

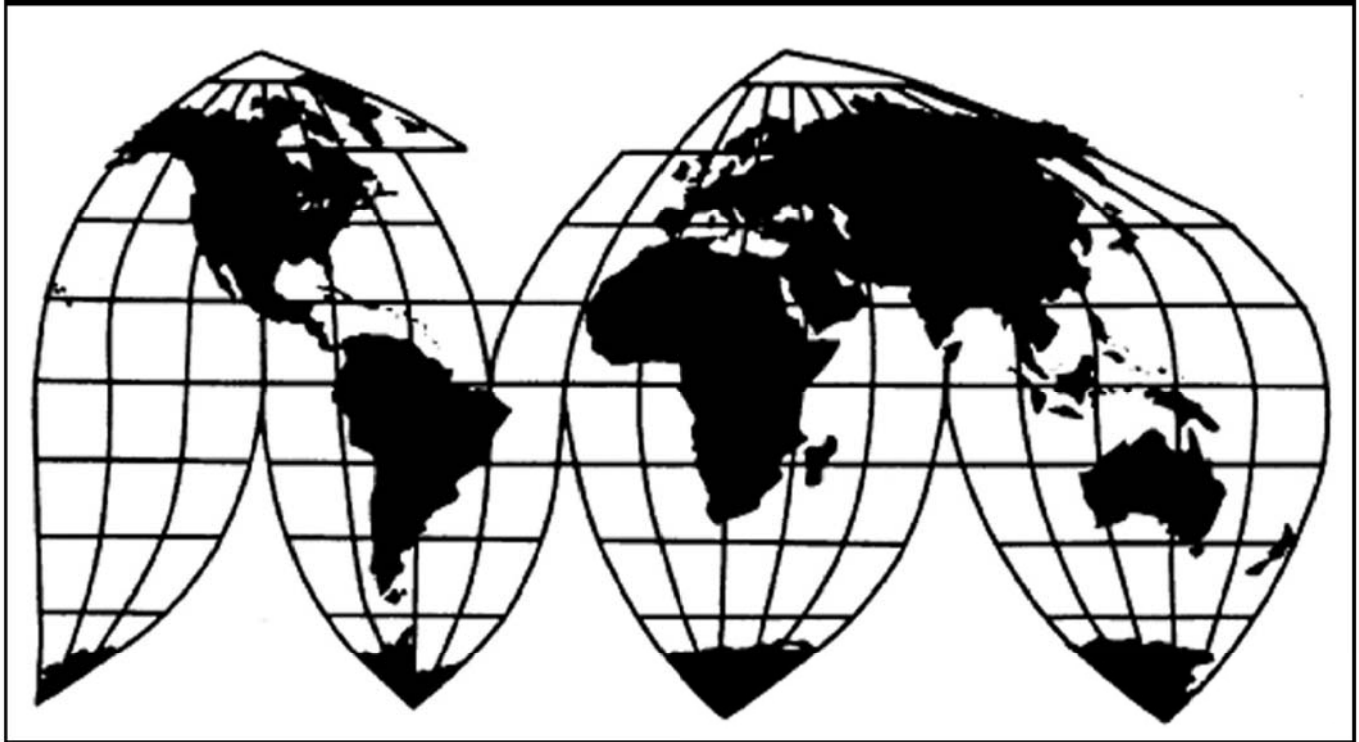
Paper Clips from China

Investigation No. 731-TA-663 (Fourth Review)

Publication 4719

August 2017

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-663 (Fourth Review)
Paper Clips from China

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty order on paper clips 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, 2016 (81 F.R. 35052) and determined on September 6, 2016 that it would conduct a full review (82 F.R. 13132, March 9, 2017). 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 March 9, 2017 (82 F.R. 13132). The hearing was cancelled on June 8, 2017 at the request of the domestic interested parties (82 F.R. 27285, June 14, 2017).

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

Views of the Commission

Based on the record in 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 paper clips 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

Prior proceedings. In November 1994, the Commission determined that an industry in the United States was materially injured by reason of subject imports of paper clips that the U.S. Department of Commerce (“Commerce”) had determined were sold at less than fair value (“LTFV”) from China.¹ On November 25, 1994, Commerce issued an antidumping duty order on paper clips from China.²

In July 2000, the Commission completed its first five-year review and, following an expedited review, determined that revocation of the antidumping duty order on paper clips from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.³ On August 15, 2000, Commerce published its notice of continuation of the antidumping duty order covering paper clips from China.⁴

In January 2006, the Commission completed its second five-year review and, following an expedited review, determined that revocation of the antidumping duty order on paper clips from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.⁵ On February 7, 2006, Commerce published its notice of continuation of the antidumping duty order covering paper clips from China.⁶

In July 2011, the Commission completed its third five-year review and, following an expedited review, determined that revocation of the antidumping duty order on paper clips from China would be likely to lead to continuation or recurrence of material injury within a

¹ *Paper Clips from the People’s Republic of China*, Inv. No. 731-TA-663 (Final), USITC Pub. 2829 (Nov. 1994) (“Original Determination”).

² 59 Fed. Reg. 60606 (Nov. 25, 1994).

³ *Paper Clips from China*, Inv. No. 731-TA-703 (Review), USITC Pub. 3330 (July 2000) (“First Review”).

⁴ 65 Fed. Reg. 49784 (Aug. 15, 2000).

⁵ *Paper Clips from China*, Inv. No. 731-TA-663 (Second Review), USITC Pub. 3834 (Jan. 2006) (“Second Review”).

⁶ 71 Fed. Reg. 6269 (Feb. 7, 2006).

reasonably foreseeable time.⁷ On July 26, 2011, Commerce published its notice of continuation of the antidumping duty order covering paper clips from China.⁸

The current review. On June 1, 2016, the Commission instituted this fourth five-year review of the antidumping duty order on paper clips from China to determine whether revoking the antidumping duty order on paper clips from China would be likely to lead to continuation or recurrence of material injury to a domestic industry.⁹ On September 6, 2016, the Commission determined that it would conduct a full five-year review.¹⁰

The Commission received prehearing briefs and posthearing responses to Commission questions submitted by domestic producers ACCO and Officemate (collectively “domestic interested parties”), domestic producers of paper clips.¹¹ No respondent interested party responded to the notice of institution or otherwise participated in this review.

Data/response coverage. U.S. industry data for this review are based on the questionnaire responses of three domestic producers of paper clips that are believed to account for *** domestic production of paper clips during 2016.¹² U.S. import data and related information are based on the questionnaire responses of six U.S. importers that accounted for *** percent of total U.S. imports, *** percent of subject U.S. imports, and *** percent of nonsubject U.S. imports in 2016, and *** for importers that did not provide a questionnaire response.¹³ No foreign producers responded to the Commission’s questionnaire; data concerning the subject industry and related information are based on information from the prior proceedings and publicly available data gathered by staff.¹⁴

⁷ *Paper Clips from China*, Inv. 731-TA-663 (Third Review), USTIC Pub. 4242 (July 2011) (“Third Review”). None of the Commission’s review determinations concerning paper clips from China were appealed.

⁸ 76 Fed. Reg. 44575 (July 26, 2011).

⁹ 81 Fed. Reg. 35052 (June 13, 2016).

¹⁰ *Explanation of Commission Determination on Adequacy*, (September 9, 2016) (EDIS Doc. 590211). Domestic producers ACCO Brands USA LLC (“ACCO”) and Officemate International Corp. (“Officemate”) responded to the notice of institution. ACCO Response to the Notice of Institution (July 1, 2016) (“ACCO Response”); Officemate Response to the Notice of Institution (July 1, 2016) (“Officemate Response”). The Commission did not receive a response from any respondent interested party. On September 6, 2016, the Commission found the domestic interested party group response to be adequate and the respondent interested party group response to be inadequate. However, the Commission determined to conduct a full review because it concluded that certain factors warranted conducting a full review. *Explanation of Commission Determination on Adequacy*, (September 9, 2016) (EDIS Doc. 590211). Chairman Williamson and Commissioners Pinkert and Schmidlein voted to conduct an expedited review.

¹¹ The Commission cancelled the hearing in this review following requests to do so by the domestic interested parties. 82 Fed. Reg. 27285 (Jun. 8, 2017).

¹² Confidential Report (“CR”) at I-10 (July 20, 2017); Public Report (“PR”) at I-9.

¹³ CR/PR at Table I-4.

¹⁴ CR at I-10; PR at I-9.

II.

