margins by Commerce, and Max Fortune was excluded from the order. Imports from Max Fortune comprised all of the nonsubject imports reported in the original investigation. *Ibid.*, p. IV-2.

⁴² *Staff Report*, December 3, 2001 (INV-Y-240), table IV-1, p. IV-4, and table IV-3, p. IV-6.

⁴³ Adjusting 2000 data to account for two major importers of FGBs, ***, whose data were not included in the Staff Report (because *** data could not be reconciled and *** data were estimates provided in a telephone conversation), increases the value of subject imports to \$***. *Confidential opinion*, p. 16, n. 73. *See also* INV-Y-250, December 13, 2001.

⁴⁴ Based on business proprietary data provided to the Commission by Customs, imports of merchandise (which may include nonsubject product) from Max Fortune, the firm excluded from the order, under the applicable HTS statistical reporting numbers amounted to \$*** in 2005.

⁴⁵ *Response*, p. 11.

⁴⁶ *Staff Report*, December 3, 2001 (INV-Y-240), table IV-3, p. IV-6. Adjusting 2000 data to account for two additional importers of FGBs, *** (see footnote 43 above), increases the value of apparent consumption in 2000 to \$***. *Confidential opinion*, p. 14, n. 60. *See also* INV-Y-250, December 13, 2001.

to *** percent in 2000.⁴⁷ The market share (by value) of nonsubject imports increased from *** in 1998 to *** percent by 2000.⁴⁸ The domestic interested party provided limited 2005 data in its response to the notice of institution. It contends that the value of the U.S. FGB market in 2005 was approximately ***⁴⁹ and that domestic producers' shipments comprised *** of the value of the FGB market.^{50 51}

Table I-5
FGBs: Apparent U.S. consumption and market shares, 1998-2000 and 2005

* * * * *

THE INDUSTRY IN CHINA

In the original investigation, the Commission received questionnaires with usable data from only two foreign producers: Red Point Paper Products Company, Ltd. ("Red Point") and Luk Ka Printing Company, Ltd. ("Luk Ka") (table I-6).⁵² Red Point estimated that it accounted for *** percent of total production of FGBs in China and *** percent of China's exports of FGBs to the United States in 2000. Red Point exported *** between 1998 and 2000.⁵³ Luk Ka reported that over *** percent of its gift boxes were sold to factories in China for packaging their end products and not sold in retail directly, but did report ***.⁵⁴

No specific information regarding Chinese producers' capacity, production, or shipments of FGBs since 2000 are available in this review. In 2000, China had 20,409 printing houses that were engaged in printing packaging.⁵⁵ According to the domestic interested party, there are many Chinese companies engaged in producing nonsubject advanced packaging box products. It contends that these companies would be able to switch their production to FGBs if the order were revoked, because the same equipment can be used to produce both FGBs and products outside the scope of the order. Some of these firms are capable of producing one million to ten million boxes a month.⁵⁶ The domestic interested party

⁴⁷ *Confidential opinion*, p. 20, n. 88. The adjusted 2000 data, which includes ***, increases the subject import market share (by value) to *** percent. *Confidential opinion*, p. 16, n. 73. *See also* INV-Y-250, December 13, 2001.

⁴⁸ *Staff Report*, December 3, 2001 (INV-Y-240), table IV-1, p. IV-4, and table IV-3, p. IV-6.

⁴⁹ The domestic interested party cites the petition rather than the staff report for its 2000 data; therefore, when its numbers for 2005 are compared to the petition's numbers for 2000, different trends occur than when compared to data for 2000 from the staff report. For instance, compared to the \$*** 2000 value found by the Commission, this seems to be ***. However, the domestic interested party intends for the numbers to show ***, because it cites the petition's 2000 value, which was \$***. Additionally, the domestic interested party's U.S. market estimate of \$*** for 2005 could be understated because of the domestic interested party's omission of St. Joseph, a possible U.S. producer of FGBs.

⁵⁰ *Response*, p. 7.

⁵¹ The *** percent of the market that the domestic interested party suggested is made up of both subject and nonsubject imports in 2005 should be compared against the *** percent market share that it reported existed for subject imports in 2000, using numbers from the petition.

