

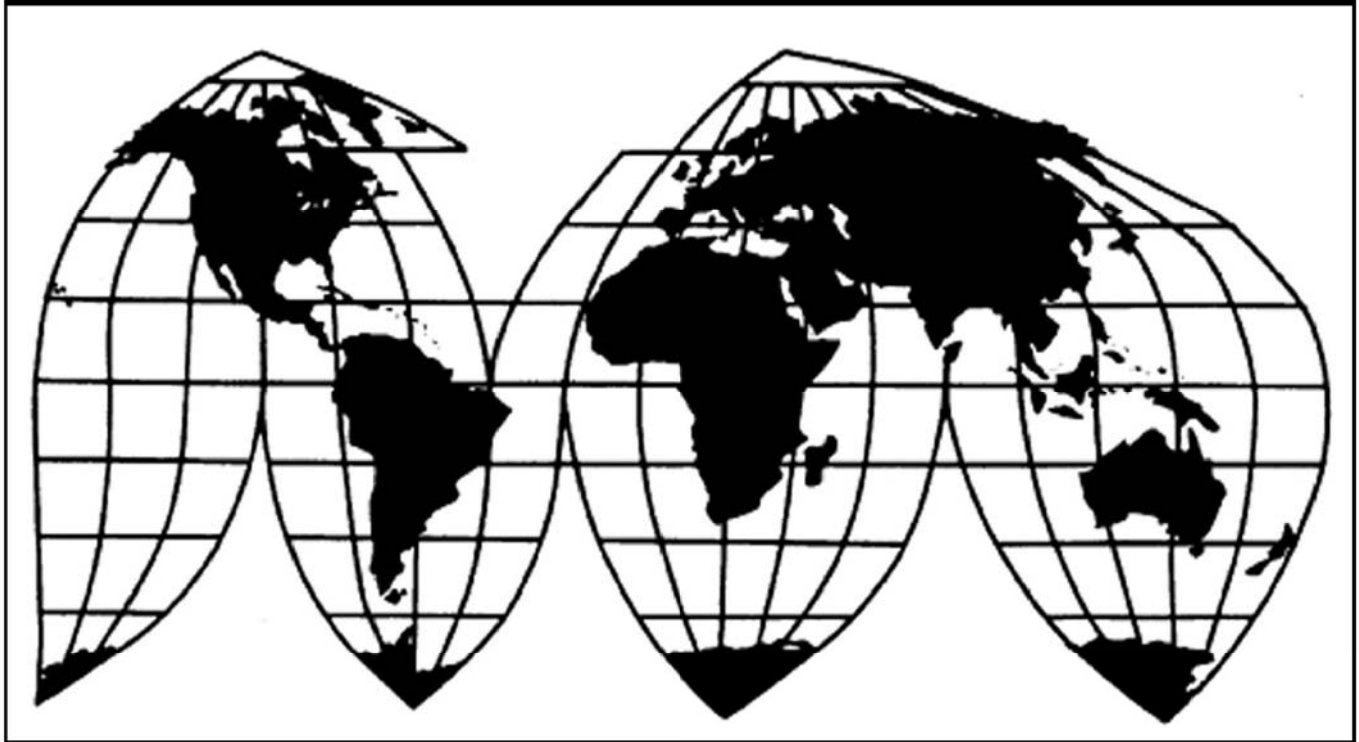
# Certain Tissue Paper Products from China

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

Publication 4617

June 2016

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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# **U.S. International Trade Commission**

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted. Such deletions are indicated by asterisks.





# UNITED STATES INTERNATIONAL TRADE COMMISSION

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

Certain Tissue Paper Products from China

## DETERMINATION

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

## BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on June 1, 2015 (80 F.R. 31065) and determined on September 4, 2015 that it would conduct a full review (80 F.R. 57386, September 23, 2015). Notice of the scheduling of the Commission’s review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on January 13, 2016 (81 F.R. 1643). The hearing was cancelled at the request of the domestic interested parties. The notice of cancellation of the hearing was published in the *Federal Register* on April 18, 2016 (81 F.R. 22632).

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



## Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on tissue paper from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. Background

#### A. The Original Determination

In February 2004, Seaman Paper Company of Massachusetts, Inc. (“Seaman Paper”), Eagle Tissue LLC (“Eagle Tissue”), Flower City Tissue Mills Co. (“Flower City”), Garlock Printing & Converting, Inc. (“Garlock Printing”), Putney Paper Co. (“Putney Paper”), Paper Service Ltd. (“Paper Service”), American Crepe Paper Corporation (“American Crepe”), and the Paper, Allied-Industrial, Chemical and Energy Workers International Union AFL-CIO, CLC (“PACE”) filed an antidumping duty petition covering imports of tissue paper and crepe paper from China. The petition was subsequently divided into one investigation for crepe paper (731-TA-1070A) and one for tissue paper (731-TA-1070B) because the Department of Commerce (“Commerce”) found tissue paper and crepe paper to be separate products and consequently made an earlier determination with respect to crepe paper.<sup>1</sup>

In March 2005, the Commission determined that an industry in the United States was materially injured by reason of imports of tissue paper from China.<sup>2</sup> The Commission determination, joined by Commissioners Hillman, Koplan, and Lane, found a single domestic like product consisting of all tissue paper, coextensive with Commerce’s scope.<sup>3</sup> The Commission consequently determined that there was one domestic industry consisting of all U.S. producers of tissue paper and that this industry was materially injured by reason of subject imports from China.<sup>4</sup> Subsequently, Commerce issued an antidumping duty order covering these imports.<sup>5</sup>

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

<sup>2</sup> Original Determination, USITC Pub. 3758.

<sup>3</sup> Original Determination, USITC Pub. 3758 at 5-9.

<sup>4</sup> Original Determination, USITC Pub. 3758 at 9-25. Commissioners Miller, Okun, and Pearson found two like products consisting of bulk tissue paper and consumer tissue paper, a position that was advocated by respondents. *See id.* at 29-32 (dissenting views). They further determined that there were two domestic industries, one producing bulk tissue paper and the other producing consumer tissue paper, and that the industry producing bulk tissue paper was materially injured by reason of subject imports from China while the industry producing consumer tissue paper was neither materially injured nor threatened with material injury by reason of subject imports from China. *See id.* at 33-37, 38-43 (dissenting views).

<sup>5</sup> *Certain Tissue Paper from China*, 70 Fed. Reg. 15350 (Mar. 25, 2005) (antidumping duty order).

Cleo Inc. and its wholly-owned subsidiary, Crystal Creative Products, Inc., at that time a domestic producer and an importer of subject merchandise from China (collectively “Cleo”), and Target Corporation (“Target”), then an importer of subject merchandise from China, appealed the Commission’s affirmative determination to the U.S. Court of International Trade. They argued that the Commission had erred in: (1) finding that bulk tissue paper and consumer tissue paper constituted a single domestic like product; (2) considering their consumer tissue imports in its material injury determination; (3) concluding that the subject imports significantly undersold the domestic like product; and (4) using flawed financial data to examine the domestic industry’s condition. The Court of International Trade rejected those arguments and determined that the Commission’s material injury determination was supported by substantial evidence.<sup>6</sup>

Cleo and Target appealed the Court of International Trade’s decision to the U.S. Court of Appeals for the Federal Circuit. They raised the same issues as those considered by the Court of International Trade. The Federal Circuit held that the Commission’s material injury determination was supported by substantial evidence and sustained the Commission’s determination.<sup>7</sup>

## **B. First Five-Year Review**

In February 2010, the Commission instituted its first five-year review. The Commission received a joint response to the notice of institution from Seaman Paper, Eagle Tissue, Flower City, Garlock Printing, and Putney Paper. The Commission did not receive any responses from respondent interested parties. The Commission conducted an expedited review and determined that revocation of the order on tissue paper from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>8</sup> In reaching its determination, the Commission continued to find, as it had in the original investigation, a single domestic like product consisting of all tissue paper, coextensive with Commerce’s scope, because there was no basis on the record of the review to call into question the Commission’s finding made in the prior proceeding.<sup>9</sup> Commerce published its notice of continuation of the antidumping duty order in July 2010.<sup>10</sup> No litigation resulted from the Commission’s determination in its first five-year review.

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<sup>6</sup> *Cleo Inc. v. United States*, 30 CIT 1380 (2006).

<sup>7</sup> *Cleo Inc. v. United States*, 501 F.3d 1291 (Fed. Cir. 2007).

<sup>8</sup> *Certain Tissue Paper from China*, Inv. No. 731-TA-1070B, USITC Pub. 4165 (July 2010) (“First Five-Year Review”).

<sup>9</sup> First Five-Year Review, USITC Pub. 4165 at 8. In their dissenting views, Commissioners Okun and Pearson found, as they had in the original investigation, two domestic like products consisting of bulk tissue paper and consumer tissue paper and two corresponding domestic industries. They made an affirmative determination with respect to bulk tissue paper and a negative determination with respect to consumer tissue paper. *See id.* at 23-32 (dissenting views).

<sup>10</sup> *Certain Tissue Paper from China*, 75 Fed. Reg. 42067 (July 20, 2010) (notice of continuation of antidumping duty order).

### C. The Current Review

In June 2015, the Commission instituted this current review.<sup>11</sup> Seaman Paper, Eagle Tissue, Flower City, and Garlock Printing, which collectively accounted for the majority of domestic production of tissue paper, filed a joint response to the notice of institution containing company-specific information.<sup>12</sup> The Commission did not receive any responses from producers or exporters of tissue paper in China or any U.S. importers of subject merchandise. Although the Commission found the domestic interested party response to the notice of institution to be adequate and the respondent interested party response to be inadequate, it determined that other circumstances warranted conducting a full review.<sup>13</sup>

On April 21, 2016, the domestic producers filed a joint prehearing brief advocating that the Commission reach an affirmative determination. The Commission cancelled the hearing that was scheduled for April 28, 2016 upon the domestic producers' joint request.<sup>14</sup> In lieu of the hearing, the Commission issued written questions to which the domestic producers responded in their joint response to questions filed on May 5, 2016.

U.S. industry data for this review are based on the questionnaire responses of six domestic producers, which accounted for essentially all domestic production of tissue paper in 2015.<sup>15</sup> U.S. import data and related information are based on proprietary Customs data and the questionnaire responses of 13 U.S. importers of tissue paper that accounted for \*\*\* percent of subject imports from China.<sup>16</sup> Foreign industry data and related information are based on information submitted by two producers and one exporter of tissue paper in China that accounted for a small percentage of production of tissue paper in China but accounted for \*\*\* percent of exports of tissue paper from China to the United States in 2015.<sup>17</sup>

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<sup>11</sup> *Certain Tissue Paper from China*, 80 Fed. Reg. 31065 (June 1, 2015).

<sup>12</sup> Hallmark Cards, Inc. ("Hallmark") and Soundview Vermont Holdings, LLC ("Soundview"), which acquired Putney Paper, were unable to compile information in time to meet the deadline for responses to the Commission's notice of institution, but they later filed entries of appearance and jointly submitted a prehearing brief and a response to the Commission's written questions with the other four domestic producers. See Domestic Producers Response to the Notice of Institution at 6 n.6 (June 30, 2015) ("Domestic Producers Response").

<sup>13</sup> *Certain Tissue Paper from China*, 80 Fed. Reg. 57386 (Sept. 23, 2015).

<sup>14</sup> Domestic Producers Request to Appear at Hearing and Request for Consideration of Cancellation of Hearing (Apr. 7, 2016); *Certain Tissue Paper from China*, 81 Fed. Reg. 22632 (Apr. 18, 2016).

<sup>15</sup> Confidential Report, Memorandum INV-OO-049 ("CR") at I-11 (May 24, 2016); Public Report ("PR") at I-8.

<sup>16</sup> CR at I-11, PR at I-8.

<sup>17</sup> CR at I-11, PR at I-8.

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>18</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>19</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>20</sup>

Commerce has defined the scope of the antidumping duty order as follows:

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

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

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<sup>18</sup> 19 U.S.C. § 1677(4)(A).

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

<sup>20</sup> *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

Excluded from the scope of this order are the following tissue products: (1) tissue paper products that are coated in wax, paraffin, or polymers, of a kind used in floral and food service applications; (2) tissue paper products that have been perforated, embossed, or die-cut to the shape of a toilet seat, i.e., disposable sanitary covers for toilet seats; and (3) toilet or facial tissue stock, towel, or napkin stock, paper of a kind used for household or sanitary purposes, cellulose wadding, and webs of cellulose fibers (HTSUS 4803.00.20.00 and 4803.00.40.00).<sup>21</sup>

The scope definition has not changed substantively since the original investigation.

Tissue paper within the scope of the order is of a class of lightweight paper (no greater than 29 grams per square meter) that exhibits a gauze-like, fairly transparent appearance. Available in a variety of colors, designs, and packaging, it is used for the wrapping of a product within a box or bag, for decorative purposes or as a lightweight gift wrap.<sup>22</sup> It is produced from jumbo rolls of flat tissue paper that undergo a converting process of sheeting, folding, and packaging.<sup>23</sup>

### **1. The Original Investigation and First Five-Year Review**

In the original investigation, the Commission found that there was one like product consisting of all tissue paper, coextensive with Commerce's scope definition.<sup>24</sup> In reaching this determination, the Commission considered and rejected the argument made by respondents that it should define two separate like products, one consisting of bulk tissue paper and the other consisting of consumer tissue paper.<sup>25</sup> The Commission found that bulk tissue paper and consumer tissue paper shared the same general physical characteristics and uses and had common manufacturing facilities, production processes, and employees.<sup>26</sup> The Commission further found that the record was mixed with respect to customer and producer perceptions of the two forms of tissue paper and their interchangeability, but concluded that there were no inherent qualities that prevented the two forms of tissue paper from being used interchangeably.<sup>27</sup> Finally, the Commission found that there was only a limited degree of similarity between the two forms of tissue paper with respect to channels of distribution and

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<sup>21</sup> *Certain Tissue Paper from China*, 80 Fed. Reg. 59734 (Oct. 2, 2015) (final results of the expedited sunset review of the antidumping duty order).

<sup>22</sup> CR at I-16-17, PR at I-13.

<sup>23</sup> CR at I-18-22, PR at I-13-15.

<sup>24</sup> Original Determination, USITC Pub. 3758 at 5-9. As previously discussed, the Commission's single domestic like product finding was affirmed by the Court of International Trade and the Federal Circuit. See *Cleo*, 30 C.I.T. 1380, *aff'd*, 501 F.3d 1291.

<sup>25</sup> Original Determination, USITC Pub. 3758 at 6. Commissioners Miller, Okun, and Pearson found two separate like products consisting of bulk tissue paper and consumer tissue paper. See *id.* at 29-32 (dissenting views).

<sup>26</sup> Original Determination, USITC Pub. 3758 at 6-8.

<sup>27</sup> Original Determination, USITC Pub. 3758 at 7.

price; bulk tissue paper was sold primarily to distributors in 2003 and consumer tissue paper was sold primarily to retailers that year and consumer tissue paper prices were generally higher than bulk tissue paper prices.<sup>28</sup> The Commission, however, observed that prices for consumer tissue paper were more comparable to bulk tissue paper when sold in larger consumer packaging sizes, suggesting that sheet quantities per package played an important role in the price differences.<sup>29</sup> Consequently, the Commission concluded that the differences between bulk tissue paper and consumer tissue paper did not establish the clear distinction required for establishing separate domestic like products. The Commission, therefore, defined the domestic like product as all tissue paper, coextensive with the scope.<sup>30</sup>

In the first expedited five-year review, the Commission observed that the evidence regarding the factors in the domestic like product analysis remained unchanged and that no party had requested that it adopt a definition different from that in the original investigation. Consequently, the Commission continued to define the domestic like product as all tissue paper, coextensive with Commerce's scope.<sup>31</sup>

## 2. Analysis

In this review, the domestic producers argue that the Commission should find a single domestic like product consisting of all tissue paper as it did in the original investigation and the first review.<sup>32</sup>

The domestic producers contend that bulk tissue paper and consumer tissue paper share the same physical characteristics and are ultimately used to wrap a product as a lightweight gift wrap or for decorative purposes.<sup>33</sup> They further contend that the two forms of tissue paper are fully interchangeable.<sup>34</sup> They also assert that the distinctions the Commission found in the original investigation regarding channels of distribution in 2003 for the two forms of tissue paper, with most domestic bulk tissue paper sales being made to distributors and most domestic consumer tissue paper sales being made to retailers, are now significantly blurred.<sup>35</sup>

Additionally, the domestic producers contend that producers and customers perceive the two forms of tissue paper to be comparable and interchangeable, which is consistent with the fact that they are often comprised of the same tissue paper and are made on the same machines.<sup>36</sup> According to the domestic producers, both forms of tissue paper are produced in

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<sup>28</sup> Original Determination, USITC Pub. 3758 at 7-8.

<sup>29</sup> Original Determination, USITC Pub. 3758 at 8.

<sup>30</sup> Original Determination, USITC Pub. 3758 at 8-9.

<sup>31</sup> First Five-Year Review, USITC Pub. 4165 at 8. Commissioners Okun and Pearson found two separate like products consisting of bulk tissue paper and consumer tissue paper. *See id.* at 23-32 (dissenting views).

<sup>32</sup> Domestic Producers Response at 15; Domestic Producers Prehearing Br. at 1-27 (Apr. 21, 2016).

<sup>33</sup> Domestic Producers Prehearing Br. at 9-12.

<sup>34</sup> Domestic Producers Prehearing Br. at 13-15.

<sup>35</sup> Domestic Producers Prehearing Br. at 15.

<sup>36</sup> Domestic Producers Prehearing Br. at 18-22.



common manufacturing facilities, using identical production operations and production employees.<sup>37</sup> They also contend that the data in this review do not support a finding of significant differences in prices between the two forms of tissue paper.<sup>38</sup>

As explained below, consideration of the record in this review with respect to the six like product factors does not establish a clear dividing line between bulk and consumer tissue paper.<sup>39</sup> Consequently, we continue to define a single domestic like product as the Commission did in the prior proceedings.

*Physical Characteristics and Uses.* The record indicates that bulk tissue paper and consumer tissue paper continue to share the same general physical characteristics and uses. Specifically, bulk and consumer tissue paper continue to be produced from jumbo rolls of flat tissue paper converted into cut-to-length sheets of tissue paper in various sizes, color, and printed designs; both forms are packaged in various forms for the use of wrapping a product within a box or bag as a lightweight gift wrap or for decorative purposes. Moreover, bulk tissue paper continues to be sold for the most part in flat sheets, but is also sold in quire-folded sheets, and consumer tissue paper continues to be sold typically in folds, although it sometimes is sold in flat format.<sup>40</sup> In terms of sheet count, bulk tissue paper continues to be sold mainly by the ream (480-500 sheets), but may also be sold in half reams (250 sheets) or in multiple ream packaging. Consumer tissue paper continues to be sold typically packaged for sale as a retail item in smaller quantities, but is also sold in sheet counts ranging from 90 to 400 sheets for seasonal packages and club packs.<sup>41</sup>

*Interchangeability.* The record indicates there are no inherent differences between consumer tissue paper and bulk tissue paper that preclude their interchangeability. Indeed, both forms of tissue paper are generally used for wrapping a product. Moreover, all domestic producers reported bulk and consumer tissue paper to be interchangeable and all but two responding purchasers reported that these products are “fully,” “mostly,” or “somewhat” interchangeable.<sup>42</sup> Although the Commission observed in the original investigation that consumer tissue paper was generally packaged to catch the consumer’s eye while bulk tissue paper was generally wrapped more plainly and in larger sheet counts than consumer tissue paper, the domestic producers maintain that \*\*\*.<sup>43</sup>

*Channels of Distribution.* In terms of channels of distribution, there continues to be a limited degree of similarity between the two forms of tissue paper. Bulk tissue paper shipments during 2013–2015 (“period of review”) were made predominantly to distributors while consumer tissue paper shipments were made mainly to \*\*\*, with a minority of shipments

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<sup>37</sup> Domestic Producers Prehearing Br. at 20-22.

<sup>38</sup> Domestic Producers Prehearing Br. at 22-23.

<sup>39</sup> CR at I-25-30, PR at I-17-19.

<sup>40</sup> CR at I-25-26, PR at I-17.

<sup>41</sup> CR at I-17, PR at I-13.

<sup>42</sup> CR/PR at Table I-4.

<sup>43</sup> CR at I-17, PR at I-13; Domestic Producers Prehearing Br. at 9-10, Exhibit 1.

being made to \*\*\*.<sup>44</sup> Although all responding U.S. producers reported that the two forms of tissue paper are “mostly” or “somewhat” comparable with respect to channels of distribution, only half of responding purchasers indicated that the two forms of tissue paper are “fully” or “somewhat” comparable in this regard, with the other half of purchasers indicating that the two forms of tissue paper are “not at all” comparable.<sup>45</sup>

*Manufacturing Facilities, Production Processes, and Production Employees.* The record continues to indicate an overlap in manufacturing facilities, processes, and production employees for bulk tissue paper and consumer tissue paper. The domestic producers that produce both forms of tissue paper, \*\*\*, report that both forms of tissue paper are produced on the same machinery by the same employees using the same raw materials.<sup>46</sup> The domestic producers acknowledge that there are differences with respect to converting and packaging operations for these two forms of tissue paper, but they maintain that such differences are not due to differences in the actual product, but rather are due to the use of high-speed converting machines, which are dedicated to the production of either bulk tissue paper or consumer tissue paper to maximize efficiency and reduce costs.<sup>47</sup> Because consumer tissue paper is now being produced with higher sheet counts or is packaged using unadorned packaging traditionally associated with bulk tissue paper, the domestic producers claim that converting and packaging equipment can be cross-utilized for both product forms.<sup>48</sup>

*Customer and Producer Perceptions.* All responding U.S. producers and three purchasers reported that bulk tissue paper and consumer tissue paper are perceived to be “fully” or “mostly” comparable. Only one purchaser indicated that these two forms of tissue paper are “not at all” perceived as being comparable.<sup>49</sup>

*Price.* As was the case in the original investigation, the average unit values of U.S. shipments of bulk tissue paper were lower than those for U.S. shipments of consumer tissue paper throughout the period of review.<sup>50</sup> Average unit values for U.S. shipments of bulk tissue

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<sup>44</sup> CR/PR at Table I-5; CR at I-28 n.47, PR at I-18 n.47; Domestic Producers Response to Questions at 13 (May 5, 2016). The share of U.S. producers’ U.S. shipments of bulk tissue paper to distributors was \*\*\* percent in 2013, \*\*\* percent in 2014, and \*\*\* percent in 2015. The share of U.S. producers’ U.S. shipments of consumer tissue paper to \*\*\* was \*\*\* percent in 2013, \*\*\* percent in 2014, and \*\*\* percent in 2015. The share of U.S. shipments of consumer tissue paper to distributors was \*\*\* percent in 2013, \*\*\* percent in 2014, and \*\*\* percent in 2015. CR/PR at Table I-5.

<sup>45</sup> CR/PR at Table I-4.

<sup>46</sup> CR at I-26, PR at I-17-18; \*\*\* Producer Questionnaire Response at V-1(c) (Feb. 24, 2016). These firms combined constituted approximately \*\*\* percent of total domestic production of tissue paper in 2015. CR/PR at Table I-7.

<sup>47</sup> CR at I-26, PR at I-17-18; Domestic Producers Prehearing Br. at 22.

<sup>48</sup> Domestic Producers Prehearing Br. at 22.

<sup>49</sup> CR/PR at Table I-4.

<sup>50</sup> CR/PR at Table I-6. The average unit values of U.S. shipments are more probative than the pricing data on the record of this review for purposes of a like product analysis. The pricing data was collected based on three definitions of consumer tissue paper products and one bulk tissue paper product, and accounted for only a small proportion of the domestic industry’s U.S. shipments. CR at V- (Continued...)

paper in each year of the period reviewed ranged between \$\*\*\* and \$\*\*\* per thousand square meters, while average unit values for U.S. shipments of consumer tissue paper ranged between \$\*\*\* and \$\*\*\* per thousand square meters.<sup>51</sup> The record indicates, however, that tissue paper format may affect prices for both forms of tissue paper and play a part in explaining the price differences. Specifically, during the period of review, bulk tissue paper sold by \*\*\*<sup>52</sup> whereas bulk tissue paper sold by \*\*\*, which consisted largely of custom print bulk tissue paper for certain retailers such as \*\*\*, had higher average unit values than their consumer tissue paper.<sup>53</sup> Moreover, consumer tissue paper sold by \*\*\*, which is heavily weighted to branded higher value specialty formats rather than single solid-color or plain white formats, had sales values that were \*\*\* the overall average unit values for consumer tissue paper \*\*\*.<sup>54</sup> Excluding \*\*\* shipments, the average unit values of bulk tissue paper exceeded those of consumer tissue paper in 2014 and 2015.<sup>55</sup>

*Conclusion.* The record in this review indicates that bulk tissue paper and consumer tissue paper share the same general physical characteristics and uses and overlap at least to some extent in form (both are sold in flat and folded formats) and packaging (both are available in large quantities). The domestic producers that manufacture both forms of tissue paper do so using common machinery, materials, and employees. Market participants perceive at least some degree of interchangeability between the two forms of tissue paper. Although the record concerning channels of distribution and price is more mixed, the evidence does not provide clear distinctions between the two forms of tissue paper. Moreover, the record indicates that some of the differences between bulk tissue paper and consumer tissue paper have become less pronounced since the prior proceedings. In light of this, the Commission's prior determinations that there was a single domestic like product, and the lack of any contrary argument in this review, we again define a single domestic like product coextensive with the scope.

## **B. Domestic Industry**

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

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(...Continued)

5-6 n.3, PR at 3-4 n.3. The domestic producers provided pricing data of consumer tissue paper packages with sheet counts ranging from 24 to ten packs of 480 sheets being offered by Nashville Wraps, an online store, and also of consumer tissue paper packages with sheet counts ranging from ten to 480 sheets being sold by Seaman Paper to \*\*\*. These data show per-unit price declines corresponding to increases in consumer tissue package size. See Domestic Producers Prehearing Br. at 25-27, Exhibits 9-14.

<sup>51</sup> CR/PR at Table I-6.

<sup>52</sup> Domestic Producers Prehearing Br. at 24-25; CR at I-30, PR at I-19.

<sup>53</sup> CR at I-30, PR at I-19; Domestic Producers Prehearing Br. at 24-25; Domestic Producers

Response to Questions at 7-8.

<sup>54</sup> CR at I-30, PR at I-19; CR/PR at Table III-9 n.1; Domestic Producers Prehearing Br. at 24 n.73.

<sup>55</sup> CR at I-30, PR at I-19.

the product.”<sup>56</sup> In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. In the original investigation and first expedited five-year review, the Commission defined the domestic industry to consist of all domestic producers of tissue paper.<sup>57</sup> The domestic producers do not argue for a different conclusion. Based on our domestic like product definition, we define the domestic industry as all domestic producers of tissue paper.

This review also raises the issue whether appropriate circumstances exist to exclude any producer from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.<sup>58</sup> Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation.<sup>59</sup>

In the original investigation and first five-year review, the Commission recognized that certain domestic producers were related parties, but determined that appropriate circumstances did not exist to exclude any producer from the domestic industry as a related party under 19 U.S.C. § 1677(4)(B).<sup>60</sup>

Of the six responding domestic producers in the current review, three firms – \*\*\* – are related parties. \*\*\* is a related party because it directly controls \*\*\*, an importer and exporter

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<sup>56</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

<sup>57</sup> Original Determination, USITC Pub. 3758 at 9-10; First Five-Year Review, USITC Pub. 4165 at 8-10.

<sup>58</sup> *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int’l Trade 1992), *aff’d without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int’l Trade 1989), *aff’d mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int’l Trade 1987).