Domestic Like Product and Domestic Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”¹⁵ The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”¹⁶ The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original determinations and consider whether the record indicates any reason to revisit the prior findings.¹⁷

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

{C}ertain paper clips, wholly of wire of base metal, whether or not galvanized, whether or not plated with nickel or other base metal (*e.g.*, copper), with a wire diameter between 0.025 inches and 0.075 inches (0.64 to 1.91 millimeters), regardless of physical configuration, except as specifically excluded. The products subject to this order may have a rectangular or ring-like shape and include, but are not limited to, clips commercially referred to as No. 1 clips, No. 3 clips, Jumbo or Giant clips, Gem clips, Frictioned clips, Perfect Gems, Marcel Gems, Universal clips, Nifty clips, Peerless clips, Ring clips, and Glide-On clips. The products subject to this order are currently classifiable under subheading 8305.90.3010 of the Harmonized Tariff Schedule of the United States (“HTSUS”).

Specifically excluded from the scope of this order are plastic and vinyl covered paper clips, butterfly clips, binder

¹⁵ 19 U.S.C. § 1677(4)(A).

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

¹⁷ *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

clips, or other paper fasteners that are not made wholly of wire of base metal and are covered under a separate subheading of the HTSUS.¹⁸

Commerce's scope has remained the same since the original investigation.

Paper clips are steel wire products formed to provide spring-like tension when used to hold pieces of paper together. These rectangular-shaped products are generally manufactured from steel wire, whether or not galvanized, and whether or not plated with nickel, copper, or other base metals, or coated with vinyl. Although produced in a variety of sizes with different wire diameters, the most commonly used products fall within three categories commercially referred to as No. 1 clips, No. 3 clips, and giant or jumbo clips. The wire diameter of No. 1 clips ranges between 0.034 inch and 0.036 inch; for No. 3 clips, it is 0.034 inch; and for jumbo clips, it ranges between 0.046 inch and 0.050 inch.¹⁹

In the original investigation, the Commission defined the domestic like product to be certain wire paper clips ("paper clips"), coextensive with Commerce's scope.²⁰ In the prior five-year reviews, the Commission continued to define the domestic like product to consist of paper clips, coextensive with the scope.²¹

In this current five-year review, domestic interested parties argue that the Commission should continue to define the domestic like product as paper clips, coextensive with the scope.²² The record does not contain any information suggesting that the pertinent product characteristics and uses of paper clips have changed since the prior proceedings.²³ Therefore, we continue to define a single domestic like product consisting of paper clips, coextensive with Commerce's scope.

B. Domestic Industry

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

¹⁸ 81 Fed. Reg. 69512 (Oct. 6, 2016).

¹⁹ CR at I-13-14; PR at I-11.

²⁰ Original Determination, USITC Pub. 2829 at I-7. The Commission considered whether to include other types of paper fasteners (plastic paper clips, ideal clamps, and binder clips) in its domestic like product definition, but determined that there were more differences than similarities between certain wire paper clips and the other paper fasteners.

²¹ First Review, USITC Pub. 3330 at 5; Second Review, USITC Pub. 3834 at 4-5; Third Review, USITC Pub. 4242 at 5.

²² ACCO Prehearing Brief at 2; Officemate Prehearing Brief at 3.

²³ See generally CR at I-13-18; PR at I-11-14.

the product.”²⁴ 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, the Commission defined the domestic industry as all domestic producers of paper clips.²⁵ The Commission continued to define the domestic industry as all domestic producers of paper clips throughout each of the prior five-year reviews.²⁶

In the current five-year review, domestic interested parties argue that the Commission should define the domestic industry as consisting of all domestic producers of paper clips.²⁷ There are no related party issues or other domestic industry issues in this five-year review.²⁸ Consequently, we define a single domestic industry consisting of all domestic producers of paper clips.

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.”²⁹ 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

²⁴ 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 apply 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.

²⁵ Original Determination, USITC Pub. 2829 at I-7. In the original investigation, the Commission considered whether to exclude Noesting and ACCO as related parties because they imported subject merchandise during the period of investigation. The Commission determined that appropriate circumstances did not exist to exclude Noesting or ACCO from the domestic industry. *Id.* at I-7-8.

²⁶ First Review, USITC Pub. 3330 at 5; Second Review, USITC Pub. 3834 at 5-6; Third Review, USITC Pub. 4242 at 6.

²⁷ ACCO Prehearing Brief at 2-3; Officemate Prehearing Brief at 3.

²⁸ CR at I-19; PR at I-15.

²⁹ 19 U.S.C. § 1675a(a).

effects on volumes and prices of imports.”³⁰ Thus, the likelihood standard is prospective in nature.³¹ 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.³²

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.”³³ 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 determinations.”³⁴

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.”³⁵ 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

³⁰ SAA H.R. Rep. 103-316. vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended determinations that were never completed.” *Id.* at 883.

³¹ 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.

³² 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’”).

³³ 19 U.S.C. § 1675a(a)(5).

³⁴ 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.*

³⁵ 19 U.S.C. § 1675a(a)(1).

regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).³⁶ The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.³⁷

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.³⁸ 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.³⁹

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.⁴⁰

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.⁴¹ 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

³⁶ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning the order under review. CR at I-11, PR at I-9.

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

³⁸ 19 U.S.C. § 1675a(a)(2).

³⁹ 19 U.S.C. § 1675a(a)(2)(A-D).

⁴⁰ See 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in determinations, 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.

⁴¹ 19 U.S.C. § 1675a(a)(4).

which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.⁴²

No respondent interested party participated in this review. The record, therefore, contains limited new information with respect to the current condition of the paper clips industry in China. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigation and three prior reviews, and the limited new information on the record in this fourth five-year 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.”⁴³ The following conditions of competition inform our determination.

1. Demand Conditions

Prior proceedings. In the original investigation, the Commission observed that paper clips were a common office supply product generally made from steel wire. It found that the paper clip industry was mature, with little product innovation. The Commission concluded that the U.S. market for paper clips was changing because the U.S. market increasingly consisted of large discount retailers of office supply products, causing producers to shift sales to those retailers.⁴⁴

In the subsequent five-year reviews, the Commission continued to find that the paper clip industry was mature, and that the market increasingly consisted of large discount office supply retailers.⁴⁵ In the second five-year review, the Commission found that apparent U.S. consumption was lower than it was in the first review but comparable to the levels observed during the last two years of the original investigation.⁴⁶ In the third five-year review, the Commission found that demand for paper clips was tied to the health of the overall U.S. economy.⁴⁷ It concluded that the 2008 downturn in the U.S. economy affected demand for

⁴² 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.

⁴³ 19 U.S.C. § 1675a(a)(4).

⁴⁴ Original Determination, USITC Pub. 2829 at I-8.

⁴⁵ First Review, USITC Pub. 3330 at 7; Second Review, USITC Pub. 3834 at 8.

⁴⁶ Second Review, USITC Pub. 3834 at 8.

⁴⁷ Third Review, USITC Pub. 4242 at 10.

paper clips, as apparent U.S. consumption for paper clips decreased from *** units in 2004 to *** units in 2010.⁴⁸

The current review. The record indicates that demand for paper clips remains tied to the health of the overall economy, and specifically to demand for, and use of, paper.⁴⁹ Most firms responding to the Commission questionnaires reported that demand for paper clips is declining.⁵⁰ These firms also expected demand to decrease over the next two years, primarily due to a shift to more digital data and less paper use.⁵¹ As the Commission found in the original investigation and prior five- year reviews, the paper clip market is a mature one and large discount office supply retailers are the largest purchasers of paper clips.⁵²

Apparent U.S. consumption of paper clips declined irregularly during the period of review; it was *** units in 2014, increased to *** units in 2015, and then declined to *** units in 2016.⁵³ In 2016, apparent U.S. consumption was *** percent lower than in 2014 and nearly *** of that in the original investigation, and was significantly lower than in any of the prior reviews.⁵⁴

2. Supply Conditions

Prior proceedings. In the first five-year review, the Commission found that ACCO was the predominant domestic producer, as it had been in the original investigation. While the domestic industry was the predominant supplier to the U.S. market, nonsubject imports had increased in volume and market penetration as subject imports declined.⁵⁵

In the second five-year review, the Commission found that domestic producers supplied most of the U.S. market, with their shipments accounting for *** percent of apparent U.S. consumption in 2004.⁵⁶ The Commission also observed that ACCO continued to be the dominant domestic producer, accounting for *** percent of U.S. production of paper clips in

⁴⁸ Third Review, USTIC Pub. 4242 at 10; Third Review Confidential Opinion, EDIS Doc. 587574 at 13.