⁵² *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. VII-2.

⁵³ *Staff Report*, December 3, 2001 (INV-Y-240), p. VII-2.

⁵⁴ *Ibid.*, p. VII-6.

⁵⁵ *Response*, p. 13.

⁵⁶ *Ibid.*

claims that China's FGB industry is almost entirely export-oriented, and that virtually all of that capacity is directed at the U.S. market.⁵⁷

Table I-6

FGBs: Red Point and Luka Ka's combined production capacity, production, and shipments, 1998-2000

* * * * *

⁵⁷ Ibid., p. 14.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

Initiation of Review(s) section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th & Constitution Ave., NW, Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205-3193.

SUPPLEMENTARY INFORMATION:

Background

The Department's procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). Guidance on methodological or analytical issues relevant to the Department's conduct of Sunset Reviews is set forth in the Department's Policy Bulletin 98.3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871 (April 16, 1998) ("Sunset Policy Bulletin").

Initiation of Reviews

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping duty order:

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Five-year ("Sunset") Reviews

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: In accordance with section 751(c) of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("the Department") is automatically initiating a five-year ("Sunset Review") of the antidumping duty order listed below. The International Trade Commission ("the Commission") is publishing concurrently with this notice its notice of *Institution of Five-year Review* which covers this same order.

EFFECTIVE DATE: December 1, 2006.

FOR FURTHER INFORMATION CONTACT: The Department official identified in the

| DOC Case No. | ITC Case No. | Country | Product | Department Contact |
|---|--------------|---------|--------------------|-----------------------------|
| A-570-866 Countervailing Duty Proceedings. No countervailing duty proceedings are scheduled for initiation in December 2006.. Suspended Investigations. No suspended investigations are scheduled for initiation in December 2006.. | 731-TA-921 | PRC | Folding Gift Boxes | Juanita Chen (202) 482-1904 |

Filing Information

As a courtesy, we are making information related to Sunset proceedings, including copies of the Department’s regulations regarding Sunset Reviews (19 CFR 351.218) and *Sunset Policy Bulletin*, the Department’s schedule of Sunset Reviews, case history information (i.e., previous margins, duty absorption determinations, scope language, import volumes), and service lists available to the public on the Department’s sunset Internet website at the following address: “<http://ia.ita.doc.gov/sunset/>.” All submissions in these Sunset Reviews must be filed in accordance with the Department’s regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103(c), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation. Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order (“APO”) immediately following publication in the **Federal Register** of the notice of initiation of the sunset review. The Department’s regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304-306.

Information Required from Interested Parties

Domestic interested parties (defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b)) wishing to participate in these Sunset Reviews must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department’s

regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the orders without further review. See 19 CFR 351.218(d)(1)(iii).

For sunset reviews of countervailing duty orders, parties wishing the Department to consider arguments that countervailable subsidy programs have been terminated must include with their substantive responses information and documentation addressing whether the changes to the program were (1) limited to an individual firm or firms and (2) effected by an official act of the government. Further, a party claiming program termination is expected to document that there are no residual benefits under the program and that substitute programs have not been introduced. Cf. 19 CFR 351.526(b) and (d). If a party maintains that any of the subsidies countervailed by the Department were not conferred pursuant to a subsidy program, that party should nevertheless address the applicability of the factors set forth in 19 CFR 351.526(b) and (d). Similarly, parties wishing the Department to consider whether a company’s change in ownership has extinguished the benefit from prior non-recurring, allocable, subsidies must include with their substantive responses information and documentation supporting their claim that all or almost all of the company’s shares or assets were sold in an arm’s length transaction, at a price representing fair market value, as described in the *Notice of Final Modification of Agency Practice Under Section 123 of the Uruguay Round Agreements Act*, 68 FR 37125 (June 23, 2003) (*Modification Notice*). See *Modification Notice* for a discussion of the types of information and documentation the Department requires.

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department’s regulations provide that *all parties* wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The

required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department’s information requirements are distinct from the Commission’s information requirements. Please consult the Department’s regulations for information regarding the Department’s conduct of Sunset Reviews.¹ Please consult the Department’s regulations at 19 CFR Part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218(c).