<sup>59</sup> The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzou Trina Solar Energy Co. v. USITC*, Slip. Op. 15-84 at 27 (Ct. Int’l. Trade Aug. 7, 2015); *see also Torrington Co. v. United States*, 790 F. Supp. at 1168.

<sup>60</sup> Confidential Original Determination, EDIS Doc. 560508 at 12-16; Confidential First-Review Determination, EDIS Doc. 560512 at 11-13.

of subject merchandise.<sup>61</sup> \*\*\* is a related party because it imported subject merchandise during the period of review.<sup>62</sup> \*\*\* is a related party because it shares the same parent company, \*\*\*, as \*\*\*.<sup>63</sup>

We determine that appropriate circumstances do not exist to exclude any of the related party domestic producers from the domestic industry. \*\*\* was a petitioner in the original investigation and supports the continuation of the antidumping duty order in this review.<sup>64</sup> Additionally, \*\*\* was the \*\*\* domestic producer of tissue paper in the United States in 2015, and its U.S. production was substantially larger than its affiliate's importation of subject merchandise.<sup>65</sup> Specifically, \*\*\* imported \*\*\* square meters of tissue paper from China in 2013, \*\*\* square meters in 2014, and \*\*\* square meters in 2015, which were equivalent to only \*\*\* percent of \*\*\* domestic production in 2013, \*\*\* percent of its domestic production in 2014, and \*\*\* percent of its domestic production in 2015.<sup>66</sup> Moreover, these subject imports consisted largely of \*\*\*.<sup>67</sup> Although \*\*\* importation of subject merchandise increased during the period of review, \*\*\* domestic production also increased during this period.<sup>68</sup>

\*\*\* supports the continuation of the antidumping duty order.<sup>69</sup> Moreover, the U.S. production of \*\*\*, which accounted for \*\*\* percent of overall U.S. production of tissue paper in 2015, was substantially larger than its importation of subject merchandise.<sup>70</sup> Specifically, \*\*\* imported \*\*\* square meters of tissue paper from China in 2013, \*\*\* square meters in 2014, and \*\*\* square meters in 2015. These imports were equivalent to only \*\*\* percent of its domestic production in 2013, \*\*\* percent of its domestic production in 2014, and \*\*\* percent of its domestic production in 2015.<sup>71</sup> \*\*\* reports that its imports of subject merchandise consisted of \*\*\*.<sup>72</sup>

Like its \*\*\*, \*\*\* was a petitioner in the original investigation and supports the continuation of the antidumping duty order in this review.<sup>73</sup> \*\*\*, which accounted for \*\*\* percent of overall U.S. production in 2015, had a somewhat higher ratio of subject merchandise

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<sup>61</sup> CR/PR at Table I-8; Domestic Producers Response to Questions at 27. \*\*\*. CR/PR at Table I-8. \*\*\* also has a \*\*\*. CR at IV-18 n.12, PR at IV-6 n.12.

<sup>62</sup> CR/PR at Table I-9.

<sup>63</sup> CR/PR at Table I-8. \*\*\*. *See id.*

<sup>64</sup> CR at I-2, PR at I-2; CR/PR at Table I-7.

<sup>65</sup> CR/PR at Tables I-7, III-6. \*\*\* was responsible for \*\*\* percent of U.S. production of tissue paper in 2015. CR/PR at Table I-7.

<sup>66</sup> CR/PR at Table III-6.

<sup>67</sup> CR at III-8, PR at III-5; Domestic Producers Response to Questions at 24; \*\*\* Revised Importer Questionnaire Response at II-6, II-10a (May 24, 2016).

<sup>68</sup> \*\*\*. CR/PR at Table III-6.

<sup>69</sup> CR/PR at Table I-7.

<sup>70</sup> CR/PR at Tables I-7, III-6.

<sup>71</sup> CR/PR at Table III-3.

<sup>72</sup> CR at III-8-9; PR at III-5.

<sup>73</sup> CR at I-2, PR at I-2; CR/PR at Table I-7.

imported by its affiliate to its domestic production.<sup>74</sup> However, as previously discussed, the imported subject merchandise \*\*\*.<sup>75</sup> Although its affiliate’s importation of subject merchandise increased during the period of review, \*\*\* domestic production also increased during this period.<sup>76</sup>

Consequently, the evidence on this record indicates that the interests of \*\*\* lie in their domestic production operations. We therefore define the domestic industry as all U.S. producers of tissue paper.

### **III. Revocation of the Antidumping Duty Order Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

#### **A. Legal Standards**

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>77</sup> The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>78</sup> Thus, the likelihood standard is prospective in

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<sup>74</sup> \*\*\* imports of subject merchandise were equivalent to \*\*\* percent of \*\*\* domestic production in 2013, \*\*\* percent of its domestic production in 2014, and \*\*\* percent of its domestic production in 2015. Calculated from \*\*\* Revised Importer Questionnaire Response at II-7 and \*\*\* Producer Questionnaire Response at II-5a (Feb. 24, 2016). If, however, we were to include \*\*\* production in calculating the ratio of imports to U.S. production, \*\*\* imports of subject merchandise would be equivalent to only \*\*\* percent of \*\*\* combined domestic production in 2013, \*\*\* percent of their combined domestic production in 2014, and \*\*\* percent of their combined domestic production in 2015. Calculated from \*\*\* Revised Importer Questionnaire Response at II-7 and \*\*\* Producer Questionnaire Response at II-5a (Feb. 24, 2016).

<sup>75</sup> CR at III-8, PR at III-5; Domestic Producers Response to Questions at 24; \*\*\* Importer Questionnaire Response at II-6 (March 8, 2016) (stating that all of its subject imports are “part of a set with gift bags, intended to be sold as ‘ready to go’ gift bag {and} tissue paper combination”).

<sup>76</sup> \*\*\* produced \*\*\* square meters of tissue paper in 2013, \*\*\* square meters in 2014, and \*\*\* square meters in 2015. \*\*\* Producer Questionnaire Response at II-5a.

<sup>77</sup> 19 U.S.C. § 1675a(a).

<sup>78</sup> H.R. Rep. 103-316, vol. 1 at 883-84 (1994). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

nature.<sup>79</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>80</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>81</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>82</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>83</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>84</sup> The statute further provides

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<sup>79</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>80</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>81</sup> 19 U.S.C. § 1675a(a)(5).

<sup>82</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>83</sup> 19 U.S.C. § 1675a(a)(1).

<sup>84</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings regarding imports of tissue paper from China. See First Five-Year Review, USITC Pub. 3758 at 11 n.69. There have been no Commerce administrative reviews since the first review. See CR/PR at Table I-2.

that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.<sup>85</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>86</sup> In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>87</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>88</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>89</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to

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<sup>85</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>86</sup> 19 U.S.C. § 1675a(a)(2).

<sup>87</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>88</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

<sup>89</sup> 19 U.S.C. § 1675a(a)(4).



which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.<sup>90</sup>

As stated above, the Commission received no response to the notice of institution from tissue paper producers in China. The record, therefore, contains limited new information with respect to the industry in China. Accordingly, for our determination, we have relied on the facts available from the original investigation, information submitted by the domestic producers in the prior review and in this review, and information submitted by two producers and one exporter of tissue paper in China in response to the Commission's questionnaires in this review.

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

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."<sup>91</sup> The following conditions of competition inform our determination.

***Demand Conditions.*** In the original investigation, the Commission observed that demand for tissue paper experienced a modest increase, with apparent U.S. consumption growing by 4.9 percent between 2001 and 2003.<sup>92</sup> The Commission further observed that demand for tissue paper tended to increase in the latter part of the year when retailer sales and gift-giving for the holidays increased.<sup>93</sup>

In the first expedited five-year review, the Commission found that the economic downturn had a significant impact on the U.S. retail market, including the holiday and gift-giving sectors, which in turn adversely affected the market for tissue paper products. The Commission observed that apparent U.S. consumption in 2009 was lower than at any time during the original investigation and was \*\*\* percent less than apparent U.S. consumption in 2003.<sup>94</sup>

In this current review, demand for tissue paper continues to follow demand in the retail sector and remains seasonal.<sup>95</sup> The domestic producers state that during the holiday months, retailers make an effort to package their products with tissue paper and consumers purchase more tissue paper to wrap gifts.<sup>96</sup> The domestic producers claim that since the first five-year review, overall demand for tissue paper increased as the market recovered from the global

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<sup>90</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

<sup>91</sup> 19 U.S.C. § 1675a(a)(4).

<sup>92</sup> Original Determination, USITC Pub. 3758 at 13.

<sup>93</sup> Original Determination, USITC Pub. 3758 at 13.

<sup>94</sup> First Five-Year Review, USITC Pub. 4165 at 12; Confidential First Five-Year Review Determination, EDIS Doc. 560512 at 17.

<sup>95</sup> CR at II-10, PR at II-7.

<sup>96</sup> Domestic Producers Prehearing Br. at 40.

recession, but remains below that of the pre-order period.<sup>97</sup> They further claim that demand fluctuated over the current five-year review period and will continue to fluctuate in the foreseeable future.<sup>98</sup> Other market participants provided mixed responses when asked about demand trends for tissue paper since January 2010, but a majority indicated that demand had either increased or remained the same.<sup>99</sup> Additionally, a majority reported that future demand for tissue paper would either increase or remain the same.<sup>100</sup>

Apparent U.S. consumption of tissue paper increased during this review and was higher than in 2009. Specifically, apparent U.S. consumption was 1.96 billion square meters in 2013, 2.03 billion square meters in 2014, and 2.02 billion square meters in 2015.<sup>101</sup> As domestic producers claim, however, apparent U.S. consumption during the 2013-15 period remained lower than that for any year from 2001 to 2003.<sup>102</sup>

**Supply Conditions.** In the original investigation, the Commission found that the market was supplied almost exclusively by domestic production and subject imports, and that U.S. shipments of domestically produced tissue paper decreased during the period of investigation while U.S. shipments of tissue paper from China increased, which resulted in a significant shift in market shares.<sup>103</sup> The Commission further found that domestic industry production capacity increased between 2001 and 2002, but then declined in 2003 and in January-September (“interim”) 2004 relative to interim 2003.<sup>104</sup>

In the first expedited five-year review, the Commission found that the volume of subject imports from China declined irregularly but significantly since the original investigation.<sup>105</sup> As a share of U.S. consumption, subject imports from China declined from \*\*\* percent in 2003 to \*\*\* percent in 2009.<sup>106</sup> The Commission further found that the volume of nonsubject imports

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<sup>97</sup> Domestic Producers Response at 30, 37-39.

<sup>98</sup> Domestic Producers Response at 30, 37-39.

<sup>99</sup> CR/PR at Tables II-5-6.

<sup>100</sup> CR/PR at Tables II-5-6.

<sup>101</sup> CR/PR at Table C-1. Apparent U.S. consumption of tissue paper was \*\*\* square meters in 2009. CR/PR at Table I-1.

<sup>102</sup> Apparent U.S. consumption was 2.25 billion square meters in 2001, 2.42 billion square meters in 2002, and 2.36 billion square meters in 2003. CR/PR at Appendix C (Historical Summary Data), Table C-1.

<sup>103</sup> Original Determination, USITC Pub. 3758 at 14. The Commission observed that the domestic industry’s share of apparent U.S. consumption fell substantially from 91.0 percent in 2001 to 70.9 percent in 2003, and was 71.3 percent in interim 2004 as compared to 76.1 percent in interim 2003. *See id.*

<sup>104</sup> Original Determination, USITC Pub. 3758 at 14. Domestic industry production capacity was 3.72 billion square meters in 2001, 3.88 billion square meters in 2002, and 3.81 billion square meters in 2003. It was 2.74 billion square meters in interim 2003 and 2.58 billion square meters in interim 2004. *See id.* at n.92.

<sup>105</sup> First Five-Year Review, USITC Pub. 4165 at 13.

<sup>106</sup> Confidential First Five-Year Review Determination, EDIS Doc. 560512 at 19.

increased from 2003 to 2009 and established a substantial presence in the U.S. market.<sup>107</sup> As a share of apparent U.S. consumption, nonsubject imports were \*\*\* percent of the U.S. market in 2009, compared to \*\*\* percent in 2003.<sup>108</sup> The Commission, however, observed that the available data on tissue paper imports from countries other than China included tissue paper produced by converters from China-origin jumbo rolls that Commerce found to be circumventing the antidumping duty order and that imports of tissue paper from Vietnam and Thailand declined in 2008 and 2009 in reaction to Commerce's anti-circumvention determinations.<sup>109</sup> The Commission also observed that the domestic industry's reported capacity was \*\*\* billion square meters and that its capacity utilization rate was only \*\*\* percent, which the domestic producers attributed to weak demand.<sup>110</sup>

In this current review, six domestic producers, Seaman Paper, Flower City, Garlock Printing, Hallmark, Eagle Tissue, and Soundview, produced tissue paper in the United States.<sup>111</sup> The domestic producers accounted for 81.7 percent of apparent U.S. consumption quantity in 2013, 82.9 percent in 2014, and 80.6 percent in 2015.<sup>112</sup> U.S. production capacity increased slightly by 1.0 percent from 2013 to 2015 due to \*\*\* and minor variations in the product mix of \*\*\*.<sup>113</sup>

The volume of subject imports increased during the period of review, but continued to maintain a decreased presence as compared to the original investigation.<sup>114</sup> Subject imports accounted for \*\*\* percent of apparent U.S. consumption quantity in 2013, \*\*\* percent in 2014, and \*\*\* percent in 2015.<sup>115</sup>

Nonsubject imports, which the Commission found in the first five-year review to have established a substantial presence, decreased in volume from 2013 to 2015.<sup>116</sup> Their market share decreased from \*\*\* percent in 2013 to \*\*\* percent in 2014 before increasing to \*\*\* percent in 2015.<sup>117</sup> The largest nonsubject sources of tissue paper to the U.S. market in 2015

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<sup>107</sup> First Five-Year Review, USITC Pub. 4165 at 13. The largest sources of nonsubject imports during the period of review were Indonesia, Vietnam, India, and Thailand. *See id.*

<sup>108</sup> Confidential First Five-Year Review Determination, EDIS Doc. 560512 at 19.

<sup>109</sup> First Five-Year Review, USITC Pub. 4165 at 13-14 n.108.

<sup>110</sup> Confidential First Five-Year Review Determination, EDIS Doc. 560512 at 20.

<sup>111</sup> CR/PR at Table I-7.

<sup>112</sup> CR/PR at Table I-10.

<sup>113</sup> CR at III-3, PR at III-1. The domestic industry's reported capacity was 4.14 billion square meters in 2013, 4.17 billion square meters in 2014, and 4.18 billion square meters in 2015. CR/PR at Table III-2.

<sup>114</sup> \*\*\* in its most recent 2010 administrative review determination, accounted for \*\*\* percent of imports of subject merchandise from China in 2015. CR/PR at Tables I-2, I-9; CR at I-4, PR at I-3.

<sup>115</sup> CR/PR at Table I-10.

<sup>116</sup> Between 2013 and 2015, the volume of nonsubject imports decreased by \*\*\* percent overall, from \*\*\* square meters to \*\*\* square meters. CR/PR at Table C-1.

<sup>117</sup> CR/PR at Table I-10.

were India and Indonesia.<sup>118</sup> The available data on tissue paper imports from India, however, included tissue paper produced by a converter of China-origin jumbo rolls Commerce has found to be circumventing the antidumping duty order.<sup>119</sup>

**Substitutability.** The Commission in the original investigation and first expedited five-year review found that there was a high degree of substitutability between domestically produced tissue paper and subject imports, and that price was an important consideration in purchasing decisions.<sup>120</sup>

The record of the current review indicates that the domestic like product and subject imports continue to be highly substitutable.<sup>121</sup> All U.S. producers and responding importers and most purchasers reported that the domestic like product and subject imports are “always” or “frequently” interchangeable.<sup>122</sup> Most purchasers also indicated that the domestic like product and subject merchandise are comparable on a number of product factors including availability, packaging, price, product range, and quality meeting and exceeding industry standards.<sup>123</sup>

The record also shows that price remains an important factor in purchasing decisions. All but one responding purchaser indicated that price is a very important factor in making purchasing decisions.<sup>124</sup> Additionally, a majority of purchasers ranked price as the first or second factor used in making their purchasing decisions.<sup>125</sup>

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<sup>118</sup> CR at IV-2, PR at IV-1. Official import statistics, which include out-of-scope merchandise, indicate that in 2015, imports from India totaled approximately 136.8 million square meters valued at \$7.6 million and imports from Indonesia totaled approximately 112.0 million square meters valued at \$8.9 million. *See id.*

<sup>119</sup> CR at I-13-14, PR at I-9-10; *Certain Tissue Paper from China*, 78 Fed. Reg. 40101 (July 3, 2013) (affirm. final determ. of circumvention of the antidumping duty order). In March 2012, Seaman Paper requested that Commerce initiate an inquiry to determine whether certain tissue paper products assembled in India from Chinese produced jumbo rolls and exported to the United States were circumventing the antidumping duty order. In July 2013, Commerce issued an affirmative anti-circumvention determination. *Certain Tissue Paper from China*, 78 Fed. Reg. 40101. In response to Commerce’s initiation of an anti-circumvention inquiry and issuance of a final affirmative determination, imports from India began to decline beginning in 2012 through 2015. Domestic Producers Response at 42, Exhibit 8.

<sup>120</sup> Original Determination, USITC Pub. 3758 at 16; First Five-Year Review, USITC Pub. 4165 at 15.

<sup>121</sup> CR at II-13, PR at II-9.

<sup>122</sup> CR/PR at Table II-12

<sup>123</sup> CR/PR at Table II-11.

<sup>124</sup> CR/PR at Table II-9.

<sup>125</sup> CR/PR at Table II-8.

## C. Likely Volume of Subject Imports

### 1. Original Investigation and First Five-Year Review

In the original determination, the Commission found that the volume of subject imports from China was significant, both in absolute terms and relative to consumption and production in the United States. The absolute volume of subject imports increased by approximately 268 percent between 2001 and 2003, with subject imports gaining \*\*\* percentage points of market share during this period. Because nonsubject imports accounted for a very small portion of the market, the Commission found that the growth in subject import market share came directly at the expense of the domestic industry, which lost \*\*\* percentage points of market share in the same period.<sup>126</sup> Subject import volume relative to domestic production rose from 9.8 percent in 2001 to 43.4 percent in 2003, and reached 49.7 percent in interim 2004.<sup>127</sup>

In the first expedited five-year review, the Commission found that based on facts available, subject import volume would likely be significant both in absolute terms and relative to production and consumption in the United States if the order were revoked. The Commission observed that although the volume of subject imports had declined significantly since the imposition of the antidumping duty order, subject imports had a continuing presence at reduced levels in the U.S. market, thereby indicating the continued attractiveness of the U.S. market to Chinese producers.<sup>128</sup> The Commission further observed that although there were no responses from Chinese producers in the review, the domestic producers provided evidence that the Chinese industry had increased its capacity since the original investigation and had plans to increase further its capacity in the reasonably foreseeable future and that the Chinese producers continued to produce significant volumes of tissue paper.<sup>129</sup> Based on the increase in volume and market share of subject imports during the original investigation, the substantial Chinese production capacity and unused capacity at the end of the original investigation, the ability of Chinese producers to increase capacity and production quickly, evidence of the Chinese industry's current capacity to produce tissue paper, the export orientation of the Chinese industry, and the attractiveness of the U.S. market, the Commission found that Chinese producers had the ability and the incentive to increase exports to the United States if the antidumping duty order were revoked.<sup>130</sup>

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<sup>126</sup> Original Determination, USITC Pub. 3758 at 17-18; Confidential Original Determination, EDIS Doc. 560508 at 23-24.

<sup>127</sup> Original Determination, USITC Pub. 3758 at 17.

<sup>128</sup> First Five-Year Review, USITC Pub. 4165 at 16-17. Subject imports accounted for \*\*\* percent of the U.S. market in 2009. See Confidential First Five-Year Review Determination, EDIS Doc. 560512 at 23.

<sup>129</sup> First Five-Year Review, USITC Pub. 4165 at 16-17.

<sup>130</sup> First Five-Year Review, USITC Pub. 4165 at 17.

## 2. Current Review

In the current review, the volume of subject imports increased from \*\*\* square meters in 2013 to \*\*\* square meters in 2014 and then to \*\*\* square meters in 2015.<sup>131</sup> Subject imports accounted for \*\*\* percent of apparent U.S. consumption in 2013, \*\*\* percent in 2014, and \*\*\* percent in 2015.<sup>132</sup> The subject imports' increased presence in the U.S. market during the period of review was due in large part to \*\*\*, which, as previously indicated, \*\*\* and which was responsible for \*\*\* percent of imports of subject merchandise from China in 2015.<sup>133</sup> Nevertheless subject imports other than from \*\*\* also increased during the period of review.<sup>134</sup>

In the event of revocation of the antidumping duty order, the volume of subject imports from producers and exporters in China other than \*\*\* would likely increase and overall subject import volume would likely be significant. The record contains only limited data concerning the tissue paper industry in China due to the failure of most subject producers to respond to the Commission's questionnaires.<sup>135</sup> Union China and King Rong, the two subject producers responding to the Commission's questionnaires, reported a combined capacity of \*\*\* square meters in 2013, \*\*\* square meters in 2014, and \*\*\* square meters in 2015.<sup>136</sup> Additionally, the domestic producers submitted evidence regarding the capacity of several other Chinese producers, including new producers of tissue paper.<sup>137</sup> This evidence, together with the information provided by Union China and King Rong, demonstrates that the Chinese industry has considerable production capacity and substantial unused capacity.<sup>138</sup> The record also

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<sup>131</sup> CR/PR at Table IV-1.

<sup>132</sup> CR/PR at Table I-10.

<sup>133</sup> CR at I-4, PR at I-3; CR/PR at Table I-9. In its most recent administrative review, Commerce assigned an antidumping duty deposit rate of 112.64 percent for all other exporters and producers in China. CR at I-12, PR at I-8. \*\*\* imported \*\*\* square meters of tissue paper from China in 2013, \*\*\* square meters in 2014, and \*\*\* square meters in 2015. CR/PR at Table III-6.

<sup>134</sup> The volume of subject imports other than from \*\*\* increased from \*\*\* square meters in 2013 to \*\*\* square meters in 2014 and to \*\*\* square meters in 2015. Calculated from CR/PR at Tables III-6, IV-1.

<sup>135</sup> The Commission issued questionnaires to 53 foreign producers or exporters, but only received responses from two producers, Union China and King Rong. Consequently, in addition to the responses submitted by Union China and King Rong, we have relied on the information provided by the domestic producers.

<sup>136</sup> CR/PR at Table IV-8. The Chinese industry's reported capacity decreased during the period of review because King Rong ceased production activities in June 2014 and the company which subsequently leased King Rong's facilities did not provide a questionnaire response. CR at IV-19, PR at IV-6.

<sup>137</sup> Domestic Producers Prehearing Br. at 44-49, Exhibit 26.

<sup>138</sup> Domestic Producers Prehearing Br. at 44-49, Exhibit 26. For instance, Max Fortune states on its website that after it added a new facility in Longxi, it added a new factory in Fuzhou, which in 2012 was relocated "for expansion in space and growth in capacity." See *id.* at 45. Additionally, Shenzhen (Continued...)

indicates that Chinese producers continue to produce significant volumes of tissue paper and are export oriented.<sup>139</sup> Thus, the subject industry has the ability to increase rapidly exports of subject merchandise to the United States as it did during the original investigation.

Additionally, the United States, which the domestic producers assert is the largest market in the world for tissue paper products, continues to be an attractive market for tissue paper producers in China.<sup>140</sup> Indeed, Commerce has issued four affirmative anti-circumvention determinations since the imposition of the antidumping duty order, indicating that Chinese producers are continuing to seek ways to access the U.S. market and would aggressively target the U.S. market in the absence of the order.<sup>141</sup> Moreover, several purchasers have indicated that they would consider shifting purchases from the domestic industry to tissue paper from China upon revocation of the order.<sup>142</sup> Several purchasers also currently purchase other gift-related products from Chinese producers of tissue paper.<sup>143</sup> Given that the Chinese producers possess this existing customer base, they have the incentive to increase exports to the United States.<sup>144</sup>

Accordingly, based on the volume and market share that subject imports held prior to the imposition of the antidumping duty order, the information available regarding the Chinese tissue paper industry's considerable production capacity and substantial unused capacity and export orientation, and the attractiveness of the U.S. market, we conclude that subject import

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(...Continued)

Sino-Harvest Industry Co., Ltd. ("Shenzhen") states on its website that it has "steady and consistent growth every year." *See id.* at 47; *see also* CR/PR at Table IV-8 Note.

<sup>139</sup> Domestic Producers Prehearing Br. at 44-49, Exhibit 26. For instance, over 90 percent of Shenzhen's sales are exported. *See id.* at 47. Changsha Hone Arts "has an annual sales volume of \$4.12 million and export revenue accounts for \$3.98 million – or 96.6 percent – of that total." *Id.* at 47. Max Packing Products "exports 80 – 90 percent of its tissue paper" with annual sales between one and five million dollars. *Id.* at 48. Ningbo Spring Stationery Co., Ltd. is "looking forward to continuously developing the global market." *Id.* at 48. Qingdao Haiwang Paper Property Share Co., Ltd. is capable of producing 180,000 metric tons of paper per year, including tissue paper, and exports to more than 40 countries and regions. *See id.* at 49. Jiangxi Guoli Trading Co., Ltd. records annual sales between \$10 million and \$50 million and has "good business relationships with customers from over 30 countries in the world." *Id.* at 49. Additionally, Chinese producers and exporters of tissue paper participate at trade shows and offer tissue paper on Alibaba and other internet marketing sites. *See id.* at 35, Exhibits 15-16.

<sup>140</sup> Domestic Producers Prehearing Br. at 49.

<sup>141</sup> CR at I-13-14, PR at I-9-10; *Certain Tissue Paper from China*, 73 Fed.Reg. 57591 (Oct. 3, 2008) (affirm. final determ. of circumvention of antidumping duty order); *Certain Tissue Paper from China*, 74 Fed. Reg. 19172 (June 19, 2009) (affirm. final determ. of circumvention of antidumping duty order); *Certain Tissue Paper from China*, 76 Fed. Reg. 47551 (Aug. 5, 2011) (affirm. final determ. of circumvention of the antidumping duty order); *Certain Tissue Paper from China*, 78 Fed. Reg. 40101.

<sup>142</sup> CR Appendix D-3 at D-8-10; PR Appendix D-3 at D-3.

<sup>143</sup> Domestic Producers Prehearing Br. at 35-39. Eighteen of 27 purchasers reported that they purchase gift-wrapping related products manufactured in China by firms that also sell tissue paper. CR at II-14, PR at II-10.