⁴⁹ Officemate Prehearing Brief at 4.

⁵⁰ CR/PR at Table II-3.

⁵¹ CR at II-6, PR at II-4.

⁵² CR at II-1, PR at II-1. Retailers' share of U.S. commercial shipments was *** percent in 2014, *** percent in 2015, and *** in 2016. CR/PR at Table II-1. See Officemate Prehearing Brief at 8-9; ACCO Prehearing Brief at 6-7.

⁵³ CR/PR at Table I-7.

⁵⁴ CR/PR at Table I-1. Apparent U.S. consumption had been *** in 1998 (first review), *** in 2004 (second review), and *** in 2010 (third review). CR/PR at Table I-1.

⁵⁵ First Review, USITC Pub. 3330 at 8.

⁵⁶ Second Review, USITC Pub. 3834 at 8; Second Review Confidential Opinion, EDIS Doc. 587421 at 10.

2004.⁵⁷ The record indicated that total import volume was 2.2 billion units in 2004, with subject imports accounting for more than half of total imports.⁵⁸

In the third five-year review, the record indicated that the domestic industry consisted of three producers, with ACCO being predominant, accounting for *** percent of total U.S. production of paper clips in 2010.⁵⁹ The Commission further observed that the domestic industry's share of apparent U.S. consumption remained steady between 2004 and 2010.⁶⁰ However, subject imports' share of apparent U.S. consumption increased from *** percent in 2004 to *** percent in 2010. In contrast, nonsubject imports' share of apparent U.S. consumption decreased from *** percent in 2004 to *** percent in 2010.⁶¹

The current review. The domestic industry continues to consist of three domestic producers, with the two largest, ACCO and Officemate, collectively accounting for *** domestic production.⁶² The industry's capacity has been steady at *** paper clips between 2014 and 2016.⁶³ The industry's market share increased from *** percent in 2014 to *** percent in 2015, then declined to *** percent in 2016.⁶⁴ The domestic industry's market share was higher during this period of review than it had been in the original investigation or any of the prior reviews.⁶⁵

Subject imports' market share increased irregularly over the period of review; it was *** percent in 2014, *** percent in 2015, and *** percent in 2016.⁶⁶ Their current market share is thus substantially lower than in the original investigation and in all prior reviews except the first review.⁶⁷ Nonsubject imports' share of the market was *** percent in 2014, *** percent in 2015, and *** percent in 2016.⁶⁸

⁵⁷ Second Review, USITC Pub. 3834 at 8; Second Review Confidential Opinion, EDIS Doc. 587421 at 10. Officemate, an importer of subject merchandise in the original period of investigation, had since become a domestic producer. Second Review, USITC Pub. 3834 at 5.

⁵⁸ Second Review, USITC Pub. 3834 at 8-9.

⁵⁹ Third Review, USITC Pub. 4242 at 10; Third Review Confidential Opinion, EDIS Doc. 587574 at 13.

⁶⁰ Third Review, USITC Pub. 4242 at 10. The domestic industry's share of apparent U.S. consumption had been *** percent in 2004 and *** percent in 2010. Third Review Confidential Opinion, EDIS Doc. 587574 at 13.

⁶¹ Third Review, USITC Pub. 4242 at 10; Third Review Confidential Opinion, EDIS Doc. 587574 at 14.

⁶² CR/PR at Table I-3. The third domestic producer, Work Services, accounted for *** percent of domestic production in 2016. According to its website, it has opened a new 75,000 square foot production and office facility in Texas. CR at III-1, PR at III-1 and Table I-3. A fourth domestic producer, Trico, reportedly ***. CR at III-2, PR at III-1.

⁶³ CR/PR at Table III-1.

⁶⁴ CR/PR at Table I-7.

⁶⁵ CR/PR at Tables C-1 and C-3.

⁶⁶ CR/PR at Table I-7.

⁶⁷ CR/PR at Tables C-1 and C-3.

⁶⁸ CR/PR at Table I-7.

3. Substitutability and Other Conditions

Prior proceedings. In the original investigation, the Commission found that there was significant direct competition between domestically produced paper clips and paper clips from China, and observed that the competition was based primarily on price, as there were few quality distinctions between the domestic like product and subject merchandise.⁶⁹ In the first five-year review, the Commission found that the domestic like product and subject imports were substitutable and that price was a significant factor in purchasing decisions.⁷⁰ In the second review, the Commission continued to find that the domestic like product and subject imports were highly substitutable and price was an important factor in purchasing decisions. The Commission also observed a significant increase in the price of steel wire, the principal raw material used in the production of paper clips.⁷¹ Finally, the Commission concluded that large, commercial buyers of paper clips were likely to purchase paper clips together with other office supply products from China because paper clips could balance out the total weight of a shipping container to the maximum weight allowed.⁷²

In the third five-year review, the Commission found that the domestic like product and subject imports were highly substitutable and that they competed primarily based on price.⁷³ The Commission found that large discount retailers of office supply products continued to bundle their office supply purchases, and accounted for a large share of the U.S. market.⁷⁴

The current review. In the current five-year review, we again find that there is a high degree of substitutability between the domestic like product and subject imports.⁷⁵ The majority of purchasers responding to Commission questionnaires reported that domestically produced paper clips and paper clips from China were comparable on 12 of 15 factors, including product consistency, product range, availability, quality meets industry standards, and reliability of supply.⁷⁶ Furthermore, a majority of producers, importers and purchasers described paper clips as always or frequently interchangeable.⁷⁷ Quality and price were purchasers' most frequently reported first and second most important purchasing factors and every responding purchaser indicated that price is a very important purchasing factor.⁷⁸ Consequently, we find that price plays an important role in purchasing decisions.

The record also indicates that large discount retailers of office supply products, who account for a large share of the U.S. market, have continued the practice of bundling paper clip

⁶⁹ Original Determination, USITC Pub. 2829 at I-11-12.

⁷⁰ First Review, USITC Pub. 3330 at 10.

⁷¹ Second Review, USITC Pub. 3834 at 9, 13.

⁷² Second Review, USITC Pub. 3834 at 9.

⁷³ Third Review, USITC Pub. 4242 at 10.

⁷⁴ Third Review, USITC Pub. 4242 at 10.

⁷⁵ CR at II-7, PR at II-5.

⁷⁶ CR/PR at Table II-8.

⁷⁷ CR at II-11, PR at II-8.

⁷⁸ CR/PR at Tables II-5 and II-6.

purchases with purchases of other office supplies.⁷⁹ Further, we observe that in 2016, *** percent of paper clip purchases were through annual contracts and *** percent were through spot sales.⁸⁰

C. Likely Volume of Subject Imports

1. The Original Investigation and Prior Reviews

In the original investigation, subject import volume increased irregularly from 4.2 billion units in 1991 to 4.9 billion units in 1993, and subject imports accounted for *** percent of the U.S. market in 1993.⁸¹

In the first five-year review, the Commission found that, following the imposition of the order, subject imports declined significantly, from 4.9 billion units in 1993 to 164 million units in 1998.⁸² It emphasized that subject imports accounted for a much smaller share of apparent U.S. consumption in 1998 than in 1993. It also found that the decline in subject import volume indicated that the antidumping duty order led to the reduced presence of subject imports in the U.S. market.⁸³

In the second five-year review, the Commission found that subject import volume steadily increased from 2001 to 2004.⁸⁴ Although the volume of subject imports was considerably higher in 2004 than it had been in 1998, the Commission found that subject import volume remained well below levels observed in the original investigation and that subject import market share in 2004 remained substantially lower than it had been prior to the imposition of the order.⁸⁵ The Commission concluded that the volume of subject imports was likely to be significant if the order were revoked.⁸⁶ It found that, although the volume and market share of subject imports had decreased substantially after the imposition of the order, they subsequently increased. The Commission also observed that Chinese producers retained unused production capacity that could be used to increase exports to the U.S. market. It observed that large office supply retailers with supply relationships with Chinese producers and exporters only began sourcing paper clips domestically after imposition of the order and concluded that they would likely return to sourcing their paper clips from China if the order were revoked. Additionally, the Commission found that office supply retailers were increasingly

⁷⁹ CR II-1, PR at II-1 and Table II-1; ACCO Prehearing Brief at 7. *** responding purchasers reported bundling paper clip purchases with other office and business supplies; *** of these purchasers reported that *** percent of their purchases were bundled. CR at II-1, PR at II-1.

⁸⁰ CR/PR at Table V-2.

⁸¹ Original Determination, USITC Pub. 2829 at I-11; Confidential Third Review Staff Report, EDIS Doc. 587418 at Table I-5.