Dated: November 20, 2006.

Stephen J. Claeys,
Deputy Assistant Secretary for Import Administration.

[FR Doc. E6-20362 Filed 11-30-06; 8:45 am]

BILLING CODE 3510-DS-S

¹ In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests for extension of that five-day deadline based upon a showing of good cause.

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-921 (Review)]

Folding Gift Boxes From China

AGENCY: United States International Trade Commission.

ACTION: Institution of a five-year review concerning the antidumping duty order on folding gift boxes from China.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on folding gift boxes from China would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is January 22, 2007. Comments on the adequacy of responses may be filed with the Commission by February 13, 2007. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: December 1, 2006.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 07-5-164, expiration date June 30, 2008. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

On January 8, 2002, the Department of Commerce issued an antidumping duty order on imports of folding gift boxes from China (67 FR 864). The Commission is conducting a review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions

The following definitions apply to this review:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year review, as defined by the Department of Commerce.

(2) *The Subject Country* in this review is China.

(3) *The Domestic Like Product* is 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*. In its original determination, the Commission defined the *Domestic Like Product* as certain folding gift boxes for resale, coextensive with Commerce's scope, and not including give-away gift boxes. One Commissioner defined the *Domestic Like Product* differently.

(4) *The Domestic Industry* is 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. In its original determination, the Commission defined the *Domestic Industry* as all domestic producers of certain folding gift boxes for resale. One Commissioner defined the *Domestic Industry* differently.

(5) *The Order Date* is the date that the antidumping duty order under review became effective. In this review, the *Order Date* is January 8, 2002.

(6) *An Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the *Subject Merchandise* into the United States from a foreign manufacturer or through its selling agent.

Participation in the Review and Public Service List

Persons, including industrial users of the *Subject Merchandise* and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission's designated agency ethics official has advised that a five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and APO Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in this review available to authorized applicants under the APO issued in the review, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the review. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification

Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with this review must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written Submissions

Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is January 22, 2007. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is February 13, 2007. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 Fed. Reg. 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

Inability To Provide Requested Information

Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall

notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determination in the review.

Information To Be Provided in Response to This Notice of Institution

As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and e-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the *Domestic Like Product*, a U.S. union or worker group, a U.S. importer of the *Subject Merchandise*, a foreign producer or exporter of the *Subject Merchandise*, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on the *Domestic Industry* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on the *Domestic Industry*.

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Product*. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in the *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries since the *Order Date*.

(7) If you are a U.S. producer of the *Domestic Like Product*, provide the following information on your firm's operations on that product during calendar year 2005 (report quantity data in pieces and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the *Domestic Like Product* accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2005 (report quantity data in pieces and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from the *Subject Country* accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of *Subject Merchandise* imported from the *Subject Country*; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of *Subject Merchandise* imported from the *Subject Country*.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2005 (report quantity data in pieces and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for

the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of *Subject Merchandise* in the *Subject Country* accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of *Subject Merchandise* and, if known, an estimate of the percentage of total exports to the United States of *Subject Merchandise* from the *Subject Country* accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Country* since the *Order Date*, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, *Subject Merchandise* produced in the *Subject Country*, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry*; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: November 27, 2006.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6-20281 Filed 11-30-06; 8:45 am]

BILLING CODE 7020-02-P

**INTERNATIONAL TRADE
COMMISSION****[Investigation No. 731-TA-921 (Review)]****Folding Gift Boxes From China****AGENCY:** United States International Trade Commission.**ACTION:** Scheduling of an expedited five-year review concerning the antidumping duty order on folding gift boxes from China.

SUMMARY: The Commission hereby gives notice of the scheduling of an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(3)) (the Act) to determine whether revocation of the antidumping duty order on folding gift boxes from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).**EFFECTIVE DATE:** March 6, 2007.**FOR FURTHER INFORMATION CONTACT:** Gabriel Ellenberger (202-205-3289),

Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—On March 6, 2007, the Commission determined that the domestic interested party group response to its notice of institution (71 FR 69586, December 1, 2006) of the subject five-year review was adequate and that the respondent interested party group response was inadequate. The Commission did not find any other circumstances that would warrant conducting a full review.¹ Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act.