<sup>144</sup> \*\*\*. CR at IV-22, PR at IV-7; CR Appendix D-2 at D-7, PR Appendix D-2 at D-3; \*\*\* Foreign Producer Questionnaire Response at II-5e (March 7, 2016).

volume would likely be significant, both in absolute terms and relative to U.S. consumption, should the order be revoked.<sup>145</sup>

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

##### **1. Original Investigation and Prior Review**

In its original determination, the Commission found that subject imports had significantly undersold the domestic like product in \*\*\* of \*\*\* quarterly comparisons by a combined weighted average margin of \*\*\* percent.<sup>146</sup> Although the Commission found that the pricing data did not demonstrate significant price depression or price suppression, it determined that given the high degree of substitutability between the subject imports and domestically produced tissue paper and the importance of price to purchasers in the U.S. market, the significant underselling of the domestic like product by subject imports “fuel{ed} the rapidly increasing volume and market share of subject imports and its direct displacement of sales by domestic producers.”<sup>147</sup> The Commission further found that the confirmed allegations of lost sales and lost revenue supported this conclusion.<sup>148</sup>

In its first expedited five-year review, the Commission found that revocation of the antidumping duty order would likely lead to a significant increase in subject imports at prices that would significantly undersell the domestic industry, thereby eroding the domestic industry’s market share and causing significant adverse effects on prices for the domestic like product.<sup>149</sup> The Commission observed that although there was no new product-specific pricing information on the record of the first review, the domestic producers reported that domestic prices had “stabilized and increased moderately” since the imposition of the antidumping duty order and that input costs had replaced the price of subject imports as the primary driver of tissue paper prices, suggesting that the discipline of the order improved domestic prices and helped stabilize the domestic industry.<sup>150</sup> Moreover, given the high level of substitutability between domestically produced tissue paper and subject imports and with price being an important factor in purchasing decisions, the Commission reasoned that absent the disciplining effects of the antidumping duty order, subject imports would re-enter the U.S. market in large

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<sup>145</sup> We have also considered the other factors enumerated in the statute regarding analysis of likely subject import volume. The limited evidence in the record with respect to existing inventories of the subject merchandise show that end-of-period inventories held by responding producers increased from \*\*\* square meters in 2013 to \*\*\* square meters in 2015. CR/PR at Table IV-8. Inventories of subject merchandise held by importers in the United States increased from \*\*\* square meters in 2013 to \*\*\* square meters in 2015. CR/PR at Table IV-6.

Additionally, tissue paper from China is not subject to antidumping or countervailing duty orders in third country markets. CR at IV-24, PR at IV-9.

<sup>146</sup> Original Determination, USITC Pub. 3758 at 19; Confidential Original Determination, EDIS Doc. 560508 at 27.

<sup>147</sup> Original Determination, USITC Pub. 3758 at 19-20.

<sup>148</sup> Original Determination, USITC Pub. 3758 at 20.

<sup>149</sup> First Five-Year Review, USITC Pub. 4165 at 19.

<sup>150</sup> First Five-Year Review, USITC Pub. 4165 at 18-19.



volumes and would be aggressively marketed at low prices in order to gain market share as they had done during the original investigation.<sup>151</sup>

## 2. Current Review

As discussed above, price remains an important factor in the purchase of tissue paper. All purchasers, except one, reported that price is very important in their purchasing decisions.<sup>152</sup> Additionally, the domestic like product and the subject imports are highly substitutable.<sup>153</sup>

The record contains limited pricing comparisons of the domestic like product and subject imports.<sup>154</sup> Four U.S. producers and only one importer reported usable pricing data, which accounted for \*\*\* percent of the value of U.S. producers' commercial shipments of tissue paper in 2015 and \*\*\* percent of the value of U.S. commercial shipments of subject imports from China that year.<sup>155</sup> The limited pricing data indicate that tissue paper imported from China undersold the domestic like product in the two quarters of available comparisons, with margins ranging from \*\*\* to \*\*\* percent.<sup>156</sup>

In view of our finding of a likely significant volume of subject imports, the high degree of substitutability between subject imports and the domestic like product, and the importance of price in purchasing decisions, we find that subject producers would likely significantly undersell the domestic like product upon revocation to gain market share, as had occurred in the original investigation. This underselling would likely result in the domestic industry's loss of sales volume. As several purchasers indicated in their responses to the Commission's questionnaire, the domestic producers would be forced either to cut prices or risk losing market share to subject import competition.<sup>157</sup> We consequently find that if the order on tissue paper from China were revoked, subject imports from China would significantly undersell the domestic like product to gain market share, causing significant adverse effects on prices of the domestic like product.

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<sup>151</sup> First Five-Year Review, USITC Pub. 4165 at 19.

<sup>152</sup> CR/PR at Table II-9.

<sup>153</sup> CR at II-13, PR at II-9.

<sup>154</sup> The Commission collected pricing data on the following four products: (1) Tissue paper, folds, 40 sheets (20" x 20"), white, in poly bag or paper overwrap; (2) Tissue paper, folds, 6 sheets (20" x 26"), solid color sheets other than specialty tissue paper products, in poly bag or paper overwrap; (3) Tissue paper, folds, 8 sheets (16 1/2" x 24"), solid color sheets other than specialty tissue paper products, in poly bag or paper overwrap; and (4) Tissue paper, 480-500 sheets per ream, (20" x 30"), white, in single or multiple reams. CR at V-5, PR at V-3-4. Products 1, 2, and 3 are consumer tissue paper products and product 4 is a bulk tissue paper product. CR at V-6, PR at V-4.

<sup>155</sup> CR at V-6, PR at V-4.

<sup>156</sup> CR/PR at Table V-8.

<sup>157</sup> CR Appendix D-3 at D-8-10; PR Appendix D-3 at D-3. For instance, \*\*\* *Id.*

## E. Likely Impact<sup>158</sup>

### 1. Original Investigation and Prior Review

In the original determination, the Commission examined the relevant economic factors bearing on the industry in the United States and found that by most measures, the domestic industry's condition worsened over the period examined despite increasing apparent U.S. consumption. The Commission attributed the domestic industry's performance declines in significant part to the rapid increases in volume and market share of subject imports.<sup>159</sup> The Commission determined that as subject imports captured significant market share by underselling the domestic like product, U.S. producers' production, capacity utilization, shipments and employment all decreased. The industry's sales quantities and values declined contributing to lower operating income and profitability. The Commission concluded that subject imports had a significant adverse impact on the domestic industry.<sup>160</sup>

In the first expedited five-year review, the Commission found that revocation of the antidumping duty order would likely lead to a significant increase in the volume of subject imports and that subject imports would aggressively compete with the domestic like product on price, resulting in significant adverse effects on U.S. prices. The Commission determined that the intensified subject import competition that would likely occur upon revocation of the antidumping duty order would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry, which, in turn, would have a direct adverse impact on the industry's profitability and employment levels as well as the domestic industry's ability to raise capital and to make and maintain capital investments.<sup>161</sup> The Commission observed that although nonsubject imports increased at the same time subject imports declined, they had not completely replaced subject imports and had not taken market share from the domestic industry, and that any likely significant impact upon revocation of the order would not be attributable to nonsubject imports.<sup>162</sup> Accordingly, the Commission concluded that if the antidumping duty order were revoked, subject imports from China would

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<sup>158</sup> Under the statute, "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 antidumping duty review determination and found that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at weighted average margins up to 112.64 percent. *Tissue Paper from China*, 80 Fed. Reg. at 59735.

<sup>159</sup> Original Determination, USITC Pub. 3758 at 21-22.

<sup>160</sup> Original Determination, USITC Pub. 3758 at 23. The Commission considered the arguments of Cleo and Target that subject imports were not significantly contributing to the declines in the industry's condition. *See id.* at 22-23.

<sup>161</sup> First Five-Year Review, USITC Pub. 4165 at 20-21.

<sup>162</sup> First Five-Year Review, USITC Pub. 4165 at 21 n.148.

likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.<sup>163</sup>

## 2. Current Review

The condition of the domestic industry remained stable over the period of review. Domestic production of tissue paper was 1.70 billion square meters in 2013, 1.74 billion square meters in 2014, and 1.70 billion square meters in 2015.<sup>164</sup> The domestic industry's capacity increased from 4.14 billion square meters in 2013 to 4.17 billion square meters in 2014 and to 4.18 billion square meters in 2015.<sup>165</sup> Capacity utilization was 41.0 percent in 2013, 41.6 percent in 2014, and 40.7 percent in 2015.<sup>166</sup>

The domestic industry's U.S. shipments of tissue paper totaled 1.60 billion square meters in 2013, 1.69 billion square meters in 2014, and 1.63 billion square meters in 2015.<sup>167</sup> Net sales were 1.71 billion square meters in 2013, 1.66 billion square meters in 2014, and 1.69 billion square meters in 2015.<sup>168</sup> Inventories totaled 236.1 million square meters in 2013, 219.5 million square meters in 2014, and 229.9 million square meters in 2015.<sup>169</sup>

The domestic industry's production and related workers ("PRWs") increased from 358 in 2013 to 368 in 2014 and to 420 in 2015.<sup>170</sup> The number of total hours worked increased from 767,000 in 2013 to 778,000 in 2014 to 835,000 in 2015.<sup>171</sup> Productivity decreased over the period while per unit labor costs increased.<sup>172</sup>

The domestic industry's sales revenues were \$128.5 million in 2013, \$136.4 million in 2014, and \$138.4 million in 2015. Its operating income was \$10.7 million in 2013, \$11.6 million

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<sup>163</sup> First Five-Year Review, USITC Pub. 4165 at 20. The Commission did not make a determination as to whether the domestic industry was vulnerable because there was no information in the record of the first review pertaining to indicators that it customarily considered in assessing whether the domestic industry was in a weakened state, such as productivity, return on investments, wages, ability to raise capital, investment capacity, and employment levels. *See id.* at n.144.

<sup>164</sup> CR/PR at Table III-2.

<sup>165</sup> CR/PR at Table III-2.

<sup>166</sup> CR/PR at Table III-2. Most of the reported excess production capacity was attributable to \*\*\*, which reported \*\*\*. CR at III-3, PR at III-1. \*\*\*. Because demand for consumer tissue paper is mostly seasonal and is custom ordered, produced, and delivered mostly within a limited timeframe, \*\*\*. *See id.* \*\*\* to supplement its production capacity during periods of high demand as \*\*\*. *See id.*

<sup>167</sup> CR/PR at Table III-4.

<sup>168</sup> CR/PR at Table III-8.

<sup>169</sup> CR/PR at Table III-5. The ratio of the domestic producers' inventories to total shipments decreased from 14.2 percent in 2013 to 12.6 percent in 2014 before increasing to 13.6 percent in 2015. *See id.*

<sup>170</sup> CR/PR at Table III-7.

<sup>171</sup> CR/PR at Table III-7.

<sup>172</sup> CR/PR at Table III-7. Productivity (square meters/hour) increased from 2,211.3 in 2013 to 2,230.3 in 2014 before decreasing to 2,037.0 in 2015. Per unit labor costs (per 1,000 square meters) decreased from \$9.33 in 2013 to \$9.06 in 2014 before increasing to \$9.93 in 2015. *See id.* Hourly wages declined from 2013 to 2015. *See id.*

in 2014, and \$10.9 million in 2015.<sup>173</sup> The industry's operating income margin was 8.3 percent in 2013, 8.5 percent in 2014, and 7.9 percent in 2015.<sup>174</sup> Based on these indicators, we do not find that the domestic industry is in a vulnerable condition despite some declining performance indicators.

Based on the record in this review, we find that the likely volume of subject imports would be significant upon revocation of the order, and that these imports would likely significantly undersell domestically produced tissue paper. The increasing volume of low-priced subject imports would likely result in significant adverse effects on U.S. prices for the domestic like product. We find that the intensified subject import competition that would likely occur after revocation of the order would likely have a significant impact on the domestic industry. Specifically, the domestic industry would likely lose market share to low-priced subject imports, which would adversely impact its production, shipments, sales, and revenue. These reductions would likely have a direct adverse impact on the industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute likely injury from other factors to the subject imports. Nonsubject imports' market share decreased from \*\*\* percent in 2013 to \*\*\* percent in 2015.<sup>175</sup> Moreover, as previously discussed, the available data on tissue paper imports from India include certain tissue paper found by Commerce to be circumventing the antidumping duty order. There is also no indication or argument on this record that the presence of nonsubject imports would prevent subject imports from re-entering the U.S. market in significant quantities upon revocation of the order. Given the high degree of substitutability of tissue paper from different sources and the fact that the domestic industry is currently the largest supplier to the U.S. market, any increase in subject import market share would likely come, at least in substantial proportion, at the expense of the domestic industry. In light of these considerations, we find that subject imports of tissue paper from China would likely cause adverse effects on the domestic industry that are distinct from those of nonsubject imports in the event of revocation.

We therefore conclude that, if the order were revoked, subject imports from China would be likely to have a significant impact on the domestic industry within a reasonably foreseeable time.

#### **IV. Conclusion**

For the foregoing reasons, we determine that revocation of the antidumping duty order on tissue paper from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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<sup>173</sup> CR/PR at Table III-8.

<sup>174</sup> CR/PR at Table III-8.

<sup>175</sup> CR/PR at Table C-1.

## PART I: INTRODUCTION

### BACKGROUND

On June 1, 2015, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation the antidumping duty order on certain tissue paper products from China would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2 3</sup> On September 4, 2015, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.<sup>4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:<sup>5</sup>

Effective date	Action
June 1, 2015	Commission’s institution of five-year review (80 FR 31065)
June 1, 2015	Commerce’s initiation of five-year review (80 FR 31012)
September 4, 2015	Commission’s determination to conduct a full five-year review (80 FR 57386, September 23, 2015)
October 2, 2015	Commerce’s final results of the expedited five-year review of the antidumping duty order on tissue paper from China (80 FR 59734)
January 13, 2016	Commission’s scheduling of the review (81 FR 1643)
April 28, 2016 (Cancelled)	Scheduled date for the Commission’s hearing (the hearing was cancelled pursuant to the Commission’s notice of cancellation of hearing for full five-year review (81 FR 22632, April 18, 2016))
June 8, 2016	Commission’s vote
June 23, 2016	Commission’s determination and views

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

<sup>2</sup> *Certain Tissue Paper Products from China: Institution of a Five-Year Review*, 80 FR 31065, June 1, 2015. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

<sup>3</sup> In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 80 FR 31012, June 1, 2015.

<sup>4</sup> *Commission Determination to Conduct a Full Five-Year Review*, 80 FR 57386, September 23, 2015. The Commission found that the domestic interested party group response to its notice of institution was adequate and that the respondent interested party group response was inadequate. Notwithstanding, the Commission found that other circumstances warranted conducting a full review.

<sup>5</sup> The Commission’s notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy are referenced in app. A and may also be found at the Commission’s web site (internet address [www.usitc.gov](http://www.usitc.gov)). Commissioners’ votes on whether to conduct a full review may also be found at the web site. App. B contains the request of U.S. producers to cancel the hearing.

## The original investigation

The original investigation resulted from petitions filed on February 17, 2004 with Commerce and the Commission by Seaman Paper Co. of Massachusetts (“Seaman”); American Crepe Corporation (“American Crepe”); Eagle Tissue, LLC (“Eagle”); Flower City Tissue Mills Co. (“Flower City”); Garlock Printing & Converting, Inc. (“Garlock”); Paper Service Ltd. (“Paper Service”); Putney Paper Co., Ltd. (“Putney”); and the Paper, Allied-Industrial, Chemical and Energy Workers International Union AFL-CIO, CLC (“PACE”). The petitions covered both tissue paper and crepe paper. However, the Commission’s investigation proceeded in two parts in the final phase – identified in the investigation number by the suffixes A for crepe paper and B for tissue paper – because Commerce found tissue paper and crepe paper to be separate products and made an earlier determination with respect to its crepe paper investigation.<sup>6</sup>

On February 14, 2005, Commerce made an affirmative final less than fair value (“LTFV”) determination with respect to tissue paper from China.<sup>7</sup> On March 21, 2005, the Commission completed its final phase investigation, determining that an industry in the United States was materially injured by reason of subject imports of tissue paper from China.<sup>8 9</sup>

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

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<sup>6</sup> *Certain Tissue Paper Products and Crepe Paper Products from China, Investigation No. 731-TA-1070 (Preliminary)*, USITC Publication 3682, April 2004, pp. 6-11 and *Certain Crepe Paper Products from China, Investigation No. 731-TA-1070A (Final)*, USITC Publication 3749, January 2005, p. 3.

<sup>7</sup> *Notice of Final Determination of Sales at Less Than Fair Value: Certain Tissue Paper Products from the People’s Republic of China*, 70 FR 7475, February 14, 2005. In its final determination, Commerce found that both mandatory respondents, China National Aero-Technology Import & Export Xiamen Corporation (“China National”) and Fujian Naoshan Paper Industry Group, Co., Ltd. (“Fujian Naoshan”), had failed to cooperate. Commerce applied total adverse facts available to those respondents and assigned the highest corroborated rate (112.64 percent *ad valorem*) to China National, Fujian Naoshan and all other Chinese exporters qualified to receive a separate rate. The same 112.64 percent *ad valorem* rate was assigned to the “PRC-wide” entity.

<sup>8</sup> *Certain Tissue Paper Products from China: Determination*, 70 FR 15350, March 25, 2005.

<sup>9</sup> In the original investigation, Commissioners Koplun, Hillman, and Lane made an affirmative determination that a single domestic industry consisting of bulk and consumer tissue paper was materially injured by reason of subject imports. See *Certain Tissue Products from China, Investigation No. 731-TA-1070B (Review)*, USITC Publication 3758, March 2005, p. 8. Commissioners Okun, Miller, and Pearson determined that there were two domestic like products consisting of consumer tissue paper and bulk tissue paper and that the domestic industry producing bulk tissue paper was materially injured by reason of subject imports. They further determined that the domestic industry producing consumer tissue paper was neither materially injured nor threatened with material injury by reason of subject imports from China. *Ibid.*, p. 27.

affirmative determination in all respects and on September 10, 2007, the Federal Circuit affirmed the judgment of the CIT.<sup>10</sup>

### First five-year review

On February 1, 2010, the Commission instituted the first five-year review of the order and, on May 7, 2010, gave notice that it would conduct an expedited review.<sup>11</sup> On July 1, 2010, the Commission determined that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>12 13</sup> Following affirmative determinations by Commerce<sup>14</sup> and the Commission, Commerce issued a continuation of the antidumping order. There was no litigation concerning the Commission's determination in its first five-year review.

### SUMMARY DATA

Table I-1 and figure I-1 present summary data from the original investigation, first expedited five-year review, and the current full five-year review. Since the order entered into effect, the subject imports' share of apparent U.S. consumption, by quantity, decreased from \*\*\* percent in 2003 to \*\*\* percent in 2015. The majority of subject imports in 2015 were reported by \*\*\*.<sup>15</sup> The quantity of apparent U.S. consumption was 14.4 percent lower in 2015 than in 2003; however, the value of apparent U.S. consumption was 22.3 percent higher. The quantity of U.S. producers' U.S. shipments was 2.6 percent lower in 2015 than in 2003, while the value of U.S. producers' U.S. shipments was 40.8 percent higher.

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<sup>10</sup> *Cleo, Inc. v. United States*, Slip Op. 06-131 (Ct. Int'l Trade Aug. 31, 2006), *aff'd*, 501 F.3d 1291, 1297-99 (Fed. Cir. 2007).

<sup>11</sup> *Tissue Paper Products from China: Institution of a Five-Year Review*, 75 FR 5115, February 1, 2010 and *Certain Tissue Paper Products from China: Scheduling of an Expedited Five-Year Review*, 75 FR 28061, May 19, 2010, respectively.

<sup>12</sup> *Certain Tissue Paper Products from China: Determination*, 75 FR 39277-78, July 8, 2010.

<sup>13</sup> In the first review, Commissioners Okun and Pearson found two domestic like products consisting of bulk tissue paper and consumer tissue paper. They made an affirmative determination with respect to bulk tissue paper and a negative determination with respect to consumer tissue paper. See *Certain Tissue Products from China, Investigation No. 731-TA-1070B (Review)*, USITC Publication 4165, July 2010, p. 23.

<sup>14</sup> *Certain Tissue Paper Products from the People's Republic of China: Final Results of Expedited Sunset Review*, 75 FR 32910, June 10, 2010.

<sup>15</sup> *Certain Tissue Paper Products from the People's Republic of China: Final Results of the 2008-2009 Antidumping Duty Administrative Review*, 75 FR 63809, October 18, 2010.

**Table I-1**

**Tissue paper: Comparative data from the original investigation, first review, and current review, 2003, 2009, and 2015**

Item	Calendar year		
	2003	2009	2015
<b>Quantity (1,000 sq meters)</b>			
U.S. consumption quantity	2,363,074	***	2,023,784
<b>Share of quantity (percent)</b>			
Share of U.S. consumption: U.S. producers' share	70.9	***	80.6
U.S. importers' share: China	***	***	***
All other sources	***	***	***
Total imports	29.1	***	19.4
<b>Value (1,000 dollars)</b>			
U.S. consumption	130,701	***	159,882
<b>Share of value (percent)</b>			
Share of U.S. consumption: U.S. producers' share	71.8	***	82.7
U.S. importers' share: China	***	***	***
All other sources	***	***	***
Total imports	28.2	***	17.3
<b>Quantity (1,000 sq meters); value (1,000 dollars); and unit value (dollars per 1,000 sq meters)</b>			
U.S. imports <sup>2</sup> from China:			
Quantity	***	137,610	***
Value	***	6,242	***
Unit value	***	\$45.36	***
All other sources:			
Quantity	***	374,219	***
Value	***	16,655	***
Unit value	***	\$44.51	***
All countries:			
Quantity	687,753	511,829	391,689
Value	36,822	22,897	27,713
Unit value	\$53.54	\$44.73	\$70.75

Table continued on next page.



**Table I-1--Continued**

**Tissue paper: Comparative data from the original investigation, first review, and current review, 2003, 2009, and 2015**

Item	Calendar year		
	2003	2009	2015
<b>Quantity (1,000 sq meters); value (1,000 dollars); and unit value (dollars per 1,000 sq meters)</b>			
U.S. industry:			
Capacity (quantity)	3,814,081	***	4,181,917
Production (quantity)	1,730,868	***	1,700,914
Capacity utilization (percent)	45.4	***	40.7
U.S. shipments:			
Quantity	1,675,321	***	1,632,095
Value	93,879	***	132,169
Unit value	\$56.04	***	\$80.98
Ending inventory	376,345	***	229,935
Production workers	428	***	420
Hours worked (1,000)	1,018	***	835
Wages paid (1,000 dollars)	13,805	***	16,895
Hourly wages	\$13.57	***	\$20.23
Productivity (square meters per hour)	1,701.1	***	2,037.0
Financial data:			
Net sales:			
Quantity	1,606,772	***	1,688,936
Value	91,934	***	138,444
Unit value	\$57.22	***	\$81.97
Cost of goods sold	66,918	***	103,239
Gross profit or (loss)	25,016	***	35,205
SG&A expense	21,403	***	24,281
Operating income or (loss)	3,613	***	10,924
Unit COGS	\$41.65	***	\$61.13
Unit operating income	\$2.25	***	\$6.47
COGS/ Sales (percent)	72.8	***	74.6
Operating income or (loss)/ Sales (percent)	3.9	***	7.9

<sup>1</sup> Less than 0.05 percent.

<sup>2</sup> Data from the original investigation (i.e., 2003) reflect U.S. importers' U.S. shipments of imports.

<sup>3</sup> Data not available.

Source: Compiled from *Investigation No. 731-1070B (Review): Certain Tissue Paper Products from China – Staff Report*, INV-HH-059, June 3, 2010 and data submitted in response to Commission questionnaires.

**Figure I-1**  
**Tissue paper: Apparent U.S. consumption, 2001-15**

\* \* \* \* \*

## **PREVIOUS AND RELATED INVESTIGATIONS**

The subject product has not been the subject of any prior antidumping or countervailing duty investigations in the United States. In a related investigation, the Commission issued an affirmative determination of injury with respect to crepe paper from China on January 18, 2005.<sup>16</sup> The antidumping duty order on crepe paper from China remains in effect as of the date of this report.<sup>17</sup>

## **STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT**

### **Statutory criteria**

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

*(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*

*(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*

*(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*

*(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*

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<sup>16</sup> *Certain Crepe Paper Products from China*, 70 FR 3385, January 24, 2005.

<sup>17</sup> *Certain Crepe Paper Products from the People’s Republic of China: Continuation of Antidumping Order*, 80 FR 57149, September 22, 2015.

*(D) in an antidumping proceeding . . . , (Commerce's findings) regarding duty absorption . . .*

*(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*

*(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*

*(B) existing inventories of the subject merchandise, or likely increases in inventories,*

*(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*

*(D) 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.*

*(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--*

*(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*

*(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.*

*(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--*

*(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,*

*(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and*

*(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

*The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.*

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

### **Organization of report**

Information obtained during the course of the review that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for bulk tissue paper, consumer tissue paper, and all tissue paper as collected in the review is presented in appendix C.<sup>18</sup> U.S. industry data are based on the questionnaire responses of six U.S. producers of tissue paper that are believed to have accounted for essentially all domestic production of tissue paper in 2015. U.S. import data and related information are based on proprietary U.S. Customs and Border Protection (“Customs”) data and the 13 questionnaire responses of U.S. importers of tissue paper that are believed to have accounted for \*\*\* percent of the subject imports from China and 66.4 percent of all tissue paper imports during 2015. Foreign industry data and related information are based on the questionnaire responses of two producers and one exporter of tissue paper from China. These firms are believed to account for a only small percentage of production in China but \*\*\* percent of exports of tissue paper from China to the United States during 2015. Responses by U.S. producers, importers, purchasers, and foreign producers of tissue paper to a series of questions concerning the significance of the existing antidumping order and the likely effects of revocation of that order are presented in appendix D.

## **COMMERCE’S REVIEWS**

### **Administrative reviews**

Commerce has completed four administrative reviews of the outstanding antidumping duty order on tissue paper from China.<sup>19</sup> The results of the administrative reviews are shown in table I-2. In its fourth administrative review (2008-2009) of the antidumping duty order Commerce determined that Max Fortune withheld information regarding the identities of certain tissue paper suppliers. Because Max Fortune failed to cooperate in the administrative review, Commerce assigned it a total adverse facts available rate of 112.64 percent.<sup>20</sup>

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<sup>18</sup> Historical data are presented separately in app. C.

<sup>19</sup> For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

<sup>20</sup> *Certain Tissue Paper Products from the People’s Republic of China: Final Results of the 2008-2009 Antidumping Duty Administrative Review*, 75 FR 63809, October 18, 2010.

Commerce assigned Seaman Paper Asia a rate of 0.0 percent in the fourth administrative review.<sup>21</sup>

**Table I-2**

**Tissue paper: Administrative reviews of the antidumping duty order for China**

<b>Date results published</b>	<b>Period of review</b>	<b>Producer or exporter</b>	<b>Margin (percent)</b>
72 FR 58642 (October 16, 2007)	September 21, 2004 – February 28, 2006	Max Fortune	Max Fortune.....0.07 PRC–Wide.....112.64
73 FR 58113 (October 6, 2008)	March 1, 2006 – February 28, 2007	Max Fortune	Max Fortune.....0.0 PRC–Wide.....112.64
74 FR 52176 (October 9, 2009)	March 1, 2007 – February 29, 2008	Max Fortune	Max Fortune.....14.25 PRC–Wide.....112.64
75 FR 63806 (October 18, 2010)	March 1, 2008 – February 28, 2009	Max Fortune Seaman Paper Asia	Max Fortune.....112.64 Seaman Paper Asia...0.0 PRC–Wide.....112.64

Source: Cited Federal Register notices.

### Scope inquiry reviews

In response to separate scope ruling requests from Walgreen Co. and QVC Corporation, Commerce determined on September 19, 2008, that tissue paper packaged together with non-subject merchandise (e.g. gift boxes, ribbons, wrapping paper) is within the scope of the antidumping duty order.<sup>22</sup> On September 16, 2014, Laramite West, Inc. d/b/a Darice Inc. requested a scope ruling concerning “Tissue Tassels” and “Tissue Poms.” On October 20, 2014, Commerce determined that both items are within the scope of the antidumping duty order.<sup>23</sup>

### Anti-circumvention findings

Commerce has conducted four anti-circumvention investigations:

- On October 3, 2008, Commerce determined that tissue paper products made from Chinese origin jumbo rolls but cut and finished by Vietnam Quijiang Paper Co., Ltd. in Vietnam were circumventing the antidumping duty order on tissue paper from China.<sup>24</sup>
- On June 19, 2009, Commerce determined that certain tissue paper products exported to the United States from Thailand by Sunlake Décor Co., Ltd. were made from jumbo rolls

<sup>21</sup> Seaman Paper Asia is a wholly owned subsidiary of Seaman. The two entities submitted a combined response to the U.S. importers’ questionnaire. \*\*\*. *Domestic Interested Parties’ Response to Notice of Institution*, June 30, 2015, p.11.