⁸² First Review, USITC Pub. 3330 at 9.

⁸³ First Review, USITC Pub. 3330 at 9.

⁸⁴ Second Review, USITC Pub. 3834 at 10.

⁸⁵ Second Review, USITC Pub. 3834 at 10-11.

⁸⁶ Second Review, USITC Pub. 3834 at 11.

purchasing paper clips as part of a bundle of office supply products. The Commission concluded that in some instances, large office supply retailers would likely source paper clips from China in order to maximize the weight of a shipping container.⁸⁷

In the third five-year review, the Commission found that subject import volume and market share were higher than in previous reviews, but still lower than in the original investigation.⁸⁸ The Commission observed that the increases occurred despite a decrease in apparent U.S. consumption from 2004 to 2010. The Commission found that, based on the limited record, Chinese producers had significant production capacity and therefore the ability to increase exports to the United States rapidly.⁸⁹ The Commission again found that large discount office supply retailers had pre-existing relationships with Chinese producers and exporters, and were purchasing other office supplies from Chinese producers and would likely bundle paper clip purchases with other office supply purchases if the order were revoked.⁹⁰ In light of these considerations, the Commission concluded that producers of subject merchandise would likely increase their exports to the United State to a significant level and regain significant market share if the antidumping duty order were revoked. It consequently found that the likely volume of subject imports, both in absolute terms and as a share of the U.S. market, would be significant if the order were revoked.⁹¹

2. The Current Review

Subject imports maintained their presence in the U.S. market during the period of review; their volume was *** units in 2014, *** in 2015, and *** in 2016.⁹² Subject import market share was *** percent in 2014, *** percent in 2015, and *** percent in 2016.⁹³

We find that in the event of revocation of the antidumping duty order, the volume of subject imports from China is likely to be significant. Because of the lack of participation by Chinese producers, the Commission has limited information on the Chinese industry in this review.⁹⁴ Twelve firms in China are believed either to have produced paper clips in the past or to currently produce paper clips.⁹⁵ The information in the record also indicates that Chinese producers have maintained capacity to produce paper clips at the levels observed prior to the

⁸⁷ Second Review, USITC Pub. 3834 at 11-12.

⁸⁸ Third Review, USTIC Pub. 4242 at 12.

⁸⁹ Third Review, USTIC Pub. 4242 at 12.

⁹⁰ Third Review, USTIC Pub. 4242 at 13.

⁹¹ Third Review, USITC Pub. 4242 at 13.

⁹² CR/PR at Table I-6.

⁹³ CR/PR at Table I-7.

⁹⁴ No producer in China of paper clips responded to the Commission foreign producer questionnaire. Therefore, the Commission has limited information on the industry in China, and no information on whether Chinese producers can shift production from other products to paper clips, or on inventories of paper clips in China.

⁹⁵ CR at IV-7, PR at IV-4-5; ACCO Response at 7.

imposition of the antidumping duty order.⁹⁶ The subject industry in China, therefore, has the ability to increase exports of subject merchandise to the United States rapidly, as it did during the original investigation.

Subject producers continue to be export oriented. In every year between 2014 and 2016, based on Global Trade Atlas (“GTA”) data, China was the world’s leading exporter of paper clips and other office products, accounting for 68.8 percent of global exports by value in 2016.⁹⁷ Further, despite the existence of the order, the United States remains China’s largest export market, with 22.5 percent of Chinese exports of paper clips and other office products destined for the United States.⁹⁸ Exports to the U.S. market were higher than total exports to China’s next four largest destinations combined.⁹⁹

The United States has been and is likely to continue to be an attractive market for the subject producers. Subject imports maintained a presence in the U.S. market throughout the period of review.¹⁰⁰ Several U.S. purchasers and U.S. importers indicate that if the order were revoked, they would source paper clips from China.¹⁰¹ Further, as explained above, large discount office supply retailers that account for a large share of paper clip purchases also purchase other office supplies from China.¹⁰² Given the importance of price in paper clip purchases, and the facts that U.S. purchasers and U.S. importers have pre-existing relationships with Chinese suppliers and indicated they would source paper clips from China if the order were revoked, these customers would likely bundle low-priced paper clips from China with shipments of other office supply products if the order were revoked. We also observe that paper clips from China are not subject to trade remedy actions in third-country markets.¹⁰³

Based on subject import volume and market share, the record from prior reviews, the size of the industry and available capacity in China, and the likelihood that U.S. importers and purchasers would switch from domestically produced paper clips to low-priced subject imports, we find that Chinese producers would likely increase their exports to the United States to a significant level and regain significant market share if the antidumping duty order were revoked. Consequently, we find that the likely volume of subject imports, both in absolute terms and as a share of the U.S. market, would be significant if the order were revoked.

⁹⁶ CR at IV-8, PR at IV-5; ACCO Prehearing Brief at 9.

⁹⁷ CR/PR at Table IV-6. We recognize that the GTA data include products outside the scope of this review, but these data constitute the information available.

⁹⁸ CR at IV-8-9, PR at IV-5.

⁹⁹ CR/PR at Table IV-5.

¹⁰⁰ CR/PR at Table I-6.

¹⁰¹ CR/PR at Tables D-4-8.

¹⁰² CR/PR at II-1 and Table II-1.

¹⁰³ CR at IV-10, PR at IV-7.

D. Likely Price Effects

1. The Original Investigation and Prior Reviews

In the original investigation, the Commission observed that subject imports from China and the domestic like product competed on the basis of price.¹⁰⁴ The Commission noted that ACCO had shifted its sales emphasis to smaller diameter paper clips in order to be price competitive, and that for these types of paper clips, prices for subject imports and domestic product were very close throughout the period of investigation, with underselling in only 2 of 14 quarters. The Commission found this pricing pattern consistent with ACCO cutting prices and shifting product mix to retain market share, and that, given the importance of price to purchasers and ACCO's price cuts, it did not necessarily expect to find significant underselling by subject imports. It further found that low prices for subject imports had prevented domestic prices from increasing commensurate with increases in the cost of carbon steel wire, the primary raw material in the production of paper clips. The Commission concluded that subject imports had depressed prices in 1991 and suppressed domestic prices to a significant degree during the period of investigation.¹⁰⁵

In the first five-year review, the Commission found that pricing patterns indicated that if the order were revoked, there would likely be significant underselling by the subject imports to regain market share lost to domestically produced paper clips. Additionally, given the high substitutability between the domestic like product and the subject imports and the importance of price in purchasing decisions, the Commission found that the likely increases in the subject import volume would likely drive down domestic prices because the domestic producers would be forced to cut prices to compete. The Commission therefore concluded that subject imports would likely have significant depressing or suppressing effects on prices for the domestic like product if the order were revoked.¹⁰⁶

In the second five-year review, the Commission found that, if the order were revoked, significant volumes of subject imports would likely significantly undersell the domestic like product and that this underselling would likely have significant depressing or suppressing effects on the prices of the domestic like product within a reasonably foreseeable time. In support of its finding, the Commission cited several factors. First, the Commission observed that before imposition of the order, subject imports entered the U.S. market in significant volumes at average unit values ("AUVs") far below those of the domestic like product; as a result, the AUVs of the domestic like product declined. Next, the Commission emphasized that after the antidumping duty order was imposed, the AUVs for both the domestic like product and subject imports increased. Finally, the Commission observed that the domestic like product and subject imports were highly substitutable and directly competed primarily based on price. As a result, the Commission found that "aggressive pricing of subject imports would

¹⁰⁴ Original Determination, USITC Pub. 2829 at I-11.

¹⁰⁵ Original Determination, USITC Pub. 2829 at I-12-13.