Staff report.—A staff report containing information concerning the subject matter of the review will be placed in the nonpublic record on April 3, 2007, and made available to persons on the Administrative Protective Order service list for this review. A public version will be issued thereafter, pursuant to section 207.62(d)(4) of the Commission's rules.

Written submissions.—As provided in section 207.62(d) of the Commission's rules, interested parties that are parties to the review and that have provided individually adequate responses to the notice of institution,² and any party other than an interested party to the review may file written comments with the Secretary on what determination the Commission should reach in the review. Comments are due on or before April 6, 2007, and may not contain new factual information. Any person that is neither a party to the five-year review nor an interested party may submit a brief written statement (which shall not

contain any new factual information) pertinent to the review by April 6, 2007. However, should the Department of Commerce extend the time limit for its completion of the final results of its review, the deadline for comments (which may not contain new factual information) on Commerce's final results is three business days after the issuance of Commerce's results. If comments contain business proprietary information (BPI), they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: March 15, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-5176 Filed 3-21-07; 8:45 am]

BILLING CODE 7020-02-P

¹ A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

² The Commission has found the responses submitted by Harvard Folding Box Co., Inc., to be individually adequate. Comments from other interested parties will not be accepted (see 19 CFR 207.62(d)(2)).

FOR FURTHER INFORMATION CONTACT: Juanita H. Chen or Robert A. Bolling; AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: 202-482-1904 and 202-482-3434, respectively.

SUPPLEMENTARY INFORMATION:

Background

On December 1, 2006, the Department initiated a sunset review of the Order on folding gift boxes from the PRC pursuant to section 751(c) of the Act. *See* Sunset Initiation. On December 15, 2006, the Department timely received a notice of intent to participate from Simkins Industries, Inc. (“Simkins”), pursuant to 19 C.F.R. 351.218(d)(1)(i). Simkins claimed interested party status under section 771(9)(C) of the Act as a domestic producer of subject merchandise. On January 3, 2007, the Department received a request from Harvard Folding Box Company, Inc. (“Harvard Box”), asking to be substituted for Simkins as the domestic interested party in the sunset review. Both Simkins and Harvard Box are represented by the same counsel. Harvard Box also filed a substantive response within the 30-day deadline as specified in 19 C.F.R. 351.218(d)(3)(i). The Department did not receive any objections to Harvard Box’s request to be substituted for Simkins. The Department did not receive a substantive response from any respondent interested party. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 C.F.R. 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited sunset review of the Order.

Scope Of The Order

The products covered by the order are certain folding gift boxes. Folding gift boxes are a type of folding or knock-down carton manufactured from paper or paperboard. Folding gift boxes are produced from a variety of recycled and virgin paper or paperboard materials, including, but not limited to, clay-coated paper or paperboard and kraft (bleached or unbleached) paper or paperboard. The scope of the order excludes gift boxes manufactured from paper or paperboard of a thickness of more than 0.8 millimeters, corrugated paperboard, or paper mache. The scope of the order also excludes those gift boxes for which no side of the box, when assembled, is at least nine inches in length.

Folding gift boxes included in the scope of the order are typically

decorated with a holiday motif using various processes, including printing, embossing, debossing, and foil stamping, but may also be plain white or printed with a single color. The subject merchandise includes folding gift boxes, with or without handles, whether finished or unfinished, and whether in one-piece or multi-piece configuration. One-piece gift boxes are die-cut or otherwise formed so that the top, bottom, and sides form a single, contiguous unit. Two-piece gift boxes are those with a folded bottom and a folded top as separate pieces. Folding gift boxes are generally packaged in shrink-wrap, cellophane, or other packaging materials, in single or multi-box packs for sale to the retail customer. The scope of the order excludes folding gift boxes that have a retailer’s name, logo, trademark or similar company information printed prominently on the box’s top exterior (such folding gift boxes are often known as “not-for-resale” gift boxes or “give-away” gift boxes and may be provided by department and specialty stores at no charge to their retail customers). The scope of the order also excludes folding gift boxes where both the outside of the box is a single color and the box is not packaged in shrink-wrap, cellophane, other resin-based packaging films, or paperboard.