<sup>22</sup> *Notice of Scope Rulings*, 73 FR 72771-72, December 1, 2008.

<sup>23</sup> *Notice of Scope Rulings*, 80 FR 22969-971, April 24, 2015.

<sup>24</sup> *Certain Tissue Paper Products from the People’s Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 73 FR 57591-94, October 3, 2008.

and/or cut sheets of tissue paper produced in China, and were circumventing the antidumping duty order on tissue paper from China.<sup>25</sup>

- On August 5, 2011, Commerce determined that certain tissue paper products produced by Max Fortune (Vietnam) Paper Products Company, Ltd. and exported to the United States were made from jumbo rolls and/or cut sheets of tissue paper produced in the China and were circumventing the antidumping duty order on tissue paper from China.<sup>26</sup>
- On July 3, 2013, Commerce determined that imports of tissue paper processed by A.R. Printing and Packaging India Pvt. Ltd. in India and exported to the United States were circumventing the antidumping duty order on tissue paper from China.<sup>27</sup>

### **Five-year reviews**

Commerce has issued the final results of its second five-year review with respect to tissue paper from China.<sup>28</sup> Table I-3 presents the dumping margins calculated by Commerce in its original investigation, first five-year review, and second five-year review.

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<sup>25</sup> *Certain Tissue Paper Products from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 74 FR 29172-74, June 19, 2009.

<sup>26</sup> *Certain Tissue Paper Products from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Order*, 76 FR 47551-55, August 5, 2011.

<sup>27</sup> *Certain Tissue Paper Products from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 78 FR 40101-02, July 3, 2013.

<sup>28</sup> *Final Results of Expedited Sunset Review of the Antidumping Duty Order*, 80 FR 59734, October 2, 2015.

**Table I-3**

**Tissue paper: Commerce’s original investigation, first five-year review, and second five-year review dumping margins for producers/exporters in China**

<b>Producer/exporter</b>	<b>Original margin (percent)</b>	<b>First five-year review margin (percent)</b>	<b>Second five-year review margin (percent)</b>
BA Marketing	112.64	112.64	( <sup>1</sup> )
Everlasting	112.64	112.64	( <sup>1</sup> )
Fujian Nanping	112.64	112.64	( <sup>1</sup> )
Fuzhou Light	112.64	112.64	( <sup>1</sup> )
Guilin Qifeng	112.64	112.64	( <sup>1</sup> )
Max Fortune	112.64	112.64	( <sup>1</sup> )
Ningbo Spring	112.64	112.64	( <sup>1</sup> )
Qingdao Wenlong	112.64	112.64	( <sup>1</sup> )
Samsam	112.64	112.64	( <sup>1</sup> )
PRC-wide	112.64	112.64	112.64

<sup>1</sup> Commerce reported final results of its second Sunset Review as follows: “Pursuant to sections 751(c)(1) and 752(c)(1) and (3) of the Act, we determine that revocation of the antidumping duty order on tissue paper from the PRC would be likely to lead to continuation or recurrence of dumping, and that the magnitude of the margins of dumping likely to prevail would be at weighted-average margins up to 112.64 percent.”

Source: Amended Final Affirmative Determination of Sales at Less than Fair Value and Antidumping Duty Order, 70 FR 16223, March 30, 2005; Final Results of Expedited Sunset Review of the Antidumping Duty Order, 75 FR 32910 June 10, 2010; Final Results of Expedited Sunset Review of the Antidumping Duty Order, 80 FR 59734, October 2, 2015.

## **THE SUBJECT MERCHANDISE**

### **Commerce’s scope<sup>29</sup>**

Commerce has defined the scope of this review as follows:

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

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<sup>29</sup> Commerce, International Trade Administration, *Issues and Decision Memorandum for the Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order on Certain Tissue Paper Products from the People’s Republic of China*, September 25, 2015.

*consumer. Packages of tissue paper subject to this order may consist solely of tissue paper of one color and/or style, or may contain multiple colors and/or styles.*

*The merchandise subject to this order does not have specific classification numbers assigned to them under the Harmonized Tariff Schedule of the United States (HTSUS). Subject merchandise may be under one or more of several different subheadings, including: 4802.30, 4802.54, 4802.61, 4802.62, 4802.69, 4804.31.1000, 4804.31.2000, 4804.31.4020, 4804.31.4040, 4804.31.6000, 4804.39, 4805.91.1090, 4805.91.5000, 4805.91.7000, 4806.40, 4808.30, 4808.90, 4811.90, 4823.90, 4802.50.00, 4802.90.00, 4805.91.90, 9505.90.40. The tariff classifications are provided for convenience and customs purposes; however, the written description of the scope of this order is dispositive.<sup>30</sup>*

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

### **Tariff treatment**

U.S. imports of the subject tissue paper are provided for in HTS subheadings 4804.39.40 (uncoated kraft wrapping paper), 4811.90.40 (lightweight paper in rectangular sheets, of cellulose fibers, in particular dimensions), 4811.90.60 (midweight cellulose paper sheets), and 4811.90.90 (nonenumerated cellulose paper, in sheets), and are reported under HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010. Tissue paper imported under these HTS subheadings and produced in China is accorded a column 1-general duty rate of “free.” The Commission’s identification of these HTS provisions is based on information available to it and is not binding on Customs.<sup>31</sup>

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<sup>30</sup> On January 30, 2007, at the direction of Customs, Commerce added the following HTSUS classifications to the scope for tissue paper: 4802.54.3100, 4802.54.6100, and 4823.90.6700. However, the corresponding six digit classifications for these numbers were already listed in the scope.

<sup>31</sup> Domestic Interested Parties believe that, though these four statistical reporting numbers are specific to the subject product, it continues to be imported under the basket categories in use prior to the conclusion of the investigation. Thus, official statistics may understate the volume of subject imports from China. *Domestic Interested Parties’ Response to Notice of Institution*, June 30, 2015, pp. 12-13.



## THE PRODUCT

### Description and applications<sup>32</sup>

Subject tissue paper is of a class of lightweight paper (no greater than 29 grams per square meter) with a gauze-like, fairly transparent appearance. Tissue paper is used to wrap products within a box or bag, for decorative purposes, or as a lightweight gift wrap. Certain tissue paper products are cut-to-length sheets that are produced from rolls of flat tissue paper (i.e., jumbo rolls)<sup>33</sup> and are sold either flat or folded. Basis weights for subject tissue paper products reportedly range from 13.8 grams per square meter to 24.4 grams per square meter, and the ink for printed designs may add an additional 4.9 to 6.5 grams per square meter.

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

The tissue paper covered by this proceeding is generally sold in two forms, consumer and bulk. Consumer tissue paper is sold packaged for retail sale to consumers, while bulk tissue paper typically is used by businesses as a wrap to protect consumer purchases. Both forms are converted from jumbo rolls of flat tissue paper and sold in a range of dimensions, frequently in white or solid colors. In terms of form, bulk tissue is typically sold in flat sheets, but is also sold in quire-folded sheets (in which a stack of sheets is folded as a unit). Consumer tissue paper is typically sold in folds, although it is occasionally sold in flat format. In terms of sheet count, bulk tissue is typically sold by the ream (480-500 sheets), but may also be sold in half reams (250 sheets) or in multiple ream packaging. Consumer tissue is typically sold packaged for sale as a retail item in smaller quantities, although sheet counts for seasonal packages and club counts range from 90 to 400 sheets.

\*\*\*<sup>34</sup>

### Manufacturing processes<sup>35</sup>

The domestic industry producing certain tissue paper products includes firms that manufacture and convert jumbo rolls of flat tissue paper and firms that convert purchased jumbo rolls. Typically, the U.S. paper mills that make rolls of flat tissue paper do not have pulp mills, and therefore rely on purchases of market pulp and/or waste paper. Bales of dried pulp

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<sup>32</sup> Unless otherwise noted, this information is based on *Certain Tissue Paper Products from China, Investigation No. 731-TA-1070B (Review)*, USITC Publication 4165, July 2010, p. I-13.

<sup>33</sup> Subject tissue paper is made from flat rather than dry-creped tissue paper, the latter of which is used for sanitary or household purposes.

<sup>34</sup> U.S. producers' questionnaire response, section IV-15.

<sup>35</sup> This information is based on *Certain Tissue Paper Products from China, Investigation No. 731-TA-1070B (Review)*, USITC Publication 4165, July 2010, pp. I-13 through I-14 and \*\*\*.

and/or waste paper are fed into a repulper (essentially a very large blender) along with water, dyes, and chemical additives. A revolving agitator stirs the mixture, separating the individual wood fibers. Refiners clean and condition the resulting pulp slurry, which is then pumped to storage chests.

Next, the pulp slurry is pumped to the “wet end” of the paper machine, which forms a thin sheet of pulp in a continuous process. Water drains from the sheet as it is formed and conveyed to the press section. The press forms the sheet while squeezing out more water, after which the sheet enters the dryer section to be dried. Tissue paper machines have either a conventional or Yankee dryer. A conventional dryer has two or more tiers of steam-heated cylinders 30 to 60 inches (0.8 to 1.5 meters) in diameter which dry the sheet as it passes over and under successive cylinders. A conventional dryer imparts an unburnished finish to the sheet called a machine finish (MF). A Yankee dryer is particularly effective drying lightweight papers and consists of one large, steam-heated cylinder 9 to 15 feet (2.7 to 4.6 meters) in diameter that dries the sheet completely as it passes once around. The cylinder is polished and imparts a hard, smooth finish called a machine glaze (MG).<sup>36</sup> Figure I-2 presents an example of machines used to produce MF and MG tissue paper.

**Figure I-2**  
**Tissue paper: Machines used to produce MF and MG tissue paper**

\* \* \* \* \*

As the paper exits the dryer, it is wound onto a large reel. Once filled, the reel is hoisted by an overhead crane to a winder that is in line with the back end of the paper machine. The winder unwinds the reel, slits the sheet to the appropriate width, and rewinds the sheet onto paperboard cores. The resulting jumbo rolls are wrapped with kraft paper or shrink wrap for protection during transit. Diameters and widths of the rolls vary depending on the attributes of the converting equipment for which the paper is intended. If necessary, tissue paper products are typically printed on high speed, multicolor, web-fed (rotary), flexographic presses. Modern presses yield intricate graphic designs and greatly increase manufacturers’ printing capacity. Customers may have their own seasonal designs, and their tissue purchases may become part of a coordinated product line.

Jumbo rolls intended for bulk and consumer tissue paper may be produced from the same reel of tissue paper. Bulk and consumer tissue paper often are printed on the same presses and typically share the same basic converting process, which includes sheeting, folding, and packaging. Because tissue paper is lightweight and lacks stiffness, it is not possible to cut individual sheets. Therefore, converting lines have multiple back stands (i.e., roll stands), and

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<sup>36</sup> In general, MG papers are especially suited for printed tissue paper, especially types with intricate designs. However, the amount of gloss varies from sheet to sheet depending on how highly polished the surface of a particular Yankee dryer is, so MG papers produced on different machines would exhibit a range of finishes.

multiple sheets (commonly 10 or 24 sheets) are converted simultaneously to ensure that the web has enough rigidity to feed properly. Electric charges may be imparted to the sheets in order to “pin” them together. Generally, sheeters are rotary knives that cut the tissue paper at regular intervals as the web advances through the machine. Wider sheeters may also slit the web longitudinally in addition to the perpendicular cuts being made by the rotary knife. Guillotines also are used to cut large quantities of sheets to size at one time.

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

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

### **DOMESTIC LIKE PRODUCT ISSUES**

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise.

In the final phase of the original investigation of tissue paper, the Commission addressed whether bulk tissue paper and consumer tissue paper were separate domestic like products. Chairman Koplun and Commissioners Hillman and Lane defined the domestic like product such that it included all tissue paper within the scope.<sup>37</sup> They applied the traditional six-factor like product analysis and found that bulk and consumer tissue paper share the same general physical characteristics and uses, noting that both forms of tissue paper are made from flat tissue and consist of lightweight paper with a gauze-like, fairly transparent character. They found that although consumer and bulk tissue paper both are available in a variety of grades,

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<sup>37</sup> *Certain Tissue Paper Products from China*, Inv. No. 731-TA-1070B (Final), USITC Publication 3758, March 2005, pp. 5-9.

colors, designs, dimensions, quantities, and packaging, they are both sold primarily as white or solid color sheets. They further found that both consumer and bulk tissue paper may be sold in printed form or undergo specialty treatment in small amounts, and are used for the wrapping of an item within a box or bag or as a lightweight gift wrap.<sup>38</sup>

Commissioners Okun, Miller, and Pearson dissented from the single like product definition in their determination; instead, they found bulk and consumer tissue paper to be two distinct like products. The dissenting Commissioners acknowledged that bulk and consumer tissue paper share many physical characteristics. However, they cited differences in package size (e.g., bulk tissue is generally packaged in reams of 480 to 500 sheets while consumer is generally sold in packages of 5 to 40 sheets) and packaging design (e.g., bulk is often packaged in utilitarian poly bags while consumer is packaged in poly bags with print and artwork designed to appeal to consumers). They also found limited interchangeability, observing that purchasers found dissimilarities in terms of size, weight, packaging, and ultimate end-user. They noted that customers who purchase consumer tissue paper generally do not also purchase bulk tissue paper. Dissenting Commissioners also found differing customer and producer perceptions, distinct channels of distribution, and significant price differences.<sup>39 40</sup>

In the first expedited review, the Commission found that the record concerning the like product factors was unchanged from the original determination, that the domestic interested parties supported a single domestic like product definition, and that no party had contested this definition. Accordingly, the Commission defined the domestic like product to be all tissue paper within the scope.<sup>41</sup>

In determining the appropriate domestic product(s) that are “like” the subject imported product, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. Information regarding these factors is discussed below.

Table I-4 presents U.S. producers’ and U.S. purchasers’ perceptions on the comparability of bulk vs consumer tissue paper, by factor. This table is referenced throughout the following paragraphs regarding the domestic like product factors.

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<sup>38</sup> Ibid., p. 6.

<sup>39</sup> *Certain Tissue Paper Products from China*, Inv. No. 731-TA-1070B (Final), USITC Publication 3758, March 2005, pp. 29-32 (Dissenting Views of Commissioners Okun, Miller, and Pearson).

<sup>40</sup> The single like product definition was upheld in judicial review proceedings. *Cleo, Inc. v. United States*, Slip Op. 06-131 (Ct. Int’l Trade Aug. 31, 2006), *aff’d*, 501 F.3d 1291, 1297-99 (Fed. Cir. 2007).

<sup>41</sup> *Certain Tissue Paper Products from China, Investigation No. 731-TA-1070B (Review)*, USITC Publication 4165, July 2010, p. 8. Two Commissioners found consumer tissue paper and bulk tissue paper to be separate domestic like products. Ibid., pp. 23-24 (Dissenting Views of Commissioners Okun and Pearson).

**Table I-4****Tissue paper: U.S. producers' and U.S. purchasers' perceptions on the comparability of bulk vs consumer tissue paper, by factor**

Item	U.S. producers				U.S. purchasers			
	Fully	Mostly	Somewhat	Not at all	Fully	Mostly	Somewhat	Not at all
Characteristics and uses--bulk vs consumer	4	0	0	0	2	2	5	0
Interchangeability--bulk vs consumer	4	0	0	0	2	3	3	2
Manufacturing--bulk vs consumer	1	2	1	0	2	3	0	0
Channels--bulk vs consumer	0	2	2	0	2	0	2	4
Market perceptions--bulk vs consumer	1	3	0	0	2	1	0	1
Price--bulk vs consumer	1	2	1	0	2	0	1	2

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

### Physical characteristics and uses

Certain tissue paper products are cut-to-length sheets of tissue paper in various sizes, colors, and printed designs that are packaged in various forms and used primarily for the wrapping of a product within a box or bag as a lightweight gift wrap, or for decorative purposes. Four U.S. producers of certain tissue paper products indicated that with respect to physical characteristics and uses, bulk tissue paper and consumer tissue paper are fully comparable (table I-4 infra). Two U.S. purchasers of certain tissue paper products reported that with respect to physical characteristics and uses, bulk tissue paper and consumer tissue paper are fully comparable, two U.S. purchasers indicated that the products are mostly comparable, and five U.S. purchasers indicated that the products are somewhat comparable.

U.S. producers reported shipments of folded bulk tissue paper and folded consumer tissue paper as well as shipments of flat bulk tissue paper and flat consumer tissue paper in 2015 (table IV-2 infra). U.S. producers reported shipments of both bulk tissue paper and consumer tissue paper in 4 of 6 sheet count categories in 2015 (table IV-3 infra). U.S. producers reported shipments of white bulk tissue paper and white consumer tissue paper, colored bulk tissue paper and colored consumer tissue paper, and specialty bulk tissue paper and specialty consumer tissue paper in 2015 (table IV-4 infra).

### Manufacturing facilities and production employees

\*\*\*<sup>42</sup>\*\*\* reported that it produces bulk and consumer tissue paper on the same machine employing the same workers, however, its paper is converted and packaged in

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<sup>42</sup> \*\*\* U.S. producers' questionnaire response, section V-1c.

different locations depending on the particular product.<sup>43</sup> \*\*\*, reported that it has no familiarity with the topic.<sup>44</sup>

### **Interchangeability**

All of the responding producers reported that bulk and consumer tissue paper are interchangeable; however, U.S. purchasers were divided on that question, with five reporting that the products are fully or mostly interchangeable and five reporting that the products are somewhat or not at all interchangeable (table I-4 infra).

Domestic producers indicated that bulk and consumer paper have the same physical characteristics, including colors, prints, and specialty finishes which allows them to be interchangeable in any application. They also reported that since imposition of the orders, and especially since 2010, club stores are increasingly offering tissue paper to consumers in sheet counts that have previously been considered typical of bulk tissue paper (e.g., 400 sheet packages). Domestic producers also noted that in 2015, the Container Store sold 20 sheets of tissue paper (of white, solid color, and printed tissue paper) wrapped in a plain polyethylene bag with no more labeling than a bar-code sticker. They cite this example of typical bulk packaging with a sheet count typical of consumer tissue paper as evidence that the distinction between bulk and consumer tissue paper packaging has become less meaningful.<sup>45</sup>

### **Customer and producer perceptions**

All but one of the responding producers and purchasers, reported that customer and producer perceptions of the product are either fully or mostly comparable (table I-4 infra).

\*\*\*<sup>46</sup>

### **Channels of distribution**

Table I-5 presents U.S. producers' and importers' shares of reported U.S. commercial shipments of bulk and consumer tissue paper by sources and channels of distribution. U.S. producers reported that between 84.1 and 86.5 percent of their commercial shipments of bulk tissue paper were destined for "distributors/marketers" while between 36.0 and 37.3 percent of commercial shipments of consumer tissue paper were shipped to "distributors/marketers" from 2013 to 2015. The most common channel of distribution for U.S. producers' consumer tissue paper was to "other users," which accounted for more than half of all their U.S. shipments.<sup>47</sup>

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<sup>43</sup> \*\*\* U.S. producers' questionnaire response, section V-1c.

<sup>44</sup> \*\*\* U.S. producers' questionnaire response, section V-1c. \*\*\* U.S. producers' questionnaire response, section II-5a.

<sup>45</sup> *Domestic producers' prehearing brief*, p. 14, Exh. 1.

<sup>46</sup> \*\*\* U.S. producers' questionnaire response, section V-1e.

<sup>47</sup> The shipments to "other users" are attributable to \*\*\*. *Domestic Producers' Response to Questions*, May 5, 2016, p. 13.

According to domestic interested parties bulk tissue paper is typically sold through distributors via the internet and directed to end users (i.e., retailers and manufacturers), while consumer tissue paper is sold through distributors to retailers who then sell to consumers. Domestic interested parties also suggest that internet sales have become more important to distribution since 2010 and that there are no restrictions on consumers' ability to purchase bulk tissue paper from online sellers, such as Uline.com, Walmart.com, and Nashvillewraps.com.<sup>48</sup> However, table I-5 shows that \*\*\*." Domestic parties argued that this conflicting evidence suggests that responding firms could not distinguish bulk from consumer tissue paper in any commercially meaningful manner.<sup>49</sup>

**Table I-5  
Tissue paper: U.S. producers' and importers' share of reported U.S. shipments of bulk and consumer tissue paper, by sources and channels of distribution, 2013-15**

\* \* \* \* \*

**Price**

According to the data presented in table I-6 and figure I-3, the average unit values of U.S. commercial shipments of bulk tissue paper are consistently lower than those of consumer tissue paper. However, on a firm-specific level some bulk tissue paper had higher average unit values than those of consumer tissue paper. For instance, bulk tissue paper produced by \*\*\* was sold at higher average unit values than consumer tissue paper because it consists largely of custom-printed product for retailers like \*\*\*. On the other hand, bulk tissue paper from \*\*\*.<sup>50</sup> In addition, \*\*\* reported that average unit values of its consumer tissue paper were \*\*\* those of the overall average unit values in \*\*\*.<sup>51</sup> Excluding \*\*\* shipments, bulk tissue paper average unit values exceed those of consumer tissue paper in 2014 and 2015.<sup>52</sup>

**Table I-6  
Tissue paper: U.S. producers' average unit values of U.S. commercial shipments, by type, 2013-15**

\* \* \* \* \*

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<sup>48</sup> Domestic parties identified 19 domestic firms and 15 firms based in China that sell both bulk and consumer tissue paper via the internet. Domestic producers' prehearing brief, pp. 16-17 and exhs. 4-5.

<sup>49</sup> Domestic producers' prehearing brief, p. 16, n. 55.

<sup>50</sup> Domestic producers' prehearing brief, pp. 24-25 and exh. 8.

<sup>51</sup> \*\*\* U.S. producers' questionnaire response, section II-8.

<sup>52</sup> Domestic producers' prehearing brief, p. 23 and exh. 7.

**Figure I-3**  
**Tissue paper: U.S. producers' average unit values of U.S. commercial shipments, by type,**  
**2013-15**

\* \* \* \* \*

### **U.S. MARKET PARTICIPANTS**

#### **U.S. producers**

During the original investigation, the Commission collected U.S. industry data from ten domestic producers. These ten producers accounted for essentially all U.S. production of tissue paper during 2003.<sup>53</sup> During the first expedited five-year review, responses to the Commission's notice of review indicated that there were six firms that produced tissue paper in 2010 and that the responding five firms accounted for approximately \*\*\* percent of U.S. production during 2009.<sup>54</sup> Crystal, one of the largest U.S. producers during the investigation,

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<sup>53</sup> There were 12 domestic producers in 2003, but \*\*\* and \*\*\* did not complete questionnaires during the original investigation. The ten producers who responded and their respective shares of U.S. production during 2003 follow: Crystal (\*\*\* percent), Eagle (\*\*\* percent), Flower City (\*\*\* percent), Garlock (\*\*\* percent), Green Mountain (\*\*\* percent), Hallmark Marketing Company LLC ("Hallmark") (\*\*\* percent), Pacon (\*\*\* percent), Paper Service (\*\*\* percent), Putney (\*\*\* percent), and Seaman (\*\*\* percent). *Investigation No. 731-1070B (Final): Certain Tissue Paper Products from China – Staff Report*, INV-CC-014, February 18, 2005, p. III-2.

<sup>54</sup> The five producers who responded and their respective shares of U.S. production during 2009 follow: Eagle (\*\*\* percent), Flower City (\*\*\* percent), Garlock (\*\*\* percent), Putney (\*\*\* percent), and Seaman (\*\*\* percent). *Investigation No. 731-1070B (Review): Certain Tissue Paper Products from China – Staff Report*, INV-HH-059, June 3, 2010, pp. I-21-23.



ceased production in 2007.<sup>55</sup> Paper Service was no longer in business at the time of the first expedited review.<sup>56</sup> Green Mountain<sup>57</sup> and Pacon<sup>58</sup> did not provide production data in 2009.<sup>59</sup>

In the current proceeding, the Commission issued U.S. producers' questionnaires to eight firms, six of which provided the Commission with information on their tissue paper operations. These firms accounted for essentially all U.S. production of tissue paper in 2015.<sup>60</sup> Presented in table I-7 is a list of current domestic producers of tissue paper and each company's position on continuation of the orders, production location(s), and share of reported production of tissue paper in 2015.<sup>61</sup>

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<sup>55</sup> During the original investigation, Crystal was a leading importer of tissue paper from China and reportedly the largest supplier of tissue paper in the U.S. market during the 1980s and 1990s. In October 2002, Cleo, a subsidiary of CSS Industries and importer of the subject merchandise, acquired Crystal. Cleo sold assets related to Crystal's bulk tissue business in July 2003 and closed Crystal's primary manufacturing facility in Maysville, Kentucky, in October 2003. However, in order to mitigate the effect of antidumping duties resulting from the original investigation, Crystal resumed tissue paper converting operations at its Maysville facility in 2004. In 2007, CSS Industries reported the closure of Crystal's Maysville production facility in favor of importing tissue paper products. *Certain Tissue Products from China*, Investigation No. 731-TA-1070B (Review), USITC Publication 4165, July 2010, p. I-18. Also, in 2007, CSS Industries combined operations of its Cleo and Berwick Offray subsidiaries. CSS Industries, Inc. (2011). *Annual Report 2011*. p. 1, <http://www.cssindustries.com/web/guest/sec-filings>, retrieved on April 19, 2016.

<sup>56</sup> Paper Services' mill and facilities were destroyed by several months of continuous flooding due to a nearby dam break in 2005. They did not resume operations after the flooding. *Domestic Producers' Response to Questions*, May 5, 2016, p. 10.

<sup>57</sup> According to the domestic producers, Green Mountain exited the industry in 2014 or 2015 due to lack of investment and an inability to compete in the U.S. market. *Domestic Producers' Response to Questions*, May 5, 2016, p. 10.

<sup>58</sup> In 1999, Pacon bought Bemiss-Jason, a company that produced a small amount of tissue paper. Several years after the acquisition, \*\*\*. *Domestic Producers' Response to Questions*, May 5, 2016, pp. 10-11.

<sup>59</sup> These firms combined accounted for \*\*\* percent of U.S. production in 2003. *Investigation No. 731-1070B (Review): Certain Tissue Paper Products from China – Staff Report*, INV-HH-059, June 3, 2010, p. I-22.

<sup>60</sup> *Domestic Interested Parties' Response to Notice of Institution*, June 30, 2015, p. 6.

<sup>61</sup> Seaman, Soundview, and Flower City are vertically integrated producers. Garlock, Hallmark, and Eagle convert jumbo rolls. *Certain Tissue Products from China, Investigation No. 731-TA-1070B (Review)*, USITC Publication 3758, March 2005, p. I-9, fn. 60.

**Table I-7**

**Tissue paper: U.S. producers, positions on orders, U.S. production locations, and shares of 2015 reported U.S. production**

<b>Firm</b>	<b>Position on continuation of order</b>	<b>Production location(s)</b>	<b>Share of production (percent)</b>
Eagle	***	South Windsor, CT	***
Flower City	***	Rochester, NY	***
Garlock	***	Gardner, MA Gardner, MA Gardner, MA	***
Hallmark	***	Leavenworth, KS Enfield, CT Liberty, MO Kansas City, MO	***
Seaman	***	Otter River, MA Gardner, MA Gardner, MA Orange, MA	***
Soundview	***	Putney, VT	***
Total			***

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

Presented in table I-8 is a list of current domestic producers' ownership, related and/or affiliated firms.