¹⁰⁶ First Review, USITC Pub. 3330 at 10.

likely be successful in lowering domestic prices to large discount office supply retailers that are already purchasing office supplies from China.”¹⁰⁷

In the third five-year review, the Commission found that upon revocation of the order, subject imports from China would likely enter the United States at prices that would likely undersell the domestic like product and would likely have significant suppressing or depressing effects on U.S. producers’ prices. It reiterated that paper clips were highly substitutable and price remained the principal determinant in making a sale in the U.S. market. The Commission also observed that large discount office supply retailers were already sourcing office supplies from China, and given pre-existing relationships and the importance of price, they would likely source paper clips from China at low prices if the order were revoked. In light of this likely competition, the Commission concluded that if the order were revoked, domestic producers would likely be forced to cut their prices or lose critical U.S. market share.¹⁰⁸

2. The Current Review

As discussed above, the record in the current review indicates that there is a high degree of substitutability between subject imports from China and the domestic like product and that price plays an important role in purchasing decisions. In addition, the largest purchasers of paper clips are large discount office supply retailers who make purchasing decisions on the basis of price and also bundle paper clip purchases with other office and business supplies.¹⁰⁹

The record of this review contains extremely limited pricing comparison data, as U.S. importers provided little useable pricing data.¹¹⁰ In view of our finding of a likely significant volume of subject imports, the high substitutability between subject imports and the domestic like product, the importance of price in purchasing decisions, and the large discount office supply retailers’ practice of bundling paper clip purchases with purchases of other office supplies, we find that upon revocation of the order, subject producers would likely significantly undersell the domestic like product to gain market share. This underselling would likely result in significant price effects, as domestic producers would be forced either to cut prices or risk losing sales to subject import competition. Indeed, U.S. purchasers indicated in their responses to the Commission’s questionnaire that if the order were revoked, they would purchase low-

¹⁰⁷ Second Review, USITC Pub. 3834 at 13.

¹⁰⁸ Third Review, USITC Pub. 4242 at 15.

¹⁰⁹ CR/PR at II-1.

¹¹⁰ CR at V-5, PR at V-3; *** U.S. producers provided useable pricing data that accounted for nearly *** percent of U.S. producers’ shipments in 2016. *Id.* Pricing data were collected on three products: (1) No. 1 gem style paper clips with smooth finish, packaged in boxes/plastic bags; (2) Jumbo/giant gem style paper clips with smooth finish, packaged in boxes/plastic bags; and (3) No. 3 gem style paper clips with smooth finish, packaged in boxes/plastic bags. CR at V-4, PR at V-3.

priced paper clips from China, which would create significant downward pricing pressure on the domestic like product.¹¹¹

Consequently, we find that absent the disciplining effects of the order, significant volumes of subject imports from China would likely significantly undersell the domestic like product to gain market share and likely would have significant depressing and/or suppressing effects on prices of the domestic like product.

E. Likely Impact of Subject Imports

1. The Original Investigation and Prior Reviews

In the original investigation, the Commission found that, while subject import volume declined toward the end of the period of investigation, subject import market penetration remained significant throughout the period. The Commission found that because of the price pressure from low-priced subject imports, the domestic industry lowered its prices and shifted its marketing emphasis to less expensive products in an effort to maintain market share. Although the domestic industry's operating income began to improve by 1993, the Commission found that prices remained depressed. The Commission also observed that other performance indicators, including production, capacity utilization, and employment were each lower in interim 1994 than they had been in interim 1993.¹¹²

In the first five-year review, the Commission found that the order had a positive effect on the domestic industry's performance. Given the industry's improvement, the Commission determined that the domestic industry was not then in a vulnerable state. However, the Commission found that if the order were revoked, the likely increases in the volume and market share of low-priced subject imports, and their likely price depressing and suppressing effects, would likely have a significant adverse impact on the domestic industry's production, shipments, sales, and revenue. The Commission found that a reduction in the industry's sales and revenue would likely have a direct adverse impact on its employment and profitability as well as its ability to raise capital and make and maintain necessary capital investments.¹¹³

In the second five-year review, the Commission determined that, if the antidumping duty order were revoked, subject imports from China would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time. The Commission observed that the antidumping duty order continued to have a positive effect on the performance of the domestic industry. However, it was unable to determine whether the industry was in a vulnerable state, because the record did not contain sufficient information to make a determination.¹¹⁴ The Commission concluded that revocation of the antidumping duty

¹¹¹ For example, *** stated that it would ***. CR/PR at Table D-5. Further, *** stated that ***. CR/PR at Table D-6.

¹¹² Original Determination, USITC Pub. 2829 at I-13-14.

¹¹³ First Review, USITC Pub. 3330 at 11.

¹¹⁴ Second Review, USITC Pub. 3834 at 14.

order would lead to significant increases in the volume of subject imports at prices that would undersell the domestic like product and significantly depress U.S. prices, and that the volume and price effects of the subject imports would have a significant negative impact on the domestic industry, including to its market share, production, shipment, sales, and revenue levels. The Commission also found that a reduction in the industry's sales and revenue levels would likely have a direct adverse impact on the domestic industry's employment and profitability as well as its ability to raise capital and make and maintain necessary capital investments.¹¹⁵

In the third five-year review, the Commission found the limited evidence in the record was insufficient to determine whether the domestic industry was vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.¹¹⁶ The Commission found that, upon revocation, the volume of subject imports and their price effects would likely lead the domestic industry to lose market share and obtain lower prices, which would adversely impact its production, shipments, sales, and revenue. The Commission determined that those 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.¹¹⁷ The Commission also examined the role of other factors. It found that reduced demand had not appeared to adversely affect the domestic industry's market share or financial performance. It found that nonsubject imports had declined over the period of review.¹¹⁸

2. The Current Review

The condition of the domestic industry generally declined modestly over the period of review. The domestic industry's production and capacity utilization declined irregularly during the period of review.¹¹⁹ The domestic industry's U.S. shipments and inventories followed a

¹¹⁵ Second Review, USITC Pub. 3834 at 14-15.

¹¹⁶ Third Review, USITC Pub. 4242 at 17-18. The Commission found that compared to the second review, the industry's market share was stable, and its production and shipments lower. Its financial performance was better than that in the original investigation. *Id.*

¹¹⁷ Third Review, USITC Pub. 4242 at 17-18.

¹¹⁸ Third Review, USITC Pub. 4242 at 18.

¹¹⁹ Production increased from *** paper clips in 2014 to *** paper clips in 2015, and then declined to *** paper clips in 2016. Capacity remained steady at *** paper clips in each year of the period of review. Capacity utilization increased from *** percent in 2014 to *** percent in 2015, then declined to *** percent in 2016. CR/PR at Table C-1.

similar trend.¹²⁰ Production and related workers (“PRWs”), hours worked, wages paid, and per unit labor costs each increased, but productivity declined from 2014 to 2016.¹²¹

The domestic industry’s financial indicia declined overall during the period of review. Sales revenue declined as did operating income and operating income as a ratio to net sales from 2014 to 2016.¹²² The domestic industry’s total capital expenditures for its operations increased each year from 2014 to 2016.¹²³

While the industry’s performance was mixed over the period of review, on balance we do not find that the domestic industry is in a vulnerable condition.

As discussed above, we conclude that revocation of the antidumping duty order on imports of paper clips from China would likely lead to a significant increase in the volume of subject imports that would likely undersell the domestic like product and significantly suppress or depress prices for the domestic like product. We find that the likely volume and price effects of subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenue of the domestic industry. These reductions would have a direct adverse impact on the domestic industry’s profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments.

We have also considered the likely role of nonsubject imports in the U.S. market. There is no indication or argument on this record that the presence of nonsubject imports, which increased only slightly in volume and market share during the period of review, would prevent paper clip imports from China from significantly increasing their presence in the U.S. market in the event of revocation of the order, given the large amount of available capacity of subject producers, the export orientation of the subject industry, and the relative attractiveness of the U.S. market. U.S. purchasers indicated in their responses to the Commission’s questionnaire that if the order were revoked, they would purchase low-priced paper clips from China, which would create significant downward pricing pressure on the domestic like product.¹²⁴ The likely adverse price effects and consequent impact of the likely increased volume of subject imports would be distinct from those of nonsubject imports in the event of revocation.

¹²⁰ The domestic industry’s U.S. shipments increased from *** in 2014 to *** in 2015, then declined to *** in 2016. CR/PR at Table C-1. Ending inventory quantities were *** in 2014, *** in 2015, and *** in 2016. CR/PR at Table C-1.

¹²¹ PRWs increased from *** in 2014 to *** in 2015, and *** in 2016. Total hours worked were *** hours in 2014, *** hours in 2015 and *** hours in 2016. Wages paid increased from \$*** in 2014 to \$*** in 2015 and \$*** in 2016. Per unit labor costs (dollars per 1,000 paper clips) increased from \$*** in 2014 and 2015 to \$*** in 2016. Worker productivity (1000 paper clips per hour) was *** in 2014, *** in 2015, and *** in 2016. CR/PR at Table C-1.

¹²² Net sales values were \$*** in 2014, \$*** in 2015, and \$*** in 2016. Operating income was \$*** in 2014 and 2015 and \$*** in 2016. As a ratio to net sales, operating income was *** percent in 2014, *** percent in 2015, and *** percent in 2016. CR/PR at Table C-1.