Imports of the subject merchandise are classified under Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings 4819.20.0040 and 4819.50.4060. These subheadings also cover products that are outside the scope of the order. Furthermore, although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of the order is dispositive.

Analysis Of Comments Received

A complete discussion of all issues raised in this review are addressed in the accompanying Issues and Decision Memorandum, which is hereby adopted by this notice. *See* “Issues and Decision Memorandum for the Final Results in the Expedited Sunset Review of the Antidumping Duty Order on Folding Gift Boxes from the People’s Republic of China,” from Stephen J. Claeys, Deputy Assistant Secretary, to David M. Spooner, Assistant Secretary for Import Administration, dated March 29, 2007 (“I&D Memo”). The issues discussed in the accompanying I&D Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the dumping margin likely to prevail if the Order were revoked. Parties can obtain a public copy of the I&D Memo on file in the Central Records

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-866]

Folding Gift Boxes from the People’s Republic of China: Final Results of the Expedited Sunset Review of the Antidumping Duty Order

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On December 1, 2006, the Department of Commerce (“Department”) initiated a sunset review of the antidumping duty order on folding gift boxes from the People’s Republic of China (“PRC”), pursuant to section 751(c) of the Tariff Act of 1930, as amended (“Act”). *See Initiation of Five-year (“Sunset”) Reviews*, 71 FR 69545 (December 1, 2006) (“Sunset Initiation”); *see also Notice of Antidumping Duty Order: Certain Folding Gift Boxes From the People’s Republic of China*, 67 FR 864 (January 8, 2002) (“Order”). Based on the notice of intent to participate and response filed by the domestic interested party, and the lack of response from respondent interested parties, the Department conducted an expedited sunset review of the Order pursuant to section 751(c)(3)(B) of the Act and 19 C.F.R. 351.218(e)(1)(ii)(C)(2). As a result of this sunset review, the Department finds that revocation of the Order would likely lead to continuation or recurrence of dumping at the levels indicated in the “Final Results of Review” section of this notice.

EFFECTIVE DATE: April 5, 2007.

Unit, room B-099, of the main Commerce building. In addition, a complete public version of the I&D Memo can be accessed directly on the Web at <http://ia.ita.doc.gov> and clicking on "Federal Register Notices." The paper copy and electronic version of the I&D Memo are identical in content.

Final Results Of Sunset Review

The Department determines that revocation of the Order on folding gift boxes from the PRC would likely lead to continuation or recurrence of dumping at the rates listed below:

| Manufacturers/Exporters/Producers | Weighted-Average Margin (Percent) |
|---|-----------------------------------|
| Red Point Paper Products Co., Ltd. | 8.90 % |
| Max Fortune Industrial Ltd. | 1.67 % (<i>de minimis</i>) |
| PRC-wide rate | 164.75 % |

Notification Regarding Administrative Protective Order

This notice also serves as the only reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 C.F.R. 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing these results and notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: March 29, 2007.

David M. Spooner,
Assistant Secretary for Import
Administration.

[FR Doc. E7-6404 Filed 4-4-07; 8:45 am]

BILLING CODE 3510-DS-S

APPENDIX B
STATEMENT ON ADEQUACY

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Folding Gift Boxes from China
Inv. No. 731-TA-921 (First Review)

On March 6, 2007, the Commission determined that it should proceed to an expedited review in the subject five-year review pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(3)(B).

The Commission determined that the domestic producer response filed by the Harvard Folding Box Company was individually adequate. The Commission further determined that the domestic interested party group response was adequate because this producer accounts for a majority of the domestic production of folding gift boxes.

The Commission did not receive a response from any respondent interested party in the review and, therefore, determined that the respondent interested party group response was inadequate.

Given the absence of an adequate respondent interested party group response, and any other circumstances that might warrant proceeding to a full review, the Commission determined to conduct an expedited review. A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (<http://www.usitc.gov>).