**Table I-8**

**Tissue paper: U.S. producers ownership, related and/or affiliated firms**

\* \* \* \* \*

As indicated in table I-8, two U.S. producers are related to the same foreign exporter and importer of the subject merchandise. As discussed in detail in Part III, \*\*\* directly imported the subject merchandise and \*\*\*. No U.S. producers purchased the subject merchandise from U.S. importers.

## U.S. importers

In the original investigation, the Commission reported that at least 42 U.S. companies imported subject imports from China, the largest of which were \*\*\*, accounting for \*\*\* of subject tissue paper imports from China in 2003.<sup>62</sup> The Commission sent questionnaires to 189 firms identified as U.S. importers of tissue paper in the petition and from proprietary Customs data. Usable data on imports of certain tissue paper products were received from 38 firms, 21 of which were importers of subject tissue paper from China during 2001.<sup>63</sup> Of the responding U.S. importers, five were domestic producers at the time of the investigation: Crystal, Flower City, Hallmark, Pacon, and Seaman.<sup>64</sup>

In their response to the Commission's notice of institution of the first five-year review, the domestic interested parties identified approximately 250 U.S. importers of the subject tissue paper from China but noted that U.S. imports of tissue paper from China have "retreated substantially from the U.S. market following imposition of the order."<sup>65</sup>

In the current proceeding, the Commission issued U.S. importers' questionnaires to 88 firms believed to be importers of tissue paper, as well as to all U.S. producers of tissue paper. Thirteen usable questionnaire responses were received from 14 firms,<sup>66</sup> of which 2 are U.S. producers, representing \*\*\* percent of the quantity of U.S. imports from China and 66.4 percent of the quantity of U.S. imports from all sources during 2015. Table I-9 lists all responding U.S. importers of tissue paper from China and other sources, their headquarters, and their shares of U.S. imports in 2015.

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<sup>62</sup> *Investigation No. 731-1070B (Final): Certain Tissue Paper Products from China – Staff Report*, INV-CC-014, February 18, 2005, p. IV-4.

<sup>63</sup> *Certain Tissue Paper Products from China: Investigation No. 731-TA-1070B (Final)*, USITC Publication 3758, March 2005, IV-1.

<sup>64</sup> *Investigation No. 731-1070B (Final): Certain Tissue Paper Products from China – Staff Report*, INV-CC-014, February 18, 2005, table IV-1.

<sup>65</sup> *Investigation No. 731-1070B (Review): Certain Tissue Paper Products from China – Staff Report*, INV-HH-059, June 3, 2010, p. I-28.

<sup>66</sup> \*\*\* submitted a joint U.S. importers' response.

**Table I-9**  
**Tissue paper: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2015**

Firm	Headquarters	Share of imports by source (percent)		
		China	All other sources	Total
99 Cents Only Stores	City of Commerce, CA	***	***	***
American Greetings	Cleveland, OH	***	***	***
Berwick Offray	Berwick, PA	***	***	***
Cindus	Cincinnati, OH	***	***	***
CVS	Woonsocket, RI	***	***	***
Dolgencorp	Goodlettsville, TN	***	***	***
Greenbrier	Chesapeake, VA	***	***	***
Hallmark	Kansas City, MO	***	***	***
L'Occitane	New York, NY	***	***	***
Seaman and Seaman Paper Asia	Gardner, MA	***	***	***
Sears	Hoffman Estates, IL	***	***	***
Target	Minneapolis, MN	***	***	***
Walmart	Bentonville, AR	***	***	***
All other importers <sup>1</sup>		***	***	***
Total		***	***	***

<sup>1</sup> Proprietary Customs data using HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010 for all other nonresponding importers.

Note.—\*\*\*.

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

## U.S. purchasers

The Commission received 28 usable questionnaire responses from firms that bought tissue paper during 2010-15.<sup>67</sup> Seventeen responding purchasers are distributors, two are end users, nine are retailers, and three identified themselves as other. In general, responding U.S. purchasers were located on the East Coast and in the Midwest. The largest purchasers of tissue paper are \*\*\*. The largest purchasers of bulk tissue paper are \*\*\* while the largest purchasers of consumer tissue paper are \*\*\*.

## APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Data concerning apparent U.S. consumption of tissue paper are shown in table I-10. Apparent U.S. consumption by quantity increased by 3.5 percent (67.7 million square meters) from 2013 to 2015, while the quantity of imports from China increased by \*\*\* percent (\*\*\* square meters) during the same period. U.S shipment quantities have also increased by 2.1 percent (33.3 million square meters) from 2013 to 2015. The only source of tissue paper to decrease in terms of quantity was imports from all other sources than China, which decreased by \*\*\* percent (\*\*\*square meters) from 2013 to 2015.

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<sup>67</sup> Of the 28 responding purchasers, 25 purchased the domestic tissue paper, 7 purchased imports of the subject merchandise from China, and 7 purchased imports of tissue paper from other sources. Most bulk and consumer tissue paper that was purchased in 2015 (99.6 percent and 82.1 percent, respectively) were purchased from domestic sources.

**Table I-10**  
**Tissue paper: Apparent U.S. consumption and market shares, 2013-15**

Item	Calendar year		
	2013	2014	2015
	<b>Quantity (1,000 sq meters)</b>		
U.S. producers' U.S. shipments	1,598,779	1,685,364	1,632,095
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total imports	357,259	347,623	391,689
Apparent U.S. consumption	1,956,038	2,032,987	2,023,784
	<b>Value (1,000 dollars)</b>		
U.S. producers' U.S. shipments	126,519	133,413	132,169
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total imports	24,861	25,220	27,713
Apparent U.S. consumption	151,380	158,633	159,882
	<b>Share of quantity (percent)</b>		
U.S. producers' U.S. shipments	81.7	82.9	80.6
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total imports	18.3	17.1	19.4
	<b>Share of value (percent)</b>		
U.S. producers' U.S. shipments	83.6	84.1	82.7
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total imports	16.4	15.9	17.3

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

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

### U.S. MARKET CHARACTERISTICS

Tissue paper products are generally sold in two forms, folded or flat, and are used for protective packaging and decorative wrapping. Tissue paper can be white, solid colored, or printed with designs such as customer logos or patterns. The U.S. tissue paper market is supplied by imports and six U.S. producers: Eagle, Flower City, Garlock, Hallmark, Seaman, and Soundview. \*\*\* imported tissue paper from China during 2013-15.<sup>1</sup> Subject imports from China represented \*\*\* percent of total U.S. imports in 2015; in 2015, \*\*\* were the \*\*\* largest importers of subject imports from China.

Apparent U.S. consumption of tissue paper increased during 2013-15. Overall, apparent U.S. consumption by quantity in 2015 was 3.5 percent higher than in 2013.

### CHANNELS OF DISTRIBUTION

U.S. producers sold tissue paper mainly to distributors while importers sold to a mix of distributors, club stores, and other retailers in 2015, as shown in table II-1. While the majority of U.S. producers' sales were to distributors/marketers during 2013-15, the proportion of sales of imports from China to club stores and to distributors/marketers declined, with increases to other retailers.

**Table II-1**

**Tissue paper: U.S. producers' and importers' share of reported U.S. commercial shipments of all tissue paper, by sources and channels of distribution, 2013-15**

\* \* \* \* \*

### GEOGRAPHIC DISTRIBUTION

Most responding U.S. producers and importers reported selling tissue paper to all regions in the contiguous United States (table II-2). For U.S. producers, 9.6 percent of sales were within 100 miles of their production facility, 40.3 percent were between 101 and 1,000 miles, and 50.0 percent were over 1,000 miles. Importers sold 3.9 percent within 100 miles of their U.S. point of shipment, 31.9 percent between 101 and 1,000 miles, and 64.2 percent over 1,000 miles.

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<sup>1</sup> \*\*\*.

**Table II-2****Tissue paper: Geographic market areas in the United States served by U.S. producers and importers**

Region	U.S. producers	U.S. importers		
		China	All other sources	Total
Northeast	6	4	8	9
Midwest	6	4	8	9
Southeast	6	4	8	9
Central Southwest	6	4	9	10
Mountain	5	4	9	10
Pacific Coast	5	4	9	10
Other <sup>†</sup>	4	3	6	7
All regions (except Other)	5	4	8	9

<sup>†</sup> All other U.S. markets, including AK, HI, PR, and VI.

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

## SUPPLY AND DEMAND CONSIDERATIONS

### U.S. supply

#### **Domestic production**

Based on available information, U.S. producers of tissue paper have the ability to respond to changes in demand with moderate-to-large-changes in the quantity of shipments of U.S.-produced tissue paper to the U.S. market. The main contributing factors to this degree of responsiveness of supply are excess capacity and inventories. However, this may be limited by the lack of sales to alternative markets and alternate production options.

#### **Industry capacity**

Domestic capacity utilization was relatively stable from 2013 to 2015 at approximately 41 percent as both capacity and production increased slightly. This low-to-moderate level of capacity utilization suggests that U.S. producers may have substantial ability to increase production of tissue paper in response to an increase in prices.

#### **Alternative markets**

U.S. producers' exports, as a percentage of total shipments, decreased slightly from 3.9 percent in 2013 to 3.3 percent in 2015 as U.S. producers' export shipments declined. This indicates that U.S. producers may have limited ability to shift shipments between the U.S. market and other markets in response to price changes. No U.S. producers reported trade barriers in other markets. Reported export markets include \*\*\*.



### ***Inventory levels***

U.S. producers' inventories, relative to total shipments, declined from 14.2 percent in 2013 to 12.6 percent in 2014, then increased to 13.6 percent in 2015. These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

### ***Production alternatives***

Two of six responding U.S. producers stated that they could switch production from tissue paper to other products. \*\*\* stated that it can produce waxed tissue paper products on the same equipment as tissue paper, but that there is extremely limited demand for waxed tissue paper compared to bulk and consumer tissue paper. \*\*\* stated that it cannot use the same equipment to produce other products; however, it may be able to use production labor to produce other products such as rollwrap, bows, and stickers.

### ***Supply constraints***

All of the U.S. producers and 26 of 27 responding purchasers reported no supply constraints.

### ***Availability of supply***

U.S. producers, imports, purchasers, and foreign producers were asked whether the availability of bulk and consumer tissue paper in the U.S. market changed since January 1, 2010, and whether they anticipated any future changes. Most firms reported that there has been no change in the availability of supply since 2010 and that they do not anticipate any future changes for both bulk and consumer tissue paper (tables II-3 and II-4).

**Table II-3**

**Tissue paper: Firm's responses regarding the availability of supply for bulk tissue paper, by source, by number of responding firms**

Item	Number of firms reporting		
	Increase	No change	Decrease
Availability of supply in the United States of bulk tissue paper produced in the United States:			
U.S. producers	1	4	0
Importers	0	2	0
Purchasers	1	14	2
Availability of supply in the United States of bulk tissue paper produced in China:			
U.S. producers	1	4	0
Importers	0	2	0
Purchasers	1	9	0
Availability of supply in the United States of bulk tissue paper produced in nonsubject countries:			
U.S. producers	2	2	0
Importers	1	1	0
Purchasers	1	8	0
Anticipated future availability of supply in the United States of bulk tissue paper produced in the United States:			
U.S. producers	1	4	0
Importers	0	2	0
Purchasers	1	15	1
Anticipated future availability of supply in the United States of bulk tissue paper produced in China:			
U.S. producers	1	4	0
Importers	0	2	0
Purchasers	2	8	0
Foreign producers	1	2	0
Anticipated future availability of supply in the United States of bulk tissue paper produced in nonsubject countries:			
U.S. producers	2	2	0
Importers	1	1	0
Purchasers	1	8	0

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

**Table II-4**

**Tissue paper: Firm's responses regarding the availability of supply for consumer tissue paper, by source, by number of responding firms**

Item	Number of firms reporting		
	Increase	No change	Decrease
Availability of supply in the United States of consumer tissue paper produced in the United States:			
U.S. producers	0	4	0
Importers	0	11	0
Purchasers	0	17	0
Availability of supply in the United States of consumer tissue paper produced in China:			
U.S. producers	1	3	0
Importers	0	9	1
Purchasers	0	15	1
Availability of supply in the United States of consumer tissue paper produced in nonsubject countries:			
U.S. producers	2	1	0
Importers	2	7	0
Purchasers	1	13	0
Anticipated future availability of supply in the United States of consumer tissue paper produced in the United States:			
U.S. producers	0	4	1
Importers	0	11	0
Purchasers	0	17	0
Anticipated future availability of supply in the United States of consumer tissue paper produced in China:			
U.S. producers	1	3	0
Importers	0	9	1
Purchasers	0	15	1
Foreign producers	1	2	0
Anticipated future availability of supply in the United States of consumer tissue paper produced in nonsubject countries:			
U.S. producers	2	1	0
Importers	1	8	0
Purchasers	1	13	0

## **Subject imports from China<sup>2</sup>**

Based on available information, producers of tissue paper from China have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of tissue paper to the U.S. market. The main contributing factor to this degree of responsiveness of supply is substantial shipments to alternate markets, but is somewhat limited by high capacity utilization and limited inventories.

### ***Industry capacity***

Chinese capacity utilization fluctuated slightly during 2013-15; it decreased from \*\*\* percent in 2013 to \*\*\* percent in 2014 and increased to \*\*\* percent in 2015. However, both reported capacity and production of tissue paper declined \*\*\* when \*\*\*. This high level of capacity utilization suggests that Chinese producers may have limited ability to increase production of tissue paper in response to an increase in prices.

### ***Alternative markets***

Shipments to the Chinese home market represented \*\*\* percent of total shipments during 2013-15. Chinese producers and exporters' exports to the United States, as a percentage of total shipments, increased from \*\*\* percent in 2013 to \*\*\* percent in 2015. China's remaining commercial shipments were to other markets, such as Europe, Asia, and \*\*\*. This availability of shipments to alternate markets indicates a substantial ability to shift between markets.

### ***Inventory levels***

Chinese producers' inventories, as a share of total shipments, decreased slightly from \*\*\* percent in 2013 to \*\*\* percent in 2015. These inventory levels suggest that Chinese producers may have limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

### ***Production alternatives***

One of the two responding Chinese producers, \*\*\*, stated that it is able to shift production between tissue paper and other products using the same equipment and labor; in particular, it can produce \*\*\*.

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<sup>2</sup> For data on the number of responding foreign firms and their share of U.S. imports from China, please refer to Part I, "Summary Data." Note, however, that Chinese producers' coverage is low and may not be representative of the whole Chinese industry.

## **Nonsubject imports**

Nonsubject sources accounted for \*\*\* percent of total imports in 2015. The largest sources of nonsubject imports were India and Indonesia, representing 29.1 percent and 23.8 percent of total imports, respectively, in 2015.<sup>3</sup>

## **New suppliers**

Four of 28 purchasers indicated that new suppliers entered the U.S. market since January 1, 2010, and five purchasers expect additional entrants. Purchasers cited \*\*\* as new suppliers. \*\*\* stated generally that they anticipate more competition as other countries enter the U.S. market. Seaman Paper stated that “\*\*\*”. It continued that “\*\*\*”.

## **U.S. demand**

Based on available information, the overall demand for tissue paper is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors are the existence of various substitute products, though many firms report that substitutes are not used. Tissue paper is also a final consumer good; its demand follows demand in the retail sector and can be seasonal.

## **End uses**

Tissue paper is used for decorative and protective packaging by retailers of consumer products, such as clothing, shoes, and gifts. It is sold in retail packages for use by consumers for wrapping gifts, generally combined with gift bags or boxes. It is also sold for industrial use for wrapping, packaging, and interleaving of equipment. Eight of 15 responding purchasers reported that their main end use of tissue paper is for decorative packaging incidental to a sale, five reported that tissue paper is used for functional packaging or industrial use, four reported that it is decorative packaging for sale, three reported it is used by the final consumer for decorative purposes or arts and crafts, and two reported other end uses, including to pack and stuff clothing and wedding gowns, and to wrap Christmas gifts. Five responding U.S. producers, 13 importers, 14 purchasers, and two foreign producers reported no changes in end uses since 2010 and all anticipated no changes in end uses.

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<sup>3</sup> Based on Customs data using HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010, accessed March 24, 2016.

## Business cycles

Three of six U.S. producers, 6 of 13 importers, and 15 of 27 purchasers indicated that the market was subject to business cycles or distinct conditions of competition. Specifically, these firms indicated that the tissue paper market is seasonal, with higher holiday-season demand in the third and fourth quarters of the year. Fewer firms (\*\*\*) reported that there are distinct conditions of competition. \*\*\* identified “everyday” gift giving and occasions. Three purchasers reported that there have been changes to the conditions of competition since January 1, 2010. \*\*\* reported that there are more retail options for the consumer. \*\*\* stated that Chinese tissue has been routed through Europe to evade the antidumping duty order. \*\*\* stated that the increase in “dollar” stores in the United States has shifted market share of decorative/gift tissue paper purchases to these outlets.

## Demand trends

Most responding U.S. producers (3 of 5), one importer, three purchasers, and two foreign producers reported an increase in U.S. demand for bulk tissue paper while one U.S. producer, one importer, ten purchasers, and one foreign producer reported no changes since January 1, 2010 (table II-5). Half of responding U.S. producers (2 of 4), most responding importers (8 of 12) and purchasers (11 of 16), and one foreign producer reported no changes in U.S. demand for consumer tissue paper since January 1, 2010 (table II-6). Firms do not expect demand for bulk or consumer tissue paper to change over the next two years. \*\*\* stated that demand trends for tissue paper follow retail demand.

**Table II-5**

**Tissue paper: Firms’ responses regarding U.S. demand for bulk tissue paper**

Item	Increase	No change	Decrease	Fluctuate
<b>Demand in the United States</b>				
U.S. producers	3	1	0	1
Importers	1	1	0	0
Purchasers	3	10	1	2
Foreign producers	2	1	0	0
<b>Anticipated future demand</b>				
U.S. producers	0	2	3	0
Importers	0	2	0	0
Purchasers	3	11	1	1
Foreign producers	0	3	0	0
<b>Demand for purchasers’ final products since 2010</b>				
Purchasers	2	7	2	6

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

**Table II-6****Tissue paper: Firms' responses regarding U.S. demand for consumer tissue paper**

Item	Increase	No change	Decrease	Fluctuate
<b>Demand in the United States</b>				
U.S. producers	2	2	0	0
Importers	2	8	1	1
Purchasers	2	11	0	3
Foreign producers	2	1	0	0
<b>Anticipated future demand</b>				
U.S. producers	0	4	0	0
Importers	1	8	1	1
Purchasers	1	13	1	2
Foreign producers	0	3	0	0
<b>Demand for purchasers' final products since 2010</b>				
Purchasers	2	7	2	6

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

**Substitute products**

Most U.S. producers (4 of 6), importers (11 of 13), purchasers (20 of 27), and foreign producers (2 of 3) reported that there were no substitutes for tissue paper and did not anticipate any future changes in substitutes. Firms identifying substitutes listed gift wrap and gift bags for gift presentation and newsprint, paper shred, kraft paper and crinkle paper for protective packaging.

**SUBSTITUTABILITY ISSUES**

The degree of substitution between domestic and imported tissue paper depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between domestically produced tissue paper and tissue paper imported from subject sources.

**Lead times**

Tissue paper is primarily produced-to-order. U.S. producers reported that 69.0 percent of their commercial shipments were produced-to-order, with lead times averaging 48 days. The remaining 31.0 percent came from inventories, with lead times averaging about 4 days. Importers reported that 87.4 percent of their commercial shipments were produced-to-order, with lead times averaging 84 days. The remaining 12.6 percent came from U.S. inventories, with lead times averaging 17 days.<sup>4</sup>

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<sup>4</sup> Foreign producer \*\*\* produces \*\*\* tissue paper to order, with a lead time of \*\*\* days. \*\*\*.

## Knowledge of country sources

Twenty-six purchasers indicated they had marketing or pricing knowledge of domestic product, 16 of Chinese product, and 11 of nonsubject countries, including Australia, Canada, India, Indonesia, Italy, France, the United Kingdom, and Vietnam. Knowledge of the Chinese product was based on U.S. imports (9), non-U.S. market sales (7), trade shows (4), other gift wrap options (4), and the internet (1). Eighteen of 27 purchasers purchase gift-wrapping related products manufactured in China by firms that also sell tissue paper. These products include ribbon, bows, gift package tie-on embellishments, cards, gift bags, gift boxes, and wrapping paper.

As shown in table II-7, half of purchasers sometimes or never make purchasing decisions based on the producer and most purchasers never make purchasing decisions based on country of origin. Most purchasers' customers never make purchasing decisions based on producer or country of origin. Of the 11 purchasers that reported that they always make decisions based on the manufacturer, three firms cited quality; others cited price, reliability, and ability to meet internally established standards.

**Table II-7**

**Tissue paper: Purchasing decisions based on producer and country of origin**

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	11	3	6	8
Purchaser's customers make decision based on producer	2	1	6	14
Purchaser makes decision based on country	5	3	6	14
Purchaser's customers make decision based on country	2	0	6	14

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

## Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for tissue paper were price (26 firms), quality (22 firms), and availability or supply (6 firms) although firms identified a large number of other factors (table II-8). Price was the most frequently cited most important factor, followed by quality; quality was the most frequently reported second-most important factor; and price was the most frequently reported third-most important factor.



**Table II-8****Tissue paper: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor**

<b>Factor</b>	<b>First</b>	<b>Second</b>	<b>Third</b>	<b>Total</b>
Price	11	7	8	26
Quality	10	9	3	22
Availability/Supply	2	2	2	6
Other <sup>1</sup>	6	8	14	28

<sup>1</sup> Other factors include product line, ability to produce to specifications, pre-existing consignment and volume based contract with vendor, ability to provide scan based trading, must be U.S.-certified supplier, lead times, reliability, service, reputation, print capabilities, customer approval, and extension of credit.

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

The majority of purchasers (21 of 28) reported that they usually (11) or sometimes (10) purchase the lowest-priced product. Most (18 of 27) purchasers do not specifically order tissue paper from one country in particular over other possible sources of supply. When asked if they purchased tissue paper from one source although a comparable product was available at a lower price from another source, 11 purchasers reported reasons including quality, reliability, lead times, service and support, and transportation costs. Twenty of 22 purchasers reported that there are no specific types of product available only from a single source.

**Importance of specified purchase factors**

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-9). The factors that were rated as “very important” by most of the responding purchasers were price, reliability of supply, availability, delivery time, product consistency, and quality meets industry standards. Most purchasers reported that extension of credit was not an important factor.

**Table II-9**  
**Tissue paper: Importance of purchase factors, as reported by U.S. purchasers, by factor**

Factor	Very important	Somewhat important	Not important
Availability	25	3	0
Delivery terms	13	12	3
Delivery time	25	4	0
Discounts offered	10	14	4
Extension of credit	6	8	15
Minimum quantity requirements	8	11	8
Packaging	10	15	3
Price	27	1	0
Product consistency	24	4	0
Product range	13	13	2
Quality exceeds industry standards	5	15	8
Quality meets industry standards	23	4	1
Reliability of supply	26	1	1
Technical support/service	7	15	6
U.S. transportation costs	8	12	8

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

### Supplier certification

Twenty of 28 responding purchasers require their suppliers to become certified or qualified to sell tissue paper to their firm. Purchasers reported that the time to qualify a new supplier ranged from 7 to 180 days, with 13 purchasers reporting in the range of 20 to 60 days. Two purchasers reported that a domestic or foreign supplier had failed in its attempt to qualify product, or had lost its approved status since January 1, 2010. \*\*\* stated that product from Eagle Tissue did not meet the brightness standard required and it would have to import a prohibitively expensive tissue paper from Europe to meet the standard. \*\*\* stated that Indian product supplied by Metro Packaging could not meet the expected quality level.

### Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns of bulk and consumer tissue paper from different sources since 2010 (table II-10). Reasons reported for changes in sourcing for bulk purchases included growth in domestic consumer sales, longer lead times, inventory and logistics costs from China, reduced internal consumption due to store closures, and specialty items that required small volume production runs or customized hand-packaging. Eight of 20 responding purchasers reported that they had changed suppliers since January 1, 2010. Specifically, firms dropped or reduced purchases from Siu & Sons (Canada) due to prices, and purchases from BA Production (China) and Cleo (domestic), both of which went out of business. One firm added purchases from Max Fortune because the purchaser shifted away from buying factory direct. \*\*\* increased purchases with Hallmark as a result of an overall gift and card agreement, not exclusive to tissue paper. Four of 28 purchasers reported 11 new suppliers from China (Changsha Home Arts; Jofounter Paper Company; Max Packing Products; Qingdao Drucker International Trade; and Youlanfa Paper Mill), India (Artifacts India; Creative

Papers Group; and Rasik Products), Indonesia (PT Cermat Makmur Abadi International), Italy (Solutia), and unidentified country (Seaman Paper Asia). Five purchasers expect new suppliers to enter the U.S. market.

**Table II-10**  
**Tissue paper: Changes in purchase patterns from U.S., subject, and nonsubject countries**

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
<b>Bulk tissue paper</b>					
United States	7	1	5	10	3
China	22	1	1	1	0
Other	22	2	1	1	0
<b>Consumer tissue paper</b>					
United States	13	2	5	2	3
China	14	5	1	3	2
Other	17	3	1	3	2

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

### Importance of purchasing domestic product

Twenty-one of 28 purchasers reported that purchasing U.S.-produced product was not an important factor in their purchasing decisions, four reported preferring domestic product and none reported that it was required by their customers.<sup>5</sup> Reasons cited for preferring domestic product included: price, lead time, ease of communication, competitiveness, and ability to meet internal standards.

### Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing tissue paper produced in the United States, China, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 15 factors (table II-11) for which they were asked to rate the importance.

At least half of responding purchasers (16) reported that U.S. and Chinese tissue paper were comparable on availability, discounts, extension of credit, minimum quantity requirements, packaging, price, product range, and quality meeting and exceeding industry standards. Most responding purchasers reported that U.S. tissue paper was superior regarding delivery terms, delivery time, and reliability of supply. Half or more responding purchasers (12) reported that U.S. and nonsubject product were comparable for all factors except delivery times, in which most reported the United States was superior. Twelve purchasers compared product from China with that from nonsubject countries, and most reported that both were comparable in all fifteen factors.

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<sup>5</sup> Two reported that domestic product was required by law (for 100 percent of their purchases). However, these firms, \*\*\*, stated that the law “requiring” domestic purchases was the antidumping duty order.

**Table II-11****Tissue paper: Purchasers' comparisons between U.S.-produced and imported product**

Factor	U.S. vs. China			U.S. vs. Nonsubject			China vs. Nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	8	8	0	5	7	0	1	11	0
Delivery terms	10	6	0	7	5	0	2	9	1
Delivery time	13	3	0	8	2	2	2	7	3
Discounts offered	4	10	1	4	6	1	0	12	0
Extension of credit	5	10	0	3	7	1	0	10	2
Minimum quantity requirements	7	8	0	4	6	2	0	9	3
Packaging	7	9	0	3	8	1	0	9	3
Price <sup>1</sup>	4	8	4	4	6	1	4	6	0
Product consistency	9	7	0	3	9	0	1	9	2
Product range	6	8	1	3	8	0	1	10	1
Quality exceeds industry standards	3	12	0	2	9	0	0	10	2
Quality meets industry standards	6	10	0	2	10	0	1	11	0
Reliability of supply	10	6	0	5	6	1	1	11	1
Technical support/service	9	5	1	5	6	0	1	7	4
U.S. transportation costs <sup>1</sup>	9	7	0	6	6	0	2	9	1

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

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

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

### Comparison of U.S.-produced and imported tissue paper

In order to determine whether U.S.-produced tissue paper can generally be used in the same applications as imports from China, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-12, all U.S. producers and responding importers reported tissue paper from the United States and China are either "always" or "frequently" interchangeable, while seven purchasers each reported that the products are "always," "frequently," or "sometimes" interchangeable.