¹²³ The domestic industry’s total capital expenditures totalled \$*** in 2014, \$*** in 2015, and \$*** in 2016. CR/PR at Table C-1.

¹²⁴ CR/PR at Tables D-7 and D-8.

Thus, we conclude that revocation of the antidumping duty order on subject imports from China would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

IV.

Conclusion

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

PART I: INTRODUCTION

BACKGROUND

On June 1, 2016, 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”),¹ that it had instituted a review to determine whether revocation of the antidumping duty order on certain paper clips (“paper clips”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On March 1, 2017, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.⁴ The following tabulation presents information relating to the background and schedule of this proceeding:⁵

¹ 19 U.S.C. 1675(c).

² *Paper Clips from China; Institution of a Five-Year Review*, 81 FR 35052, June 1, 2016. The Commission requested that all interested parties respond to this notice by submitting the information requested by the Commission.

³ 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. *Paper Clips from the People’s Republic of China: Initiation of Five-Year (“Sunset”) Review*, 81 FR 34974, June 1, 2016.

⁴ *Paper Clips From China: Notice of Commission Determination to Conduct a Full Five-Year Review and Scheduling of a Full Five-Year Review*, 82 FR 13132, March 9, 2017. The Commission unanimously determined that the domestic interested party group response was adequate and that the respondent interested party group response was inadequate. However, in light of the time that has transpired since the Commission conducted a full investigation in this matter and certain changes in the conditions of competition that have occurred in the U.S. market since the original investigation, the Commission concluded that conducting a full review was warranted. Chairman Schmidlein, Commissioner Pinkert, and Commissioner Williamson voted to conduct an expedited review of the order.

⁵ The Commission’s notice of institution, notice to conduct a full review and scheduling, and statement on adequacy are referenced in appendix A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct an expedited or full review may also be found at the web site. Appendix B contains the request for cancellation of the hearing and the Commission’s notice of cancellation of the hearing.

Effective date	Action
October 7, 1994	Commerce's antidumping duty order on paper clips from China (59 FR 51168)
June 1, 2016	Commission's institution of five-year review (81 FR 35052)
June 1, 2016	Commerce's initiation of five-year review (81 FR 34974)
September 29, 2016	Commerce's final results of expedited fourth five-year review of the antidumping duty order (81 FR 69512, October 6, 2016)
March 1, 2017	Commission's determinations to conduct full five-year review (82 FR 13132, March 9, 2017)
June 8, 2017	Commission's cancellation of hearing (82 FR 27285, June 14, 2017)
August 8, 2017	Commission's vote
August 24, 2017	Commission's determination and views

The original investigation

The original investigation resulted from a petition filed by ACCO Brands USA, LLC of Wheeling, Illinois ("ACCO") and Labelon/Noesting Co. of Mount Vernon, New York ("Noesting") on November 29, 1993, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of paper clips from China. Following notification of a final determination by Commerce that imports of paper clips from China were being sold at LTFV, the Commission determined on November 16, 1994 that a domestic industry was materially injured by reason of LTFV imports of paper clips from China.⁶ Commerce published the antidumping duty order on subject imports of paper clips from China on November 25, 1994.⁷

The first five year review

On December 1, 1999, the Commission instituted the first five-year review of the antidumping duty order on paper clips from China and determined on March 3, 2000 that it would conduct an expedited review.⁸ On June 28, 2000, Commerce determined that a revocation of the antidumping duty order on paper clips would lead to a continuation or

⁶ *Certain Paper Clips from the People's Republic of China*, Inv. No. 731-TA-663 (Final), USITC Publication 2829, November 1994; and *Certain Paper Clips from China*, 59 FR 60655, November 25, 1994.

⁷ *Antidumping Duty Order: Certain Paper Clips from the People's Republic of China*, 59 FR 60606, November 25, 1994.

⁸ *Paper Clips from the People's Republic of China*, 64 FR 67320, December 1, 1999; and *Paper Clips from China: Scheduling of an Expedited Five-Year Review Concerning the Antidumping Duty Order on Paper Clips from China*, 65 FR 15010, March 20, 2000.

recurrence of dumping.⁹ On August 2, 2000, the Commission issued its determination 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.¹⁰ On August 15, 2000, Commerce published notice of the first continuation of the antidumping order.¹¹

The second five year review

On July 1, 2005, the Commission instituted the second five-year review of the antidumping duty order on paper clips from China and determined on October 4, 2005 that it would conduct an expedited review.¹² On November 7, 2005, Commerce determined that a revocation of the antidumping duty order on paper clips would likely lead to a continuation or recurrence of dumping.¹³ On January 23, 2006, the Commission issued its determination 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.¹⁴ On February 7, 2006, Commerce published notice of the second continuation of the antidumping order.¹⁵

The third five-year review

On January 3, 2011, the Commission instituted the third five-year review of the antidumping duty order on paper clips from China and determined on April 8, 2011 that it would conduct an expedited review.¹⁶ On May 6, 2011, Commerce determined that a revocation of the antidumping duty order on paper clips would likely lead to a continuation or recurrence of dumping.¹⁷ On July 19, 2011, the Commission issued its determination that revocation of the antidumping duty order would be likely to lead to continuation or recurrence

⁹ *Paper Clips from the People's Republic of China*, 65 FR 41434, July 5, 2000.

¹⁰ *Paper Clips from China*, 65 FR 47518, August 2, 2000.

¹¹ *Continuation of Antidumping Duty Order: Paper Clips from the People's Republic of China*, 65 FR 49784, August 15, 2000.

¹² *Paper Clips from China*, 70 FR 38202, July 1, 2005; and *Paper Clips from China: Scheduling of an Expedited Five-Year Review Concerning the Antidumping Duty Order on Paper Clips from China*, 70 FR 61157, October 20, 2005.

¹³ *Paper Clips from the People's Republic of China: Notice of Final Results of Expedited Sunset Review of Antidumping Duty Order*, 70 FR 67433, November 7, 2005.

¹⁴ *Paper Clips from China*, 71 FR 3541, January 23, 2006.

¹⁵ *Continuation of Antidumping Duty Order: Paper Clips from the People's Republic of China*, 71 FR 6269, February 7, 2006.

¹⁶ *Paper Clips from China*, 76 FR 171, January 3, 2011; and *Paper Clips from China: Scheduling of an Expedited Five-Year Review Concerning the Antidumping Duty Order on Paper Clips from China*, 76 FR 31360, May 31, 2011.

¹⁷ *Paper Clips from China: Final Results of Expedited Sunset Review of Antidumping Duty Order*, 76 FR 26242, May 6, 2011.

of material injury to an industry in the United States.¹⁸ On July 26, 2011, Commerce published notice of the third continuation of the dumping order.¹⁹

RELATED INVESTIGATIONS

Paper clips have not been the subject of any prior related antidumping or countervailing duty investigations in the United States.

SUMMARY DATA

Table I-1 presents comparative data from the original investigation, subsequent five-year reviews, and the current five-year review. All previous proceedings relied upon official import statistics; however, the current review relies on questionnaire responses and ***, because a number of importers reported importing out-of-scope products under official import statistics for paper clips (HTS no. 8305.90.3010). The quantity of apparent consumption in the United States was *** percent lower in 2016 than in 2010. Some of the decrease in apparent consumption may be the result of removing out-of-scope products from import figures, but U.S. producers' shipments have also decreased. U.S. producers' shipments and subject imports were *** percent and *** percent lower in 2016 than in 2010, respectively. The quantity of apparent consumption in the United States decreased steadily since the first five-year review (***) percent lower in 2016 than in 1998).²⁰ The quantity and average unit value of U.S. producers' commercial shipments of paper clips decreased by *** percent and by *** percent from 2010 to 2016, respectively.²¹

¹⁸ *Paper Clips from China*, 76 FR 42730, July 19, 2011.

¹⁹ *Paper Clips from the People's Republic of China: Continuation of the Antidumping Duty Order*, 76 FR 44575, July 26, 2011.

²⁰ Officemate reported that the primary cause of the decline in consumption of paper clips is the increasing digitization of documents. Officemate's response to Commission questions in lieu of hearing, p. 1. ACCO reported that the decline in consumption of paper clips is due to the increasing use of digital documents and imported clear-coated paper clips. ACCO's response to Commission questions in lieu of hearing, p. 1.

²¹ U.S. producers cited *** as reasons for the decrease in average unit values during this time. ACCO's response to Commission questions in lieu of hearing, p. 5.