**Table II-12****Tissue paper: Interchangeability between tissue paper produced in the United States and in other countries, by country pairs**

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
<b>U.S. vs. subject countries:</b> U.S. vs. China	4	2	0	0	7	3	0	0	7	7	7	0
<b>Nonsubject countries comparisons:</b> U.S. vs. nonsubject	4	2	0	0	7	3	0	0	7	4	5	0
China vs. nonsubject	4	2	0	0	6	2	0	0	4	3	4	0

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

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

As can be seen from table II-13, 18 of 22 responding purchasers reported that the domestically produced product “always” met minimum quality specifications. Six of 16 responding purchasers reported that tissue paper from China “always” met minimum quality specifications.

**Table II-13****Tissue paper: Ability to meet minimum quality specifications, by source<sup>1</sup>**

Source	Always	Usually	Sometimes	Rarely or never
United States	18	4	0	0
China	6	6	4	0
Nonsubject	6	4	4	0

<sup>1</sup> Purchasers were asked how often domestically produced or imported tissue paper meets minimum quality specifications for their own or their customers’ uses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of tissue paper produced in the United States, China, or nonsubject countries. As seen in table II-14, all U.S. producers and most responding importers reported that there are “sometimes” or “never” significant factors other than price. Eleven of 20 responding purchasers stated that there are “always” or “frequently” significant factors other than price, including quality, product range, technical support, lead times, availability, transportation cost, appearance, and product innovation.

**Table II-14**

**Tissue paper: Significance of differences other than price between tissue paper produced in the United States and in other countries, by country pair**

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
<b>U.S. vs. subject countries:</b> U.S. vs. China	0	0	5	1	0	3	4	1	8	3	7	2
<b>Nonsubject countries comparisons:</b> U.S. vs. nonsubject	0	0	5	1	0	3	4	1	5	2	5	2
China vs. nonsubject	0	0	5	0	0	2	5	0	3	2	5	1

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

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

### ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties were encouraged to comment on these estimates. Domestic producers commented on the demand elasticity estimates, as discussed below.

#### U.S. supply elasticity

The domestic supply elasticity<sup>6</sup> for tissue paper measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of tissue paper. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced tissue paper. An earlier analysis of these factors indicates that the U.S. industry is likely to be able to considerably increase or decrease shipments to the U.S. market; an estimate in the range of 4 to 6 is suggested.

#### U.S. demand elasticity

The U.S. demand elasticity for tissue paper measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of tissue paper. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the tissue paper in the overall purchasing decisions of any downstream products. Domestic producers stated that six of the seven purchasers that identified substitute products reported that changes in price of potential substitutes did not affect the price of tissue paper. Domestic producers also stated that the cost

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<sup>6</sup> A supply function is not defined in the case of a non-competitive market.

of tissue paper relative to the cost of the gift can vary widely but is likely that the few sheets of tissue paper used will be a very small share of the cost of the gift. Domestic producers contend that aggregate demand elasticity is relatively inelastic, within a range of -0.5 to -1.0.<sup>7</sup> In the prehearing staff report, a range of -1 to -2 was suggested. Based on the available information, the aggregate demand for tissue paper is likely to vary widely depending on end use; a range of -0.5 to -2.0 is suggested.

### **Substitution elasticity**

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.<sup>8</sup> Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced tissue paper and imported tissue paper is likely to be in the range of 4 to 6.

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<sup>7</sup> *Domestic Producers' Response to Questions*, May 5, 2016, pp. 11-12.

<sup>8</sup> The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.





## PART III: CONDITION OF THE U.S. INDUSTRY

### OVERVIEW

The information in this section of the report was compiled from responses to the Commission's questionnaires. Six firms, which accounted for essentially all of U.S. production of tissue paper during 2015, supplied information on their operations in this review and other proceedings on tissue paper.<sup>1 2</sup>

#### Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of tissue paper since 2010. Three of the six domestic producers reported experiencing such changes; their responses are presented in table III-1. None of the domestic producers report anticipated changes in the character of their operations relating to the production of tissue paper.

**Table III-1**  
**Tissue paper: U.S. producers' reported changes in operations, since January 1, 2010**

\* \* \* \* \*

#### U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-2 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. U.S. production capacity increased by 1.0 percent from 2013 to 2015, because of \*\*\* as well as, minor variations in the product mix of \*\*\*. Capacity utilization remained relatively stable at approximately 41 percent from 2013 to 2015. Most of the reported excess U.S. production capacity was attributable to \*\*\*.<sup>3</sup> \*\*\*. Because demand for consumer tissue paper is mostly seasonal and is custom ordered, produced, and delivered mostly within a

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<sup>1</sup> The responding producers include vertically integrated producers Seaman, Soundview, and Flower City and converters Garlock, Hallmark, and Eagle. *Certain Tissue Products from China, Investigation No. 731-TA-1070B (Review)*, USITC Publication 3758, March 2005, I-9, fn. 60. \*\*\*.

<sup>2</sup> In January 2013, Putney (a petitioner from the original investigation and a responding domestic producer in the first sunset review) was acquired by Soundview, a paper company that is based in New Jersey and that itself is owned by Atlas Holdings LLC. Putney was subsequently renamed Soundview Vermont Holdings. *Domestic Interested Parties' Response to the Notice of Institution*, June 30, 2015, p. 6 and Soundview web page, <http://www.soundviewpaper.com/>, retrieved April 6, 2016.

<sup>3</sup> \*\*\*. \*\*\* U.S. producers' questionnaire response, sections II-6 and II-8.

limited timeframe, \*\*\*.<sup>4</sup> Also, \*\*\* noted that it \*\*\* to supplement its production capacity during periods of high demand, as \*\*\*,<sup>5</sup> though it did \*\*\* tissue paper than any other U.S. producer in absolute terms and relative to its production (Table III-6).

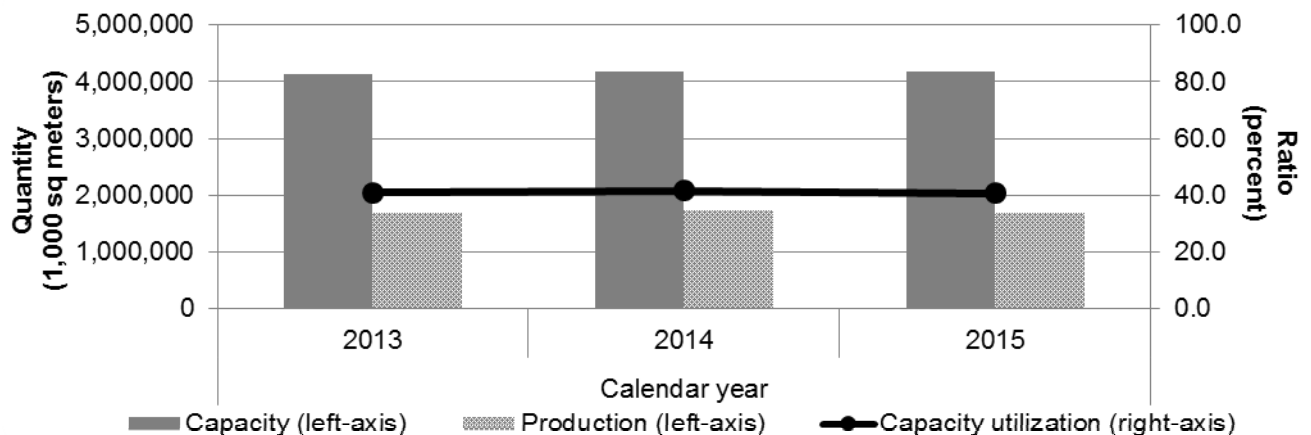
\*\*\*.<sup>6</sup>

**Table III-2**  
Tissue paper: U.S. producers' production, capacity, and capacity utilization, 2013-15

Item	Calendar year		
	2013	2014	2015
<b>Quantity (1,000 sq meters)</b>			
Capacity	4,138,983	4,174,457	4,181,917
Production	1,696,088	1,735,182	1,700,914
<b>Ratio (percent)</b>			
Capacity utilization	41.0	41.6	40.7

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

**Figure III-1**  
Tissue paper: U.S. producers' production, capacity, and capacity utilization, 2013-15



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

Table III-3 presents U.S. producers' overall capacity and production of products on the same machinery as tissue paper. Less than \*\*\* percent of production reported by U.S. producers on the same machinery as the domestic like product consisted of products other than the domestic like product. \*\*\* indicated that they can produce waxed tissue paper on their machinery, however, there is little demand for it and it does not run efficiently on \*\*\*

<sup>4</sup> \*\*\*. *Domestic Producers' Response to Questions*, May 5, 2016, pp. 2-3.

<sup>5</sup> *Ibid.*, p.3.

<sup>6</sup> \*\*\* U.S. producers' questionnaire response, section II-15.

converting equipment.<sup>7</sup> \*\*\* noted that it can also produce buffered tissue on the same machinery as the domestic like product.<sup>8</sup>

**Table III-3**

**Tissue paper: U.S. producers' overall capacity and production of products on the same machinery as tissue paper, 2013-15**

Item	Calendar year		
	2013	2014	2015
	<b>Quantity (1,000 sq meters)</b>		
Overall capacity	***	***	***
Production:			
Bulk tissue paper	***	***	***
Consumer tissue paper	***	***	***
Tissue paper products	1,696,088	1,735,182	1,700,914
Other products	***	***	***
Total production	***	***	***
	<b>Ratios and shares (percent)</b>		
Overall capacity utilization	***	***	***
Share of production:			
Bulk tissue paper	***	***	***
Consumer tissue paper	***	***	***
Tissue paper products	***	***	***
Other products	***	***	***
Total production	100.0	100.0	100.0

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

### Constraints on capacity

All six responding U.S. producers provided information regarding constraints on their manufacturing capacity. All producers reported that their production was constrained by their equipment. \*\*\* noted that its facilities require a three week shut down period for maintenance and repairs annually.<sup>9</sup> \*\*\*.<sup>10</sup> \*\*\* also noted that it is not currently constrained by staffing, storage, or working capital to purchase raw materials.<sup>11</sup>

<sup>7</sup> \*\*\* U.S. producers' questionnaire responses, section II-5f.

<sup>8</sup> Buffered tissue paper is treated with calcium carbonate which raises the paper's pH towards alkaline side of the scale (i.e., non-acidic). Buffered tissue is often used for photographs, collectables, and archival materials which might deteriorate with exposure to acidic paper. *University Products webpage*, [http://www.universityproducts.com/resources.php?m=how\\_to\\_detail&id=4](http://www.universityproducts.com/resources.php?m=how_to_detail&id=4), retrieved March 28, 2016.

<sup>9</sup> \*\*\* U.S. producers' questionnaire response, section II-5d.

<sup>10</sup> \*\*\*.

<sup>11</sup> \*\*\* U.S. producers' questionnaire response, section II-5d.

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

Table III-4 presents U.S. producers' U.S. shipments, export shipments, and total shipments. U.S. shipments of tissue paper increased by 2.1 percent while export shipments decreased by 14.5 percent, by quantity, from 2013 to 2015. Exports decreased by 0.6 percentage points in terms of their share of quantity of total shipments by U.S. producers from 2013 to 2015.

**Table III-4**  
**Tissue paper: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2013-15**

Item	Calendar year		
	2013	2014	2015
	<b>Quantity (1,000 sq meters)</b>		
U.S. shipments	1,598,779	1,685,364	1,632,095
Export shipments	64,772	59,425	55,384
Total shipments	1,663,551	1,744,789	1,687,479
	<b>Value (1,000 dollars)</b>		
U.S. shipments	126,519	133,413	132,169
Export shipments	5,799	5,602	5,310
Total shipments	132,318	139,015	137,479
	<b>Unit value (dollars per 1,000 sq meters)</b>		
U.S. shipments	79.13	79.16	80.98
Export shipments	89.53	94.27	95.88
Total shipments	79.54	79.67	81.47
	<b>Share of quantity (percent)</b>		
U.S. shipments	96.1	96.6	96.7
Export shipments	3.9	3.4	3.3
Total shipments	100.0	100.0	100.0
	<b>Share of value (percent)</b>		
U.S. shipments	95.6	96.0	96.1
Export shipments	4.4	4.0	3.9
Total shipments	100.0	100.0	100.0

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

## U.S. PRODUCERS' INVENTORIES

Table III-5 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. The ratio of U.S. producers' inventories to U.S. shipments declined by \*\*\* percentage points from 2013 to 2015. Only \*\*\* reduced end-of period inventories from 2013 to 2015, by \*\*\* percent and \*\*\*

percent, respectively. \*\*\* increased their end-of period inventories from 2013 to 2015 by \*\*\* percent, \*\*\* percent, \*\*\* percent, and \*\*\* percent, respectively.<sup>12</sup>

**Table III-5**  
**Tissue paper: U.S. producers' inventories, 2013-15**

Item	Calendar year		
	2013	2014	2015
	<b>Quantity (1,000 sq meters)</b>		
U.S. producers' end-of-period inventories	236,078	219,511	229,935
	<b>Ratio (percent)</b>		
Ratio of inventories to.-- U.S. production	13.9	12.7	13.5
U.S. shipments	14.8	13.0	14.1
Total shipments	14.2	12.6	13.6

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

### U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-6 presents data on individual U.S. producers' U.S. production and U.S imports of tissue paper from subject sources. \*\*\* ratio of imports from China to \*\*\* production \*\*\* from \*\*\* percent in 2013 to \*\*\* percent in 2015. \*\*\*.<sup>13</sup> \*\*\* imported tissue paper from \*\*\*.<sup>14</sup> \*\*\*.<sup>15</sup> No U.S. producer reported purchasing tissue paper that was imported from China.

**Table III-6**  
**Tissue paper: U.S. producers' U.S. production, imports, and import ratios to U.S. production, 2013-15**

\* \* \* \* \*

### U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-7 shows U.S. producers' employment-related data. The U.S. producers added \*\*\* production and related workers from 2013 to 2015, which was almost entirely attributable to new hiring at \*\*\*.<sup>16</sup>

<sup>12</sup> U.S. producers' questionnaire responses, sections II-6 and II-8.

<sup>13</sup> \*\*\*.

<sup>14</sup> \*\*\*. *Domestic Producers' Response to Questions*, May 5, 2016, p. 27.

<sup>15</sup> \*\*\* U.S. importers' questionnaire response, sections II-6 and II-8.

<sup>16</sup> \*\*\* U.S. producers' questionnaire response, section II-13 and *Domestic Producers' Response to Questions*, May 5, 2016, p. 28.

**Table III-7****Tissue paper: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2013-15**

Item	Calendar year		
	2013	2014	2015
Production and related workers (PRWs) (number)	358	368	420
Total hours worked (1,000 hours)	767	778	835
Hours worked per PRW (hours)	2,142	2,114	1,988
Wages paid (\$1,000)	15,818	15,726	16,895
Hourly wages (dollars per hour)	\$20.62	\$20.21	\$20.23
Productivity (square meters per hour)	2,211.3	2,230.3	2,037.0
Unit labor costs (dollars per 1,000 sq meters)	\$9.33	\$9.06	\$9.93

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

## FINANCIAL EXPERIENCE OF U.S. PRODUCERS

### Background

Six U.S. producers provided useable financial data.<sup>17</sup> Three of the firms (Flower City, Seaman, and Soundview) are vertically integrated producers (they manufacture bulk roll paper), while the other three firms (Hallmark, Eagle, and Garlock) are converters (they typically purchase jumbo rolls for conversion to tissue paper). Seaman<sup>18</sup> is the largest single producer in the industry and accounted for more than \*\*\* percent of reported total tissue paper production and \*\*\* percent of aggregate industry sales, by value, in 2015. Five of the six firms reported sales of bulk tissue paper (all except Hallmark) and four reported sales of consumer tissue paper (all except Eagle and Soundview).<sup>19</sup>

### Operations on tissue paper

Table III-8 presents aggregated data on U.S. producers' operations in relation to tissue paper, while table III-9 presents selected company-specific financial data.

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<sup>17</sup> The reporting firms (and fiscal year-end): Eagle (\*\*\*), Flower City (\*\*\*), Garlock (\*\*\*), Hallmark (\*\*\*), Seaman (\*\*\*), and Soundview (\*\*\*). \*\*\*.

<sup>18</sup> Commission staff verified the questionnaire response of Seaman. See *Note to file* (verification report on Seaman Paper), May 5, 2016.

<sup>19</sup> Bulk tissue paper and consumer tissue paper data are shown separately in tables C-2 and C-3, respectively.

**Table III-8**  
**Tissue paper: Results of operations of U.S. producers, 2013-15**

Item	Calendar year		
	2013	2014	2015
	<b>Quantity (1,000 sq meters)</b>		
Total net sales	1,705,454	1,660,582	1,688,936
	<b>Value (1,000 dollars)</b>		
Total net sales	128,525	136,404	138,444
Cost of goods sold.--			
Raw materials	54,828	59,298	59,101
Direct labor	17,360	17,493	18,717
Other factory costs	23,154	25,107	25,421
Total COGS	95,342	101,898	103,239
Gross profit	33,183	34,506	35,205
SG&A expense	22,523	22,956	24,281
Operating income	10,660	11,550	10,924
Other expense or (income), net	173	103	163
Net income	10,487	11,447	10,761
Depreciation/amortization	997	871	881
Cash flow	11,484	12,318	11,642
	<b>Ratio to net sales (percent)</b>		
Cost of goods sold.--			
Raw materials	42.7	43.5	42.7
Direct labor	13.5	12.8	13.5
Other factory costs	18.0	18.4	18.4
Total COGS	74.2	74.7	74.6
Gross profit	25.8	25.3	25.4
SG&A expense	17.5	16.8	17.5
Operating income	8.3	8.5	7.9
Net income	8.2	8.4	7.8

Table continued on next page.



**Table III-8--Continued**

**Tissue paper: Results of operations of U.S. producers, 2013-15**

Item	Calendar year		
	2013	2014	2015
	<b>Share of COGS (percent)</b>		
Cost of goods sold.--			
Raw materials	57.5	58.2	57.2
Direct labor	18.2	17.2	18.1
Other factory costs	24.3	24.6	24.6
Total COGS	100.0	100.0	100.0
	<b>Unit value (dollars per 1,000 sq meters)</b>		
Total net sales	75.36	82.14	81.97
Cost of goods sold.--			
Raw materials	32.15	35.71	34.99
Direct labor	10.18	10.53	11.08
Other factory costs	13.58	15.12	15.05
Average COGS	55.90	61.36	61.13
Gross profit	19.46	20.78	20.84
SG&A expense	13.21	13.82	14.38
Operating income	6.25	6.96	6.47
Net income	6.15	6.89	6.37
	<b>Number of firms reporting</b>		
Operating losses	***	***	***
Net losses	***	***	***
Data	6	6	6

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

**Table III-9**  
**Tissue paper: Results of operations of U.S. producers, by firm, 2013-15**

Item	Fiscal year		
	2013	2014	2015
	<b>Net sales quantity (1,000 sq meters)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Total	1,705,454	1,660,582	1,688,936
	<b>Net sales value (1,000 dollars)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark <sup>1</sup>	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Total	128,525	136,404	138,444
	<b>Total COGS (1,000 dollars)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark <sup>1</sup>	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Total	95,342	101,898	103,239
	<b>Gross profit (1,000 dollars)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Total	33,183	34,506	35,205

Table continued on next page.

Table III-9--Continued

Tissue paper: Results of operations of U.S. producers, by firm, 2013-15

Item	Fiscal year		
	2013	2014	2015
	<b>SG&amp;A expense 1,000 dollars)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark <sup>1</sup>	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Total	22,523	22,956	24,281
	<b>Operating income (1,000 dollars)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Total	10,660	11,550	10,924
	<b>Net income (1,000 dollars)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Total	10,487	11,447	10,761
	<b>COGS to net sales ratio (percent)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark <sup>1</sup>	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	74.2	74.7	74.6

Table continued on next page.

Table III-9--Continued

Tissue paper: Results of operations of U.S. producers, by firm, 2013-15

Item	Fiscal year		
	2013	2014	2015
<b>Gross profit to net sales ratio (percent)</b>			
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	25.8	25.3	25.4
<b>SG&amp;A expense to net sales ratio (percent)</b>			
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark <sup>1</sup>	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	17.5	16.8	17.5
<b>Operating income to net sales ratio (percent)</b>			
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	8.3	8.5	7.9
<b>Net income to net sales ratio (percent)</b>			
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	8.2	8.4	7.8

Table continued on next page.

Table III-9--Continued

Tissue paper: Results of operations of U.S. producers, by firm, 2013-15

Item	Fiscal year		
	2013	2014	2015
	<b>Sales unit value (dollars per 1,000 sq meters)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark <sup>1</sup>	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	75.36	82.14	81.97
	<b>Unit raw material expense (dollars per 1,000 sq meters)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	32.15	35.71	34.99
	<b>Unit direct labor expense (dollars per 1,000 sq meters)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	10.18	10.53	11.08
	<b>Unit other factory costs (dollars per 1,000 sq meters)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	13.58	15.12	15.05

Table continued on next page.

Table III-9--Continued

Tissue paper: Results of operations of U.S. producers, by firm, 2013-15

Item	Fiscal year		
	2013	2014	2015
	<b>Unit COGS (dollars per 1,000 sq meters)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	55.90	61.36	61.13
	<b>Unit gross income (dollars per 1,000 sq meters)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	19.46	20.78	20.84
	<b>Unit SG&amp;A expense (dollars per 1,000 sq meters)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark <sup>1</sup>	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	13.21	13.82	14.38
	<b>Unit operating income (dollars per 1,000 sq meters)</b>		
Eagle	***	***	***
Flower City	***	***	***
Garlock	***	***	***
Hallmark	***	***	***
Seaman	***	***	***
Soundview	***	***	***
Average	6.25	6.96	6.47

<sup>1</sup> \*\*\*

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

## Total net sales

As described by the data in table III-8, total net sales fell irregularly (by approximately 1.0 percent), by quantity, but increased by 7.7 percent, by value, between 2013 and 2015. As indicated in table III-9, \*\*\* reported higher sales quantities and sales values \*\*\*<sup>20</sup> between 2013 and 2015. Overall and on a firm-by-firm basis, the average unit value of sales increased from 2013 to 2015. Sales of bulk tissue paper accounted for approximately \*\*\* percent of total sales and \*\*\* percent, by quantity and value, respectively, in 2015. Between 2013 and 2015, bulk tissue sales fell steadily (down \*\*\* percent (reflecting the data reported by \*\*\*)). Sales of consumer tissue paper accounted for approximately \*\*\* percent of total sales, by quantity and \*\*\* percent by value, respectively, in 2015. Net sales quantity of consumer tissue paper rose irregularly (\*\*\*), between 2013 and 2015. Unit sales values increased by \*\*\* percent for bulk and consumer tissue paper together (bulk tissue sales unit value rose by \*\*\* percent and consumer tissue sales unit value rose by \*\*\* percent). This increase led to an increase overall of sales values by \*\*\* percent for bulk and consumer tissue paper together between 2013 and 2015.

## Operating costs and expenses

Raw material costs accounted for a majority of total COGS (approximately 57 percent) as well as a substantial portion of total sales (approximately 43 percent) during 2013-15, as can be seen from the data in table III-8. On a per-unit basis, raw material costs increased irregularly from 2013 to 2015. The ratio of raw material costs to net sales for bulk tissue paper was approximately \*\*\* percentage points higher than for consumer tissue paper (\*\*\* in 2015, while the ratio of raw material costs to total COGS was nearly the same (\*\*\*) in that year. For integrated producers, such costs include fiber and pulp manufacturing costs as well as direct papermaking costs. For nonintegrated firms, raw material costs include purchases of jumbo rolls plus production costs to make tissue paper.

Other factory costs constituted the second greatest component of total COGS (table III-8). These costs rose from 2013 to 2015 on an absolute basis and on a per-unit basis, as well as when expressed as a share of total net sales and of total COGS. Direct labor costs are lower in dollar terms and represent a smaller fraction of total COGS or net sales than other factory costs. These indicators are greater for bulk tissue paper than for consumer tissue paper in each year 2013-15. SG&A expenses were substantial, ranging from \$22.5 million in 2013 to \$24.3 million in 2015 and as a share of net sales were unchanged at approximately 17.5 percent from 2013 to 2015. SG&A expenses are \*\*\*.<sup>21</sup>

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<sup>20</sup> According to counsel for domestic interested parties, \*\*\*. Email to staff from \*\*\*, March 16, 2016.

<sup>21</sup> See note 1 to table III-9.

## Profitability

Gross profit, operating income, and net income each increased from 2013 to 2015 in dollar terms and on a per-unit basis, but each indicator was slightly lower as expressed as a ratio to net sales in 2015 compared to 2013. \*\*\*. From 2013 to 2015, the increases in operating income of \*\*\*. From 2013 to 2015, \*\*\*. From 2013 to 2015, gross income rose for both bulk and consumer tissue paper producers; between those two years, reported operating income and net income increased by consumer tissue paper producers, offsetting a small decrease reported by producers of bulk tissue paper.

## Variance analysis

A variance analysis for the operations of U.S. producers of tissue paper is presented in table III-10.<sup>22</sup> The information for this variance analysis is derived from table III-8. A variance analysis is a method to assess the changes in profitability from period to period by measuring the impact of changes in the relationships between price, cost, and volume. A calculation is made of the impact of each factor by varying only that factor while holding all other factors constant. The components of variances are either favorable (positive), resulting in an increase in net sales and profitability or unfavorable (negative) resulting in the opposite. As the data depict, operating income increased between 2013 and 2015 overall and between 2013 and 2014 but fell between 2014 and 2015. This increase in operating income was due to a favorable price variance (unit prices increased) that offset an unfavorable net cost/expense variance (unit costs and expenses increased) and an unfavorable volume variance in 2013-14 and 2013-15, unlike 2014-15.

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<sup>22</sup> The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.



**Table III-10****Tissue paper: Variance analysis on the operations of U.S. producers, 2013-15**

Item	Between fiscal years		
	2013-15	2013-14	2014-15
Net sales:			
Price variance	11,164	11,261	(289)
Volume variance	(1,245)	(3,382)	2,329
Net sales variance	9,919	7,879	2,040
Cost of sales:			
Cost/expense variance	(8,820)	(9,065)	399
Volume variance	923	2,509	(1,740)
Total cost of sales variance	(7,897)	(6,556)	(1,341)
Gross profit variance	2,022	1,323	699
SG&A expenses:			
Cost/expense variance	(1,976)	(1,026)	(933)
Volume variance	218	593	(392)
Total SG&A expense variance	(1,758)	(433)	(1,325)
Operating income variance	264	890	(626)
Summarized as:			
Price variance	11,164	11,261	(289)
Net cost/expense variance	(10,797)	(10,090)	(534)
Net volume variance	(103)	(280)	197

Note.—The variance analysis shown here is consistent with the data in table III-8. Unfavorable variances are shown in parenthesis; all others are favorable.

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

### Capital expenditures and research and development (“R&D”) expenses

Table III-11a presents capital expenditures and R&D expenses by firm.<sup>23</sup>

**Table III-11a****Tissue paper: Capital expenditures and research and development expenses of U.S. producers, 2013-15**

\* \* \* \* \*

<sup>23</sup> Capital expenditures are included in a firm’s statement of cash flows within the section, “cash flows from investing activities.” In accounting terms, capital expenditures increase the value of specific plant and equipment and total assets, while charges for depreciation and amortization (in the case of intangible assets), impairments, and divestitures (or retirement or abandonment of property) decrease the value of assets. Capital expenditures are made and research and development (“R&D”) expenses are incurred to achieve improvements in equipment or reduce operating costs and the quality of products produced.

Total capital expenditures rose irregularly from 2013 to 2015, reflecting the data of \*\*\*. Capital expenditures on bulk tissue paper rose from \$\*\*\* in 2013 to \$\*\*\* in 2015; capital expenditures on consumer tissue paper fell from \$\*\*\* in 2013 to \$\*\*\* in 2014 before increasing to \$\*\*\* in 2015. The Commission’s questionnaire asked firms to indicate the nature, focus, and significance of their capital expenditures and R&D expenses. Their responses are presented in table III-11b.

**Table III-11b**

**Tissue paper: Firms’ narrative responses on capital expenditures and R&D expenses**

\* \* \* \* \*

\*\*\*.

**Assets and return on investment**

Table III-12 presents data on the U.S. producers’ total assets and their ratio of operating income to net assets. The value of total net assets rose from 2013 to 2015 by approximately \$\*\*\*, equivalent to an increase of \*\*\* percent, that was accounted for mostly by the data of \*\*\*. The net asset values of \*\*\*. The ratio of operating income to total net assets declined irregularly by \*\*\* percentage point, from \*\*\* percent to \*\*\* percent from 2013 to 2015.

**Table III-12**

**Tissue paper: U.S. producers’ total assets and ratio of operating income to net assets, 2013-15**

\* \* \* \* \*

Not shown here, but a comparison of data for consumer versus bulk tissue paper indicates that data for asset values reported by firms for consumer tissue paper were \*\*\* greater than reported for bulk tissue paper: \$\*\*\* versus \$\*\*\* in 2015. The data reported by \*\*\* affected the reported values overall.

The ratio of operating income to net assets differed markedly when comparing bulk and consumer tissue paper. For bulk tissue paper the ratio varied from \*\*\* percent in 2014 and 2015 to \*\*\* percent in 2013; these data were affected by the \*\*\*. For consumer tissue paper, the ratio varied from \*\*\* percent (2015) to \*\*\* percent (2014); these data were affected by the reported data by \*\*\*.

## PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

### U.S. IMPORTS

#### Overview

The Commission issued questionnaires to 88 firms believed to have imported tissue paper between 2013 and 2015. Thirteen firms provided data and information in response to the questionnaires, while six firms indicated that they had not imported product since January 2010.<sup>1</sup> Import data in this report are based on questionnaire responses (representing 66.4 percent of all U.S. imports of tissue paper in 2015) and a supplement consisting of proprietary Customs data for tissue paper.<sup>2</sup> With the addition of the proprietary Customs data supplement, the import data in this report are believed to represent essentially all U.S. imports of tissue paper in 2015.

#### Imports from subject and nonsubject countries

Table IV-1 and figure IV-1 present information on U.S. imports of tissue paper from China and all other sources. China was the largest single source of U.S. imports of tissue paper in 2015 after imports from the country increased by \*\*\* percent from 2013. As shown in table I-9, \*\*\* and \*\*\* accounted for \*\*\* percent and \*\*\* percent of imports from China in 2015, respectively.<sup>3</sup> India and Indonesia were the largest nonsubject sources of U.S. imports of tissue paper. In 2015, imports of tissue paper from India totaled approximately 136.8 million square meters valued at \$7.6 million and imports from Indonesia totaled approximately 112.0 million square meters valued at \$8.9 million. The third largest nonsubject source of U.S. imports in 2015 was Taiwan with approximately 19.5 million square meters of tissue paper valued at \$0.9 million.<sup>4</sup>

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<sup>1</sup> \*\*\*.

The firms that indicated they did not import subject tissue paper since 2010 include: \*\*\*. \*\*\*. Letter from \*\*\* representative to USITC staff, February 29, 2016.

<sup>2</sup> The tissue paper products subject to this review are reported under HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010. These are the HTS statistical reporting numbers used to supplement the questionnaire responses for import data. The supplemental data were prepared by adjusting proprietary Customs data to remove imports of all parties that provided complete questionnaire responses, including those that certified that they did not import subject tissue paper. For breakouts by bulk and consumer tissue paper the supplemental data were allocated according to shares reported in the questionnaire responses.

<sup>3</sup> \*\*\*. Seaman notified all Chinese producers from who it purchased tissue paper of the Commission's questionnaire in this review. *Domestic Producers' Response to Questions*, May 5, 2016, pp. 24-26.

<sup>4</sup> Official import statistics reported under HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010. These data are not adjusted for out-of-scope merchandise, therefore the volumes and values are approximate.

The ratio of imports of tissue paper from China to U.S. production has increased by \*\*\* percentage points from 2013 to 2015, compared to the ratio of nonsubject imports to U.S. production, which decreased by \*\*\* percentage points over the same period.

**Table IV-1**  
**Tissue paper: U.S. imports by source, 2013-15**

Item	Calendar year		
	2013	2014	2015
<b>Quantity (1,000 sq meters)</b>			
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total U.S. imports	357,259	347,623	391,689
<b>Value (1,000 dollars)</b>			
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total U.S. imports	24,861	25,220	27,713
<b>Unit value (dollars per 1,000 sq meters)</b>			
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total U.S. imports	69.59	72.55	70.75
<b>Share of quantity (percent)</b>			
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total U.S. imports	100.0	100.0	100.0
<b>Share of value (percent)</b>			
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total U.S. imports	100.0	100.0	100.0
<b>Ratio to U.S. production (percent)</b>			
U.S. imports from-- China	***	***	***
All other sources	***	***	***
Total U.S. imports	21.1	20.0	23.0

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

**Figure IV-1**

**Tissue paper: U.S. import quantity and unit value, 2013-15**

\* \* \* \* \*

Table IV-2 and figures IV-2 and IV-3 present information on U.S. producers' and U.S. importers' U.S. shipments by source and format. U.S. producers' shipments of bulk and consumer tissue paper were almost equally divided while the vast majority of imports shipped in the United States consisted of consumer tissue paper (\*\*% percent from China and \*\*% percent from all other countries).<sup>5</sup> Whether produced domestically or imported, consumer tissue paper was almost exclusively (\*\*% percent overall) shipped in folded format during 2015. Bulk tissue paper was shipped in both folded and flat format during 2015, but the majority of all U.S. shipments (\*\*% percent overall) were in flat format.

**Table IV-2**

**Tissue paper: U.S. producers' and U.S. importers' U.S. shipments by source and format, 2015**

\* \* \* \* \*

**Figure IV-2**

**Tissue paper: U.S. producers' and U.S. importers' U.S. shipments by source and format, 2015**

\* \* \* \* \*

**Figure IV-3**

**Tissue paper: U.S. shipments from all sources by format, 2015**

\* \* \* \* \*

Table IV-3 and figures IV-4 and IV-5 present information on U.S. producers' and U.S. importers' U.S. shipments by source and sheet count. Figure IV-5 shows that U.S. producers' and importers' combined bulk tissue paper shipments during 2015 consisted in large part (\*\*% percent) of packages containing more than 400 sheets of tissue paper, while \*\*% of combined consumer tissue paper shipments consisted of packages containing 400 or fewer sheets of tissue paper. Importers reported \*\*% percent of shipments of consumer tissue paper consisted of packages of more than 400 sheets, while U.S. producers reported \*\*% shipments of consumer tissue paper in packages of that size. However, \*\*% percent of U.S. producers' shipments of consumer tissue paper were in packages containing between 301 and 400 sheets.<sup>6</sup>

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<sup>5</sup> \*\*% and *Domestic Producers' Response to Questions*, May 5, 2016, p. 27.

<sup>6</sup> According to domestic producers, the availability of consumer tissue paper packages with 400 sheets is a development of the last ten years. *Domestic Producers' Prehearing Brief*, pp. 9-10.

**Table IV-3**

**Tissue paper: U.S. producers' and U.S. importers' U.S. shipments by source and sheet count, 2015**

\* \* \* \* \*

**Figure IV-4**

**Tissue paper: U.S. producers' and U.S. importers' U.S. shipments by source and sheet count, 2015**

\* \* \* \* \*

**Figure IV-5**

**Tissue paper: U.S. producers' and U.S. importers' U.S. shipments by product type and sheet count, 2015**

\* \* \* \* \*

Table IV-4 and figures IV-6 and IV-7 present information on U.S. producers' and U.S. importers' U.S. shipments by product type and color during 2015. Specialty tissue paper accounted for the smallest share of shipments for each source (\*\* percent for U.S. producers, \*\* percent for imports from China, and \*\* percent for imports from all other sources). There were \*\* from China and \*\* imported from sources other than China; however, there were substantial shipments of white, color, and specialty consumer tissue paper reported by all sources. Total U.S. shipments of bulk and consumer tissue paper consisted of similar shares of white tissue paper (\*\* and \*\* percent, respectively). Color tissue paper was more prevalent in U.S. shipments of consumer tissue (\*\* percent) than it was in shipments of bulk tissue (\*\* percent) during 2015.

**Table IV-4**

**Tissue paper: U.S. producers' and U.S. importers' U.S. shipments by source and color, 2015**

\* \* \* \* \*

**Figure IV-6**

**Tissue paper: U.S. producers' and U.S. importers' U.S. shipments by source and color, 2015**

\* \* \* \* \*

**Figure IV-7**

**Tissue paper: U.S. producers' and U.S. importers' U.S. shipments by product type and color, 2015**

\* \* \* \* \*

## U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2015

The Commission requested that importers indicate whether they had imported or arranged for the importation of tissue paper from China for delivery subsequent to December 31, 2015. Table IV-5 presents U.S. importers' responses regarding arranged imports.

**Table IV-5**

**Tissue paper: U.S. importers' arranged imports, subsequent to December 31, 2015**

\* \* \* \* \*

## U.S. IMPORTERS' INVENTORIES

Table IV-6 presents data for inventories of U.S. imports of tissue paper from China and all other sources held in the United States. \*\*\* are responsible for most of the increased inventories of tissue paper from China as well as the increased inventories of tissue paper from all other import sources.<sup>7</sup> The ratio of inventories to U.S. imports from China was substantially higher than the ratio of inventories to U.S. imports from all other sources from 2013 to 2015.

**Table IV-6:**

**Tissue paper: U.S. importers' end-of-period inventories of imports by source, 2013-15**

\* \* \* \* \*

## THE INDUSTRY IN CHINA

### Overview

During the original investigation, approximately 750 paper mills in China produced tissue paper (broadly defined). The vast majority of production, however, was considered to be dry-creped tissue for sanitary and household purposes. The Commission issued questionnaires to 78 firms identified as possible tissue paper producers in the petition and from internet searches in the original investigation. Two producers (Guilen Quifend Paper Co., Ltd ("Guilen") and Max Fortune Industrial, Ltd. ("Max Fortune")) completed and returned the Commission's questionnaire for their production operations in China, as did one exporter (Constant China Import Export, Ltd.) for its trading operations. China National provided a partial response to the Commission's questionnaire in its original investigation. Exports of subject merchandise of the three responding parties accounted for \*\*\* percent of total U.S. imports of tissue paper from China during 2003.<sup>8</sup>

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<sup>7</sup> \*\*\* U.S. Importers' questionnaire response, section II-8d.

<sup>8</sup> *Investigation No. 731-TA-1070B (Review): Certain Tissue Paper Products from China – Staff Report*, INV-HH-059, June 3, 2010, pp. I-39-40.

In the first five-year review, the Commission did not receive any responses to its notice of institution from Chinese producers. The domestic interested parties listed 79 producers of tissue paper in China and indicated that China’s capacity to produce tissue paper products had increased significantly since the imposition of the order.<sup>9</sup>

There were no responses to the second five-year review notice of institution from Chinese producers. In their response to the notice of institution, domestic interested parties identified 88 potential foreign producers of tissue paper in China and provided excerpts of some of the companies’ websites.<sup>10</sup> Staff issued questionnaires to 53 foreign producers or exporters, three of which provided useable responses: King Rong, Seaman Paper Asia, and Union China (Fuzhou) Paper Products Co. (“Union China”). The three responding firms accounted for a small portion of China’s tissue paper production but accounted for \*\*\* percent of exports of tissue paper from China to the United States.<sup>11</sup>

### Operations on tissue paper

Table IV-7 presents summary data on the two responding producers and one exporter in China. King Rong \*\*\*.<sup>12 13</sup>

**Table IV-7**  
**Tissue paper: Summary data on firms in China, 2015**

\* \* \* \* \*

Table IV-8 presents data on responding firms in China. The primary export market for King Rong and Union China was \*\*\* and both noted that \*\*\*.<sup>14</sup> Seaman Paper Asia’s primary export markets were \*\*\*.<sup>15</sup> Because King Rong \*\*\* , any discussion of trends regarding production and capacity are not reflective of even the small portion of the industry represented by these two producers.<sup>16</sup> The responding producers’ production capacity utilization did not drop below \*\*\* percent from 2013 to 2015.<sup>17</sup>

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<sup>9</sup> *Investigation No. 731-TA-1070B (Review): Certain Tissue Paper Products from China – Staff Report*, INV-HH-059, June 3, 2010, pp. I-39-40.

<sup>10</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, June 30, 2015, pp. 44-52.

<sup>11</sup> Domestic producers provided brief descriptions of certain individual producers currently operating in China, including Max Fortune and Guilen. *Domestic Producers’ prehearing brief*, pp. 45-49 and exh. 26.

<sup>12</sup> \*\*\*. King Rong’s foreign producer questionnaire response, sections I-2 and II-2.

<sup>13</sup> \*\*\*. King Rong’s foreign producer questionnaire response, section II-14.

<sup>14</sup> King Rong and Union China’s foreign producer questionnaire response, section, II-13.

<sup>15</sup> \*\*\*. Seaman Paper Asia’s foreign producer questionnaire response, sections II-14 and II-15.

<sup>16</sup> King Rong’s foreign producer questionnaire response, section, I-2.

<sup>17</sup> \*\*\*. Union China and King Rong’s foreign producer questionnaire responses, sections II-5d-e.



**Table IV-8**

**Tissue paper: Data on responding firms in China, 2013-15**

\* \* \* \* \*

Table IV-9 presents the responding firms' overall capacity and production of products on the same machinery as tissue paper in China. Union China produces \*\*\*.<sup>18</sup>

**Table IV-9**

**Tissue paper: Responding firms' overall capacity and production of products on the same machinery as tissue paper in China, 2013-15**

\* \* \* \* \*

Table IV-10 presents tissue paper exports, albeit more broadly defined than the scope of this review, from China to the United States. Exports from China have increased by 44.0 percent in terms of value from 2013 to 2015. The United States, Iran, and Vietnam were the largest markets for tissue paper from China from 2013 to 2015. In terms of value of global exports of the broadly-defined tissue paper products (presented in table IV-13), China ranked third behind Germany and the United States in 2014.

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<sup>18</sup> Union China's foreign producer questionnaire response, section II-5e.

**Table IV-10****Tissue paper: Exports from China by destination market, 2013-15**

Item	Calendar year		
	2013	2014	2015
	<b>Value (1,000 dollars)</b>		
China's exports to the United States	60,769	58,131	87,514
China's exports to other major destination markets.--			
Iran	30,226	41,076	43,876
Vietnam	15,635	38,998	47,592
India	25,686	30,680	34,993
Korea South	18,286	24,133	24,485
Australia	26,220	31,649	26,923
Pakistan	22,119	23,466	26,173
United Arab Emirates	8,396	9,970	9,803
Malaysia	32,964	21,233	23,482
All other destination markets	235,132	227,965	253,074
Total China exports	475,434	507,302	577,915
	<b>Share of value (1,000 dollars)</b>		
China's exports to the United States	12.8	11.5	15.1
China's exports to other major destination markets.--			
Iran	6.4	8.1	7.6
Vietnam	3.3	7.7	8.2
India	5.4	6.0	6.1
Korea South	3.8	4.8	4.2
Australia	5.5	6.2	4.7
Pakistan	4.7	4.6	4.5
United Arab Emirates	1.8	2.0	1.7
Malaysia	6.9	4.2	4.1
All other destination markets	49.5	44.9	43.8
Total China exports	100.0	100.0	100.0

Note.— The data presented in this table include certain out-of-scope paper products. HS subheading 4804.39 includes certain condenser paper, wrapping paper and tissue paper. HS subheading 4811.90 includes other paper, paperboard, cellulose wadding and webs of cellulose fibers in strips or rolls.

Source: Official exports statistics for China under HS subheadings 4804.39 and 4811.90 as reported by China Customs in the GTIS/GTA database, accessed March 21, 2016.

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

Based on available information, tissue paper is not subject to antidumping or countervailing duty orders outside the United States.

### GLOBAL MARKET

#### Demand

Most firms reported no change in demand outside the United States for both bulk and consumer tissue paper since January 1, 2010 (tables IV-11-12). Most firms expect no change in demand over the next two years. Firms' responses frequently appeared to address their own sales in the other markets rather than overall demand in these markets. Firms' reported reasons for changes in demand since 2010 included: reduced demand for bulk (Chinese competition, the higher value of the dollar, the world economic slowdown, and less use of gift packaging); reduced demand for consumer (Chinese competition in Canada and UK, costs, and duties); and increased demand for bulk (due to one product requiring tissue in the box). Firms' reported reasons they expected changes in demand outside the United States included: reduced demand for bulk (Chinese competition and less use of gift packaging); reduced demand for consumer (the higher cost of U.S. tissue paper); and increased demand for bulk (international sales growth).

**Table IV-11**

**Tissue paper: Firms' responses regarding demand outside the United States for bulk tissue paper**

Item	Increase	No change	Decrease	Fluctuate
<b>Demand outside the United States</b>				
U.S. producers	0	1	1	1
Importers	0	2	0	0
Purchasers	1	10	1	0
Foreign producers (home market)	0	2	0	1
Foreign producers (other markets)	0	3	0	0
<b>Anticipated future demand outside the United States</b>				
U.S. producers	0	1	1	1
Importers	0	2	0	0
Purchasers	2	9	1	0
Foreign producers (home market)	0	2	0	1
Foreign producers (other markets)	0	3	0	0

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

**Table IV-12**

**Tissue paper: Firms' responses regarding demand outside the United States for consumer tissue paper**

Item	Increase	No change	Decrease	Fluctuate
<b>Demand outside the United States</b>				
U.S. producers	0	3	0	0
Importers	0	7	0	0
Purchasers	0	10	1	2
Foreign producers (home market)	0	2	0	1
Foreign producers (other markets)	0	3	0	0
<b>Anticipated future demand outside the United States</b>				
U.S. producers	0	2	1	0
Importers	0	7	0	0
Purchasers	1	12	0	1
Foreign producers (home market)	0	2	0	1
Foreign producers (other markets)	0	3	0	0

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

### Prices

Most firms had no knowledge of prices in non-U.S. markets. One importer (\*\*\*) stated that prices in non-U.S. markets are significantly lower than in the U.S. market because Chinese suppliers are dumping tissue paper into other countries.

### Supply

Table IV-13 presents global exports of paper products including tissue paper, by exporting country.

**Table IV-13****Tissue paper: Global exports by exporting country, 2012-14**

Item	Calendar year		
	2012	2013	2014
	<b>Value (1,000 dollars)</b>		
United States	672,329	635,206	643,247
China	408,501	475,434	507,302
All other major exporting countries.--			
Germany	1,413,483	1,337,576	1,360,365
Sweden	309,384	289,619	297,716
Japan	303,651	275,186	265,396
France	245,639	269,708	264,182
Spain	238,358	273,583	250,852
Finland	195,300	277,293	223,514
United Kingdom	181,219	185,922	174,315
Italy	142,148	158,143	154,541
Belgium	184,216	175,430	143,097
Canada	134,698	133,767	134,706
All other exporting countries.	1,146,328	1,055,147	1,086,889
Total global exports	5,575,255	5,542,013	5,506,122
	<b>Share of value (percent)</b>		
United States	12.1	11.5	11.7
China	7.3	8.6	9.2
All other major exporting countries.--			
Germany	25.4	24.1	24.7
Sweden	5.5	5.2	5.4
Japan	5.4	5.0	4.8
France	4.4	4.9	4.8
Spain	4.3	4.9	4.6
Finland	3.5	5.0	4.1
United Kingdom	3.3	3.4	3.2
Italy	2.5	2.9	2.8
Belgium	3.3	3.2	2.6
Canada	2.4	2.4	2.4
All other exporting countries.	20.6	19.0	19.7
Total global exports	100.0	100.0	100.0

Note 1.--Quantity data are not reported since there is no consistent unit used across reporting countries. Some report in area measures and others in weight measures.

Note 2.--Data reported for 2012-14, and not 2013-15 since full year 2015 data are not yet available from all major reporting countries in the GTIS/GTA database.

Source: Official exports statistics under HS subheadings 4804.39 and 4811.90 as reported in the GTIS/GTA database, accessed March 21, 2016.



## **PART V: PRICING DATA**

### **FACTORS AFFECTING PRICES**

#### **Raw material costs**

The primary raw material for tissue paper is virgin pulp and recycled paper. U.S. producers' total raw material costs accounted for 57.5 percent to 58.2 percent of the cost of goods sold during 2013-15. On a per-unit basis, U.S. producers' average unit raw material costs increased by \$3.56 per thousand square meters (equivalent to 11.1 percent) from 2013 to 2014 and then declined by \$0.72 per thousand square meters (2.0 percent) from 2014 to 2015.

U.S. producers had mixed responses regarding raw material price trends since 2010: one producer stated that raw material prices increased, two stated that prices decreased, two stated that prices fluctuated, and one stated that there was no change. Two producers expect raw material prices to increase while three anticipate fluctuating costs and one producer anticipates no change in raw material prices. Eight of eleven responding importers reported no change in raw material prices since 2010 and nine of eleven responding importers stated that they do not anticipate a change in the future.

#### **Transportation costs to the U.S. market**

Transportation costs for tissue paper shipped from China to the United States averaged 8 percent in 2015. These estimates were derived from official import data and represent transportation and other charges on imports.<sup>1</sup>

All 13 responding importers and all foreign producers/exporters reported that the importer typically arranges international transportation. Three importers reported that the cost of shipping tissue paper to the United States ranged from \$5 to \$34 per thousand square meters. Foreign producer \*\*\* reported that the cost of shipping tissue paper to the United States was \$\*\*\* per thousand square meters.

#### **U.S. inland transportation costs**

Five of six responding U.S. producers and three of five responding importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 0.5 to 8 percent while importers reported costs of 1 to 2 percent. Responding purchasers stated that U.S. inland transportation costs from domestic producers to purchasers' warehouse or distribution network ranged from 0.1 to 20 percent and ranged from 0.1 to 18 percent for imported Chinese product.

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<sup>1</sup> The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2015 and then dividing by the customs value based on the HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010.

## PRICING PRACTICES

### Pricing methods

U.S. producers and importers reported using transaction-by-transaction negotiations, contracts, and price lists (table V-1). Six importers either do not resell tissue paper or are retailers.

**Table V-1**

**Tissue paper: U.S. producers' and importers' reported price setting methods, by number of responding firms<sup>1</sup>**

Method	U.S. producers	Importers
<b>Transaction-by-transaction</b>	4	3
<b>Contract</b>	4	3
<b>Set price list</b>	4	2
<b>Other</b>	0	6

<sup>1</sup> The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

As shown in table V-2, while U.S. producers' 2015 sales were mostly short-term contracts with a little more than 20 percent in spot sales, imported Chinese product largely sold through short-term contracts. U.S. producers' short-term contracts ranged from 30 to 240 days, fix prices, and do not include price renegotiation or meet-or-release provisions. Responding importers' short-term contracts range from 45 to 240 days, do not include price renegotiation, but do include meet-or-release provisions; one importer fixes price. One foreign producer reported that it sells \*\*\* tissue paper in the spot market.

**Table V-2**

**Tissue paper: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2015**

Type of sale	U.S. producers	Importers
<b>Long-term contracts</b>	7.7	4.2
<b>Annual contracts</b>	9.8	0.0
<b>Short-term contracts</b>	61.0	92.1
<b>Spot sales</b>	21.5	3.6
Total	100.0	100.0

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

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

Most purchasers reported purchasing tissue paper weekly (10) or monthly (11), and 26 of 28 responding purchasers reported that they did not expect this to change in the next two



years. Purchasers contact from one to at most five suppliers before making a purchase, most of which (18 of 26) contact three or fewer suppliers.

### **Sales terms and discounts**

U.S. producers quote prices on both delivered and an f.o.b. basis while responding importers typically quote prices on an f.o.b. basis. Three producers offer quantity discounts, three offer total volume discounts, and two do not offer discounts. Two importers, including \*\*\*, offer quantity discounts and three, including \*\*\*, offer total volume discounts. Most producers reported sales terms of net 30 days while importers had sales terms ranging from net 30 days to net 75 days.

### **Price leadership**

Purchasers reported that Seaman (6), Garlock (2), and Flower City (2) were price leaders. \*\*\*. \*\*\* stated that Seaman leads vendors in announcements of price increases while \*\*\* stated that Seaman is consistently lower priced. \*\*\* reported that Seaman has global production and markets and that due to its volume and locations, it is in a position to negotiate paper and logistics costs that can move prices up or down. \*\*\* stated that Seaman offers a fair price and has consistent products. \*\*\* stated that Seaman is consistently strong with pricing and has a quality product. \*\*\* stated that Garlock is a large U.S. tissue printer that has advantages in location and volume that allow it to be a U.S. market price leader. \*\*\* stated that Garlock has an integrated production process, including the mill, printing, and sheeting. \*\*\* stated that Flower City is one of the larger domestic producers of bulk tissue in the United States and its pricing influences buying patterns, especially amongst buyers concerned almost exclusively with buying the cheapest tissue available. In the retail market, \*\*\* identified Walmart and Target as having pricing power and \*\*\* identified Amazon and Walmart as retail price leaders.

### **PRICE DATA**

The Commission requested U.S. producers and importers provide quarterly data for the total quantity and f.o.b. value of the following tissue paper products sold to unrelated U.S. customers during 2013-15.

**Product 1.**--Tissue paper, folds, 40 sheets (20" x 20"), white, in poly bag or paper overwrap.

**Product 2.**-- Tissue paper, folds, 6 sheets (20" x 26"), solid color sheets other than specialty tissue paper products, in poly bag or paper overwrap.

**Product 3.**-- Tissue paper, folds, 8 sheets (16 ½ " x 24"), solid color sheets other than specialty tissue paper products, in poly bag or paper overwrap.

**Product 4.**-- Tissue paper, 480-500 sheets per ream, (20" x 30"), white, in single or multiple reams.

Four U.S. producers and one importer provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.<sup>2</sup> Products 1, 2, and 3 are consumer tissue paper products and product 4 is a bulk tissue paper product. \*\*\*. No pricing data was reported by U.S. producers for product 3 and no pricing data was reported by importers for product 2. Pricing data reported by these firms accounted for approximately \*\*\* percent of the value of U.S. producers' commercial shipments of tissue paper and \*\*\* percent of the value of U.S. commercial shipments of subject imports from China in 2015.<sup>3</sup> Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-1 to V-4.<sup>4</sup>

**Table V-3**

**Tissue paper: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2013-December 2015**

\* \* \* \* \*

**Table V-4**

**Tissue paper: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2013-December 2015**

\* \* \* \* \*

**Table V-5**

**Tissue paper: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2013-December 2015**

\* \* \* \* \*

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<sup>2</sup> Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

<sup>3</sup> Pricing data reported by these firms accounted for approximately \*\*\* percent of the value of U.S. producers' commercial shipments of tissue paper and \*\*\* percent of the value of U.S. commercial shipments of subject imports from China in 2013-15.

<sup>4</sup> The Commission also requested purchase cost data for the pricing products for direct imports of tissue paper. Only one importer (\*\*\*) provided data for products 1-3. However, its reported data for all three products was estimated on an allocation basis and the prices for these three products were the same in each quarter on a per-pack basis. These data are not presented. In response to further questions regarding direct importing practices, \*\*\* stated that the benefits of direct importing are lower costs and lower minimum order quantities and it estimates that it saves \*\*\* percent by direct importing rather than purchasing from an importer. It estimates that inland transportation accounts for \*\*\* percent of the total cost of tissue paper.

**Table V-6**

**Tissue paper: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2013-December 2015**

\* \* \* \* \*

**Figure V-1**

**Tissue paper: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2013-December 2015**

\* \* \* \* \*

**Figure V-2**

**Tissue paper: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2013-December 2015**

\* \* \* \* \*

**Figure V-3**

**Tissue paper: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2013-December 2015**

\* \* \* \* \*

**Figure V-4**

**Tissue paper: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2013-December 2015**

\* \* \* \* \*

**Price trends**

\*\*\* U.S. producers (\*\*\*) reported data for product 1. \*\*\*. This leads to \*\*\* in the weighted average price per pack and \*\*\* for product 1. The \*\*\*.

Prices for products other than product 1 were stable during 2013-15. Table V-7 summarizes the price trends, by product and by country. As shown in the table, domestic price changes ranged from a decline of \*\*\* percent to an increase of \*\*\* percent during 2013-15. Due to the lack of reported pricing data from importers, price trends cannot be calculated.

**Table V-7**

**Tissue paper: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China**

\* \* \* \* \*

## Price comparisons

As shown in table V-8, prices for tissue paper imported from China were below those for U.S.-produced product for the only two quarters of available comparisons; margins of underselling ranged from \*\*\* to \*\*\* percent.

**Table V-8**

**Tissue paper: Instances of underselling/overselling and the range and average of margins, by country, January 2013-December 2015<sup>1</sup>**

Product	Number of quarters of underselling	Number of quarters of (overselling)	Margins of underselling			Margins of (overselling)		
			Average (percent)	Range (percent)		Average (percent)	Range (percent)	
				Min	Max		Min	Max
Product 1	***	***	***	***	***	---	---	---
Product 2	***	***	---	---	---	---	---	---
Product 3	***	***	---	---	---	---	---	---
Product 4	***	***	***	***	***	---	---	---
Total	2	0	27.4	21.2	33.7	---	---	---

<sup>1</sup> In the original investigations, subject imports from China were priced lower than domestic product in \*\*\* of \*\*\* comparisons, \*\*\* of \*\*\* instances were consumer tissue paper and \*\*\* of \*\*\* instances were bulk tissue paper; underselling margins averaged \*\*\* percent. *Certain Tissue Paper Products from China, Inv. Nos. 731-TA-1070B (Final)*, Final Staff Report, March 2005, p. V-16.

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

### Purchasers' perceptions of relative price trends

Purchasers were asked how the prices of tissue paper from the United States had changed relative to the prices of product from China since 2010. Six purchasers reported that there was no change in price and eight reported that prices changed by the same amount. Four purchasers reported that the price of U.S.-produced tissue paper was relatively lower than the price of tissue paper from China while three reported that U.S.-produced tissue paper was relatively higher than the price of tissue paper from China.

**APPENDIX A**

***FEDERAL REGISTER NOTICES***



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

<b>Citation</b>	<b>Title</b>	<b>Link</b>
80 FR 31012, June 1, 2015	<i>International Trade Administration Initiation of Five-Year ("Sunset") Review</i>	<a href="http://www.gpo.gov/fdsys/pkg/FR-2015-06-01/pdf/2015-13111.pdf">http://www.gpo.gov/fdsys/pkg/FR-2015-06-01/pdf/2015-13111.pdf</a>
80 FR 31065, June 1, 2015	<i>Certain Tissue Paper Products from China: Institution of a Five-Year Review</i>	<a href="http://www.gpo.gov/fdsys/pkg/FR-2015-06-01/pdf/2015-12870.pdf">http://www.gpo.gov/fdsys/pkg/FR-2015-06-01/pdf/2015-12870.pdf</a>
80 FR 57386, September 23, 2015	<i>Certain Tissue Paper From China: Notice of Commission Determination To Conduct a Full Five-Year Review</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2015-09-23/pdf/2015-24080.pdf">https://www.gpo.gov/fdsys/pkg/FR-2015-09-23/pdf/2015-24080.pdf</a>
80 FR 59734, October 2, 2015	<i>Certain Tissue Paper Products From the People's Republic of China: Final Results of Expedited Sunset Review of the Antidumping Duty Order</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2015-10-02/pdf/2015-25153.pdf">https://www.gpo.gov/fdsys/pkg/FR-2015-10-02/pdf/2015-25153.pdf</a>
81 FR 1643, January 13, 2016	<i>Certain Tissue Paper Products From China: Scheduling of a Full Five-Year Review</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2016-01-13/pdf/2016-00480.pdf">https://www.gpo.gov/fdsys/pkg/FR-2016-01-13/pdf/2016-00480.pdf</a>
81 FR 22632, April 18, 2016	<i>Certain Tissue Paper Products From China: Cancellation of Hearing for Full Five-Year Review</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2016-04-18/pdf/2016-08797.pdf">https://www.gpo.gov/fdsys/pkg/FR-2016-04-18/pdf/2016-08797.pdf</a>





**APPENDIX B**

**REQUEST TO APPEAR AT HEARING AND REQUEST FOR CONSIDERATION OF  
CANCELLATION OF HEARING**



REQUEST FOR  
ACTION

NO 16-18

TO ENV. COMM.

GC

Office of the  
Secretary  
Int'l Trade Commission

**THE BRISTOL GROUP PLLC**

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April 7, 2016

Inv. No. 731-TA-1070B  
(Second Sunset Review)  
Total Pages: 5

**PUBLIC DOCUMENT**

**BY ELECTRONIC FILING**

The Honorable Lisa R. Barton  
Secretary  
Attn: U.S. International Trade Commission  
500 E Street, S.W.  
Washington, DC 20436

**Re: Certain Tissue Paper Products from the People's Republic of China: Request to Appear at Hearing and Request for Consideration of Cancellation of Hearing**

Dear Secretary Barton:

On behalf of Seaman Paper Company of Massachusetts, Inc., Eagle Tissue LLC, Flower City Tissue Mills Co., Garlock Printing & Converting, Inc., Hallmark Cards Incorporated and Soundview Vermont Holdings, LLC (the "Domestic Producers"), we hereby file this request to appear at the hearing scheduled for April 28, 2016 in connection with this review. This request is timely filed pursuant to the Commission's scheduling of notice of January 13, 2016. *Certain Tissue Paper Products From China: Scheduling of a Full Five-Year Review*, 81 Fed. Reg. 1,643 (Jan. 13, 2016).

We further respectfully request that the Commission consider whether the scheduled hearing should be cancelled given considerations of cost and administrative efficiency. The Domestic Producers recognize that the hearing can provide an important opportunity for the Commission to achieve a fuller understanding of the facts and legal issues involved in the proceeding. In this sunset review, however, several circumstances noted below suggest that the benefits of a hearing would be limited and may not justify the burden of a hearing on the Commission and staff as well as on the Domestic Producers. Accordingly, if the Commission is amenable, in lieu of a hearing the Domestic Producers would propose to submit written testimony and responses to any questions by a date to be specified by the Commission.

First, because respondent parties have declined to participate in any phase of this sunset review, it is unlikely that a hearing will elicit new information concerning the Chinese tissue paper industry or the likely effect and impact of future imports on the domestic industry. In fact, the Domestic Producers likely will be the only attendees to appear at the hearing. While the Domestic Producers are willing to participate fully in the hearing, we expect that our testimony would focus on the points that we have made previously through our substantive response, questionnaire responses, and in our prehearing brief to be submitted to the Commission on April 21, 2016. Accordingly, a hearing is unlikely to raise any factual or legal issues not previously presented to the Commission.

Second, a public hearing is not likely to allow the Commission and Domestic Producers to fully discuss any questions that the Commission may have concerning confidential information provided in questionnaire responses and the prior submissions. In order for the

The Honorable Lisa R. Barton  
Secretary  
U.S. International Trade Commission  
April 7, 2016  
Page 3

**PUBLIC DOCUMENT**

Domestic Producers to respond fully to the questions from the Commission, it is very likely that we will need to provide supplemental written responses in a confidential post hearing submission, comparable to the written responses that could be provided to the Commission in lieu of a public hearing.

Finally, cancellation of the hearing would allow both the Commission and the Domestic Producers to conserve scarce resources and avoid significant time commitments associated with the hearing.

We would like to emphasize that this request that the Commission consider cancelling the hearing scheduled for April 28, 2016 does not result from any lack of interest by the Domestic Producers in continuing the order. To the contrary, each of the Domestic Producers maintains an extremely strong interest in retaining the antidumping duty order on certain tissue paper products from China and remain committed to cooperating with the Commission throughout this proceeding. Should the Commission choose to hold the oral hearing as scheduled on April 28, 2016, a representative from each of the Domestic Producers will attend and participate fully.

We appreciate the Commission's willingness to consider the possibility of cancelling the scheduled hearing and allowing the Domestic Producers to submit written testimony and answers to questions at a date to be determined by the Commission.

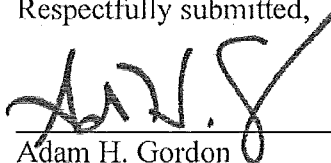
Our firm, as counsel to the Domestic Producers, is the only party listed on the public service list issued by the Commission in this review. Accordingly, we have not served this submission on any person or entity.

The Honorable Lisa R. Barton  
Secretary  
U.S. International Trade Commission  
April 7, 2016  
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**PUBLIC DOCUMENT**

Thank you for your attention to this filing. Please contact the undersigned if you have any questions or need additional information.

Respectfully submitted,



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Adam H. Gordon

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**THE BRISTOL GROUP PLLC**

*Counsel to Seaman Paper Company of  
Massachusetts, Inc., Eagle Tissue LLC,  
Flower City Tissue Mills Co., Garlock Printing &  
Converting, Inc., Hallmark Cards, Incorporated  
and Soundview Vermont Holdings, LLC*

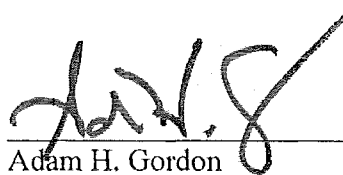
**PUBLIC CERTIFICATE OF SERVICE**

***CERTAIN TISSUE PAPER PRODUCTS FROM CHINA***

**Inv. No. 731-TA-1070B (Second Sunset Review)**

I, Adam H. Gordon, hereby certify that on this 7<sup>th</sup> day of April, 2016, a true and correct copy of the foregoing submission was served by first-class mail, postage pre-paid, on the following:

***NO OTHER PARTIES ARE PRESENTLY ON THE  
COMMISSION'S PUBLIC SERVICE LIST***



Adam H. Gordon

**THE BRISTOL GROUP PLLC**  
*Counsel to Seaman Paper Company  
of Massachusetts, Inc., Eagle Tissue  
LLC, Flower City Tissue Mills Co.,  
Garlock Printing and Converting,  
Inc., Hallmark Cards, Incorporated  
and Soundview Vermont Holdings,  
LLC*





**APPENDIX C**  
**SUMMARY DATA**



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

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

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

**Notes:**

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

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

**Table C-2**  
**Bulk tissue paper: Summary data concerning the U.S. market, 2013-15**

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

	Reported data					
	2013	Calendar year		Calendar year		
		2014	2015	2013-15	2013-14	2014-15
<b>U.S. consumption quantity:</b>						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
<b>Importers' share (fn1):</b>						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
<b>U.S. consumption value:</b>						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
<b>Importers' share (fn1):</b>						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
<b>U.S. imports from:</b>						
<b>China:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
<b>All other sources:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
<b>Total imports:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
<b>U.S. producers':</b>						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
<b>U.S. shipments:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
<b>Export shipments:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***
Hours worked (1,000s).....	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***
Hourly wages.....	***	***	***	***	***	***
Productivity (square meters per hour).....	***	***	***	***	***	***
Unit labor costs.....	***	***	***	***	***	***
<b>Net sales:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***
Gross profit of (loss).....	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***
Unit net income or (loss).....	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***

**Notes:**

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

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

**Table C-3**  
**Consumer tissue paper: Summary data concerning the U.S. market, 2013-15**

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

	Reported data					
	2013	Calendar year		Calendar year		
		2014	2015	2013-15	2013-14	2014-15
<b>U.S. consumption quantity:</b>						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
<b>Importers' share (fn1):</b>						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
<b>U.S. consumption value:</b>						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
<b>Importers' share (fn1):</b>						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
<b>U.S. imports from:</b>						
<b>China:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
<b>All other sources:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
<b>Total imports:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
<b>U.S. producers':</b>						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
<b>U.S. shipments:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
<b>Export shipments:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***
Hours worked (1,000s).....	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***
Hourly wages.....	***	***	***	***	***	***
Productivity (square meters per hour).....	***	***	***	***	***	***
Unit labor costs.....	***	***	***	***	***	***
<b>Net sales:</b>						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***
Gross profit of (loss).....	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***
Unit net income or (loss).....	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***

**Notes:**

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

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



**APPENDIX C**  
**HISTORICAL SUMMARY DATA**





Table C-1

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

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

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

(2) Not applicable.

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

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

Table C-2

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

Item	Reported data					Period changes			
	2001	2002	2003	January-September		2001-03	2001-02	2002-03	Jan.-Sept.
				2003	2004				2003-04
U.S. consumption quantity:									
Amount	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Producers' share (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Importers' share (1):									
China	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
All other sources	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total imports	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
U.S. consumption value:									
Amount	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Producers' share (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Importers' share (1):									
China	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
All other sources	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total imports	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
U.S. shipments of imports from:									
China:									
Quantity	9,101	47,296	xxx	xxx	xxx	xxx	419.7	xxx	xxx
Value	286	1,081	xxx	xxx	xxx	xxx	278.0	xxx	xxx
Unit value	\$31.43	\$22.86	xxx	xxx	xxx	xxx	-27.3	xxx	xxx
Ending inventory quantity	1,495	6,230	xxx	xxx	xxx	xxx	316.7	xxx	xxx
All other sources:									
Quantity	0	0	xxx	xxx	xxx	xxx	0	xxx	xxx
Value	0	0	xxx	xxx	xxx	xxx	0	xxx	xxx
Unit value	0	0	xxx	xxx	xxx	xxx	0	xxx	xxx
Ending inventory quantity	0	0	xxx	xxx	xxx	xxx	0	xxx	xxx
All sources:									
Quantity	9,101	47,296	168,459	96,633	134,413	1751.0	419.7	256.2	39.1
Value	286	1,081	3,383	1,919	3,140	1082.8	278.0	212.9	63.6
Unit value	\$31.43	\$22.86	\$20.08	\$19.86	\$23.36	-36.1	-27.3	-12.1	17.6
Ending inventory quantity	1,495	6,230	24,685	6,889	57,058	1551.2	316.7	296.2	728.2
U.S. producers':									
Average capacity quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Production quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Capacity utilization (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
U.S. shipments:									
Quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Export shipments:									
Quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ending inventory quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Inventories/total shipments (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Production workers	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Hours worked (1,000s)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Wages paid (\$1,000s)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Hourly wages	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Productivity (sq meters/hour)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit labor costs	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Net sales:									
Quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Cost of goods sold (COGS)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Gross profit or (loss)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
SG&A expenses	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Operating income or (loss)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Capital expenditures	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit COGS	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit SG&A expenses	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit operating income or (loss)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
COGS/sales (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Operating income or (loss)/sales (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

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

(2) Not applicable.

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

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

Table C-3

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

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

Item	Reported data					Period changes			
	2001	2002	2003	January-September		2001-03	2001-02	2002-03	Jan.-Sept. 2003-04
				2003	2004				
<b>U.S. consumption quantity:</b>									
Amount	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Producers' share (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Importers' share (1):									
China	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
All other sources	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total imports	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>U.S. consumption value:</b>									
Amount	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Producers' share (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Importers' share (1):									
China	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
All other sources	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total imports	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>U.S. shipments of imports from:</b>									
<b>China:</b>									
Quantity	193,111	263,599	xxx	xxx	xxx	xxx	36.5	xxx	xxx
Value	10,915	16,210	xxx	xxx	xxx	xxx	48.5	xxx	xxx
Unit value	\$56.52	\$61.50	xxx	xxx	xxx	xxx	8.8	xxx	xxx
Ending inventory quantity	20,255	30,967	xxx	xxx	xxx	xxx	52.9	xxx	xxx
<b>All other sources:</b>									
Quantity	0	0	xxx	xxx	xxx	xxx	0	xxx	xxx
Value	0	0	xxx	xxx	xxx	xxx	0	xxx	xxx
Unit value	0	0	xxx	xxx	xxx	xxx	0	xxx	xxx
Ending inventory quantity	0	0	xxx	xxx	xxx	xxx	0	xxx	xxx
<b>All sources:</b>									
Quantity	193,111	263,599	519,294	253,413	297,306	168.9	36.5	97.0	17.3
Value	10,915	16,210	33,439	16,909	22,717	206.4	48.5	106.3	34.3
Unit value	\$56.52	\$61.50	\$64.39	\$66.73	\$76.41	13.9	8.8	4.7	14.5
Ending inventory quantity	20,255	30,967	70,742	226,797	178,096	249.3	52.9	128.4	-21.5
<b>U.S. producers:</b>									
Average capacity quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Production quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Capacity utilization (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>U.S. shipments:</b>									
Quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>Export shipments:</b>									
Quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ending inventory quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Inventories/total shipments (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Production workers	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Hours worked (1,000s)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Wages paid (\$1,000s)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Hourly wages	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Productivity (sq meters/hour)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit labor costs	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>Net sales:</b>									
Quantity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit value	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Cost of goods sold (COGS)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Gross profit or (loss)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
SG&A expenses	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Operating income or (loss)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Capital expenditures	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit COGS	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit SG&A expenses	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Unit operating income or (loss)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
COGS/sales (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Operating income or (loss)/sales (1)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

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

(2) Not applicable.

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

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

Table I-5

Tissue paper: U.S. producers' trade, employment, and financial data, 2001-03, January-September 2003, January-September 2004, and 2009<sup>1</sup>

(Quantity=1,000 square meters; unit values and unit labor costs=\$/1,000 square meters)

Item	2001	2002	2003	January-September		2009
				2003	2004	
Capacity <sup>1</sup>	3,722,201	3,878,349	3,814,081	2,737,161	2,579,323	***
Production	2,079,215	2,221,313	1,730,868	1,249,484	1,156,725	***
Capacity utilization (percent)	55.9	57.3	45.4	45.6	44.8	***
U.S. shipments:						
Quantity	2,050,248	2,109,769	1,675,321	1,113,738	1,071,459	***
Value (\$1,000)	118,875	121,388	93,879	62,552	65,091	***
Unit value	\$57.98	\$57.54	\$56.04	\$56.16	\$60.75	\$***
Exports:						
Quantity	41,388	46,767	47,304	28,915	30,662	( <sup>2</sup> )
Value (\$1,000)	2,265	2,436	2,373	1,453	1,621	( <sup>2</sup> )
Unit value	\$54.73	\$52.09	\$50.16	\$50.25	\$52.87	( <sup>2</sup> )
Total shipments:						
Quantity	2,091,636	2,156,536	1,722,625	1,142,653	1,102,121	( <sup>2</sup> )
Value (\$1,000)	121,140	123,824	96,252	64,005	66,712	( <sup>2</sup> )
Unit value	\$57.92	\$57.42	\$55.88	\$56.01	\$60.53	( <sup>2</sup> )
End-of-period inventories	303,427	368,103	376,345	467,599	431,195	( <sup>2</sup> )
Production and related workers (number)	592	571	428	413	437	( <sup>2</sup> )
Hours worked (1,000 hours)	1,219	1,188	1,018	725	670	( <sup>2</sup> )
Wages paid (\$1,000)	14,652	15,556	13,805	9,643	9,180	( <sup>2</sup> )
Hourly wages	\$12.02	\$13.09	\$13.57	\$13.30	\$13.70	( <sup>2</sup> )
Productivity (1,000 square meters/hour)	1,705.7	1,869.5	1,701.1	1,723.3	1,726.8	( <sup>2</sup> )
Unit labor costs	\$7.05	\$7.00	\$7.98	\$7.72	\$7.94	( <sup>2</sup> )
Net sales (\$1,000)	124,967	121,342	91,934	63,935	66,709	***
Cost of goods sold (\$1,000)	92,831	91,627	66,918	47,705	48,231	***
Gross profit or (loss) (\$1,000)	32,135	29,715	25,016	16,230	18,478	***
SG&A expenses (\$1,000)	23,908	24,672	21,403	15,059	15,771	***
Operating income or (loss) (\$1,000)	8,228	5,044	3,613	1,171	2,707	***
Operating income (loss)/sales (percent)	6.6	4.2	3.9	1.8	4.1	***

<sup>1</sup> Data presented for 2001-03, January-September 2003, and January-September 2004 were provided by 10 producers (Crystal, Eagle, Flower City, Garlock, Green Mountain, Hallmark, Pacon, Paper Service, Putney, and Seaman). These 10 firms were believed to have represented nearly all of U.S. production of tissue paper during the period for which data were collected. Data presented for 2009 were provided by five producers (Eagle, Flower City, Garlock, Putney, and Seaman) that are believed to represent \*\*\* percent of tissue paper production during 2009.

<sup>2</sup> Not available.

Note.—Separate data for bulk and consumer tissue paper appear in App. C.

Source: Staff Report on Certain Tissue Paper Products from China, Investigation No. 731-TA-1070B (Final), February 18, 2005 (INV-CC-014), tables III-2, III-3, III-4, III-5, and VI-1; Domestic Producers' Response.

**Table I-7**  
**Tissue paper: U.S. imports, by source, 2006-09**

<b>Source</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Quantity (1,000 square meters)</b>				
China	68,393	59,952	135,207	137,610
Indonesia	107,410	145,985	175,621	185,623
Vietnam	232,865	166,404	123,260	40,788
India	164,037	145,723	48,445	121,183
Thailand	8,893	44,426	51,932	1,315
All other	20,364	14,798	44,195	25,310
Total imports	601,961	577,288	578,660	511,829
<b>Value (\$1,000)</b>				
China	2,592	3,256	4,355	6,242
Indonesia	5,736	7,319	9,570	9,968
Vietnam	11,971	7,974	5,467	1,984
India	5,223	5,573	1,722	3,478
Thailand	664	2,850	3,613	96
All other	981	1,196	1,663	1,129
Total imports	27,166	28,167	26,389	22,897
<b>Unit value (per 1,000 square meters)</b>				
China	\$37.90	\$54.30	\$32.21	\$45.36
Indonesia	53.40	50.13	54.49	53.70
Vietnam	51.41	47.92	44.35	48.65
India	31.84	38.25	35.54	28.70
Thailand	74.62	64.14	69.57	72.63
All other	48.15	80.80	37.63	44.61
Total imports	45.13	48.79	45.60	44.73

Table continued on the following page.

**Table I-7--Continued**  
**Tissue paper: U.S. imports, by source, 2006-09**

Source	2006	2007	2008	2009
<b>Share of value (percent)</b>				
China	9.5	11.6	16.5	27.3
Indonesia	21.1	26.0	36.3	43.5
Vietnam	44.1	28.3	20.7	8.7
India	19.2	19.8	6.5	15.2
Thailand	2.4	10.1	13.7	0.4
All other	3.6	4.2	6.3	4.9
Total imports	100.0	100.0	100.0	100.0

Note.--Conversion factor of 16 grams per square meter. While the Commission's unit of measurement for subject tissue paper is 1,000 square meters, official Commerce statistics report data in kilograms. The only Chinese producer that addressed the issue of basis weights in its questionnaire in the original investigation used an average basis weight of \*\*\* grams per square meter to convert the firm's production to square meters. Also, U.S. basis weights reportedly range from approximately 14 to 18 grams per square meter for tissue paper without printing. *Staff Report on Certain Tissue Paper Products from China, Investigation No. 731-TA-1070B (Final)*, February 18, 2005 (INV-CC-014), p. VII-2 n. 14 and p. VII-3.

Note.--Imports from Canada and Japan excluded. Unit values for imports from Canada were exceptionally low. Moreover, the manufacturer that accounted for the vast majority of imports is not known to produce tissue paper products subject to the antidumping duty order. Unit values for imports from Japan were exceptionally high.

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

Source: Official Commerce statistics, HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010 (2006-09).

**Table I-9**

**Tissue paper: U.S. producers' U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 2001-03, January-September 2003, January-September 2004, and 2009<sup>1</sup>**

Item	2001	2002	2003	Jan.-Sept.		2009 <sup>1</sup>
				2003	2004	
<b>Quantity (1,000 square meters)</b>						
U.S. producers' U.S. shipments	2,050,248	2,109,770	1,675,321	1,113,738	1,071,459	***
U.S. shipments of imports from <sup>1</sup> -- China	202,212	310,895	***	***	***	137,610
Other sources	0	0	***	***	***	374,219
Total import shipments	202,212	310,895	687,753	350,047	431,718	511,829
Apparent U.S. consumption	2,252,460	2,420,665	2,363,074	1,463,784	1,503,178	***
<b>Value (1,000 dollars)</b>						
U.S. producers' U.S. shipments	118,874	121,388	93,879	62,552	65,091	***
U.S. shipments of imports from <sup>1</sup> -- China	11,201	17,291	***	***	***	6,242
Other sources	0	0	***	***	***	16,655
Total import shipments	11,201	17,291	36,822	18,828	25,856	22,897
Apparent U.S. consumption	130,075	138,680	130,701	81,380	90,947	***
<b>Share of consumption based on quantity (percent)</b>						
U.S. producers' U.S. shipments	91.0	87.2	70.9	76.1	71.3	***
U.S. shipments of imports from <sup>1</sup> -- China	9.0	12.8	***	***	***	***
Other sources	0.0	0.0	***	***	***	***
Total import shipments	9.0	12.8	29.1	23.9	28.7	***
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0	100.0
<b>Share of consumption based on value (percent)</b>						
U.S. producers' U.S. shipments	91.4	87.5	71.8	76.9	71.6	***
U.S. shipments of imports from <sup>1</sup> -- China	8.6	12.5	***	***	***	***
Other sources	0.0	0.0	***	***	***	***
Total import shipments	8.6	12.5	28.2	23.1	28.4	***
Apparent U.S. consumption	100.0	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Consumption during the period examined in the original investigation was calculated using import shipments while 2009 consumption was calculated using Commerce import data.

<sup>2</sup> \*\*\*

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

Source: Staff Report on Certain Tissue Paper Products from China, Investigation No. 731-TA-1070B (Final), February 18, 2005 (INV-CC-014), table IV-3-IV-4, official Commerce statistics, HTS statistical reporting numbers 4804.39.4041, 4811.90.4010, 4811.90.6010, and 4811.90.9010, and response to the notice of institution.





**APPENDIX D**

**COMMENTS ON THE EXISTING ANTIDUMPING ORDER AND THE LIKELY EFFECTS  
OF REVOCATION**



**Appendix D-1**

**Tissue paper: Effect of the order**

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**Appendix D-2**

**Tissue paper: Likely effect of revocation of the order**

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**Appendix D-3**

**Tissue paper: Likely effect of revocation of the order on purchasers and the market**

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