Table I-1

Paper clips: Comparative data from the original investigation, subsequent five-year reviews, and the current five-year review, 1993, 1998, 2004, 2010, and 2016

Item	Investigation	First review	Second review	Third review	Current review
	1993	1998	2004	2010	2016
Quantity (millions of paper clips)					
U.S. consumption quantity	***	***	***	***	***
Share of quantity (percent)					
Share of U.S. consumption: U.S. producers' share	***	***	***	***	***
U.S. importers' share: China subject	***	***	***	***	***
Nonsubject sources ¹	***	***	***	***	***
All import sources	***	***	***	***	***
Value (1,000 dollars)					
U.S. consumption	***	***	***	***	***
Share of value (percent)					
Share of U.S. consumption: U.S. producers' share	***	***	***	***	***
U.S. importers' share: China subject	***	***	***	***	***
Nonsubject sources ¹	***	***	***	***	***
All import sources	***	***	***	***	***
Quantity (millions of paper clips); Value (1,000 dollars); and Unit value (dollars per 1,000 paper clips)					
U.S. imports ² from China subject: Quantity	4,857	164	1,137	1,197	***
Value	4,482	459	2,267	3,342	***
Unit value	\$0.92	\$2.80	\$1.99	\$2.79	***
Nonsubject sources: Quantity	809	2,263	1,063	398	***
Value	1,769	3,623	1,949	1,114	***
Unit value	\$2.19	\$1.60	\$1.83	\$2.80	***
All import sources: Quantity	5,666	2,427	2,200	1,595	***
Value	6,251	4,082	4,216	4,456	***
Unit value	\$1.10	\$1.68	\$1.92	\$2.79	***

Table continued on next page.

Table I-1—Continued

Paper clips: Comparative data from the original investigation, subsequent five-year reviews, and the current five-year review, 1993, 1998, 2004, 2010, and 2016

Item	Investigation	First review	Second review	Third review	Current review
	1993	1998	2004	2010	2016
	Quantity (millions of paper clips); Value (1,000 dollars); and Unit value (dollars per 1,000 paper clips)				
U.S. industry:					
Capacity (quantity)	***	(³)	(³)	***	***
Production (quantity)	***	***	***	***	***
Capacity utilization (percent)	***	(³)	(³)	***	***
U.S. commercial shipments:					
Quantity	***	***	***	***	***
Value	***	***	***	***	***
Unit value	***	***	***	***	***
Ending inventory	***	(³)	(³)	(³)	***
Inventories/total shipments	***	(³)	(³)	(³)	***
Production workers	***	(³)	(³)	(³)	***
Hours worked (1,000)	***	(³)	(³)	(³)	***
Wages paid (1,000 dollars)	***	(³)	(³)	(³)	***
Hourly wages	***	(³)	(³)	(³)	***
Productivity (1,000 units per hour)	***	(³)	(³)	(³)	***
Financial data:					
Net sales:					
Quantity	***	(³)	(³)	(³)	***
Value	***	(³)	(³)	***	***
Unit value	***	(³)	(³)	(³)	***
Cost of goods sold	***	(³)	(³)	***	***
Gross profit or (loss)	***	(³)	(³)	***	***
SG&A expense	***	(³)	(³)	***	***
Operating income or (loss)	***	(³)	(³)	***	***
Unit COGS	***	(³)	(³)	(³)	***
Unit operating income	***	(³)	(³)	(³)	***
COGS / Sales (percent)	***	(³)	(³)	***	***
Operating income or (loss) / Sales (percent)	***	(³)	(³)	***	***

Table footnotes continued on next page.

Table I-1—Continued

Paper clips: Comparative data from the original investigation, subsequent five-year reviews, and the current five-year review, 1993, 1998, 2004, 2010, and 2016

¹ Hong Kong import data were presented separately from all other nonsubject sources in all previous proceedings but its import data are included with nonsubject countries in this table.

² 2016 import data presented in this table and throughout this report consist of questionnaire responses supplemented with *** for non-responding importers. These adjusted import data are a fraction of comparable official import statistics, which were used in all previous proceedings. Official import statistics were not used in the current review because several importers certified their imports under the relevant statistical reporting number were out-of-scope merchandise. See part IV details.

³ Not available.

Note.--Taiwan was the largest nonsubject source of paper clips in 1993. Taiwan and Colombia were the largest nonsubject sources in 1998, 2004, 2010, and 2016.

Note.--Official import statistics were converted from kilograms to units by dividing the number of kilograms by a conversion factor of 0.0007284. Petitioners provided this conversion rate during the original investigation.

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

Source: For the years 1993, 1998, 2004, and 2010, data are compiled using data submitted in the Commission's investigation and first, second, and third five-year reviews, respectively. Investigation No. 731-TA-663 (Third Review): Paper Clips from China-Staff Report, INV-JJ-061, June 8, 2011 (see appendix C). For 2016, data are compiled from responses to Commission questionnaires and *** for nonresponsive importers.

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*
- (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 paper clips as collected in the review is presented in appendix C. U.S. industry data are based on the questionnaire responses of three U.S. producers of paper clips that are believed to have accounted for essentially all of domestic production of paper clips in 2016. U.S. import data and related information are based on the questionnaire responses of six U.S. importers and *** for importers that did not provide a questionnaire response. Foreign industry data and related information are based on all available information, as no foreign producers responded to the Commission’s questionnaire. Responses by U.S. producers, importers, and purchasers of paper clips 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 PROCEEDINGS

Administrative reviews

Commerce has not completed an administrative review of the outstanding antidumping duty order on paper clips from China.

Changed circumstances reviews

Since the Commission’s last five-year review, Commerce has not issued any changed circumstances reviews concerning the antidumping duty order against imports of paper clips from China.

Scope rulings

Commerce has not issued any scope rulings with regard to paper clips from China since the imposition of the order.

Commerce's current five-year review

On July 21, 2016, Commerce notified the Commission that it did not receive adequate substantive responses to its notice of initiation from the respondent interested parties. Commerce notified the Commission that it will conduct an expedited sunset review.²² On September 29, 2016, Commerce issued the final results of its expedited fourth review with respect to China.²³ Table I-2 presents the dumping margins calculated by Commerce in its original investigation and subsequent five-year reviews.

Table I-2
Paper clips: Commerce's original and subsequent five-year dumping margins for producers/exporters in China

Producer/exporter	Original margin (percent)	First five-year review margin (percent)	Second five-year review margin (percent)	Third five-year review margin (percent)	Fourth five-year review margin (percent)
Shanghai Lansheng Corporation ("Lansheng")	57.64	57.64	57.64	57.64	57.64
Zhejiang Light Industrial Products Import and Export Corporation ("Zhejiang Light"),	46.01	46.01	46.01	46.01	46.01
Zhejiang Machinery and Equipment Import and Export Corporation ("Zhejiang Machinery"),	60.70	60.70	60.70	60.70	60.70
All others	126.94	126.94	126.94	126.94	126.94

Source: 59 FR 60606; 65 FR 41435; 70 FR 67433; 76 FR 26242; and 81 FR 69512.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:

The products covered by the order are certain paper clips, wholly of wire of base metal, whether or not galvanized, whether or not plated with nickel or other base metal (e.g., copper), with a wire diameter between 0.025 inches and 0.075 inches (0.64 to 1.91 millimeters), regardless of physical configuration, except as specifically excluded. The products subject to the order may have a rectangular or ring-like shape and

²² Melissa G. Skinner, letter to Michael Anderson, July 21, 2016.

²³ *Certain Paper Clips from the People's Republic of China: Final Results of Expedited Fourth Sunset Review of Antidumping Duty Order*, 81 FR 69512, October 6, 2016.

include, but are not limited to, clips commercially referred to as No. 1 clips, No. 3 clips, Jumbo or Giant clips, Gem clips, Frictioned clips, Perfect Gems, Marcel Gems, Universal clips, Nifty clips, Peerless clips, Ring clips, and Glide-On clips. The products subject to the order are currently classifiable under subheading 8305.90.3010 of the Harmonized Tariff Schedule of the United States (HTSUS).

Specifically excluded from the scope of the order are plastic and vinyl covered paper clips, butterfly clips, binder clips, or other paper fasteners that are not made wholly of wire of base metal and are covered under a separate subheading of the HTSUS.

Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.²⁴

Tariff treatment

Paper clips of base metal are provided for in subheading 8305.90.30 of the Harmonized Tariff Schedule of the United States (“HTS”) (statistical reporting number 8305.90.3010, covering “paper clips, and parts thereof, wholly of wire”). The column 1-general duty rate for this subheading is “free.”²⁵

THE PRODUCT

Description and applications²⁶

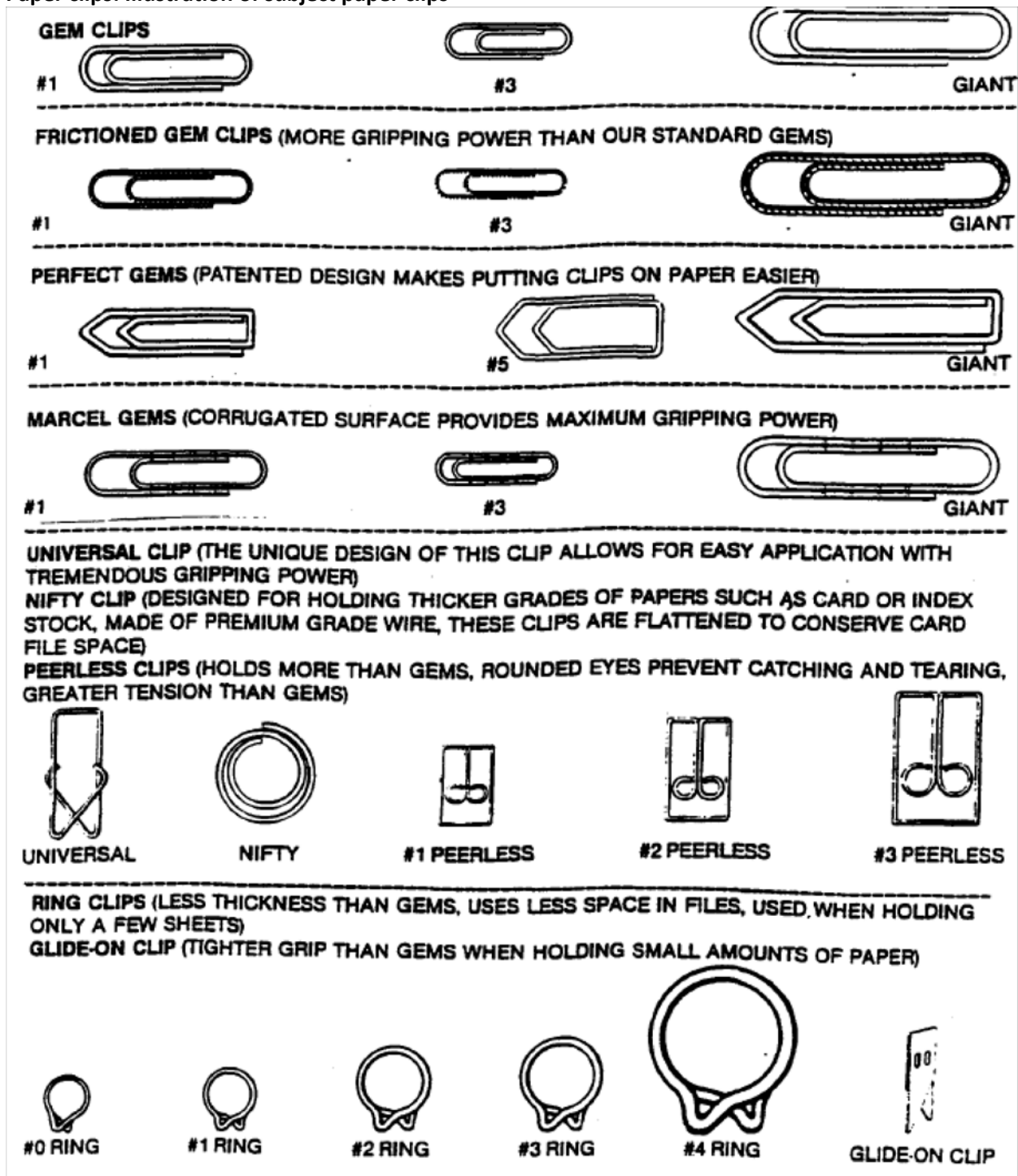
Paper clips are steel wire products formed to provide spring-like tension when used to hold pieces of paper together. These rectangular-shaped products, which are among the most commonly used office supplies in the world, are generally manufactured from steel wire, whether or not galvanized, and whether or not plated with nickel, copper, or other base metals, or coated with vinyl. Although produced in a variety of sizes with different wire diameters, the most commonly used products fall within three categories commercially referred to as No. 1 clips, No. 3 clips, and giant or jumbo clips. The wire diameters of No. 1 clips range between 0.034 inch and 0.036 inch, while the wire diameter of No. 3 clips is 0.034 inch. For jumbo clips, the wire diameters range between 0.046 inch and 0.050 inch. See figure I-1 for illustrations of the subject paper clips; also see figure I-2 for illustrations of other paper fasteners.

²⁴ *Certain Paper Clips from the People’s Republic of China: Final Results of Expedited Fourth Sunset Review of Antidumping Duty Order*, 81 FR 69512, October 6, 2016.

²⁵ Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

²⁶ Information in this section was taken from *Certain Paper Clips from the People’s Republic of China*, Inv. No. 731-TA-663 (Final), USITC Publication 2829, November 1994, pp. II-4–5.

Figure I-1
Paper clips: Illustration of subject paper clips



Source: *Certain Paper Clips from the People's Republic of China*, Inv. No. 731-TA-663 (Final), USITC Publication 2829, November 1994, p. II-6.

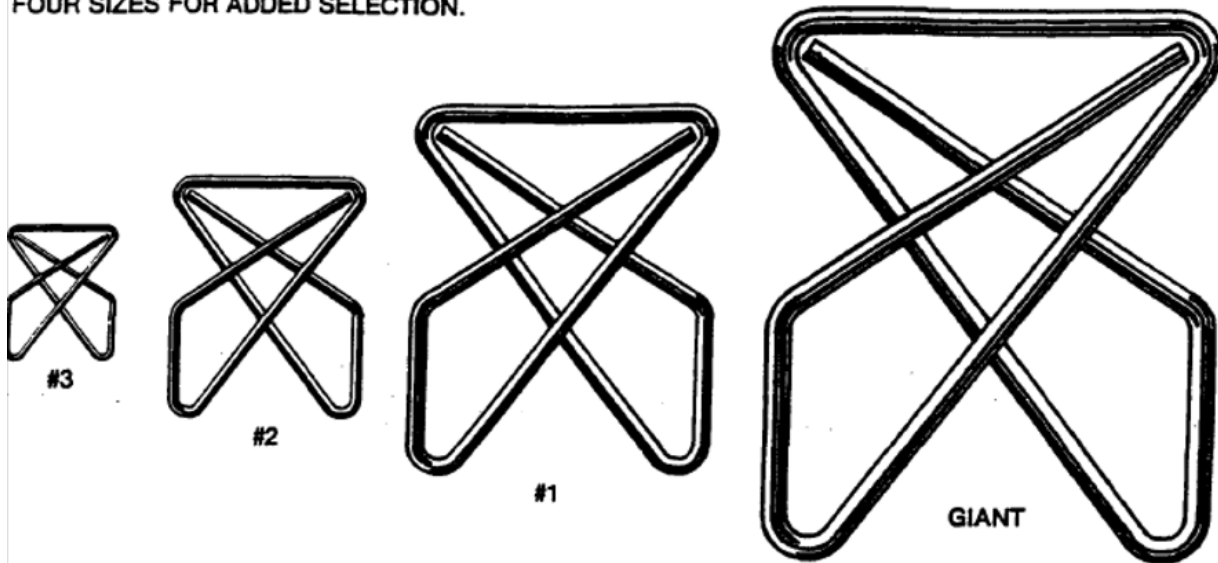
Figure I-2

Paper clips: Illustration of nonsubject paper clips

BINDER CLIPS—EXCELLENT FOR HOLDING LARGE NUMBERS OF SHEETS, REMOVEABLE HANDLES FOR PERMANENT BINDING. THESE CLIPS COME IN THREE STANDARD SIZES: SMALL, MEDIUM AND LARGE. OTHER SIZES UPON REQUEST.



IDEAL PAPER CLAMPS—HEAVY DUTY FOR BULKY PAPERS, LARGER WIRE DIAMETER THAN CLIPS—FOUR SIZES FOR ADDED SELECTION.



PETITE™ PAPER FASTENERS—PINCH TYPE FASTENER USED WITH FEW SHEETS, USUALLY FOR PERMANENT FASTENING, ONE TIME USE, SHARP PRONG PIERCES PAPERS, AVAILABLE IN THREE SIZES, #0 FOR 2-6 SHEETS, #1 FOR 2-12 SHEETS, #2 FOR 2-24 SHEETS.



Plastic Clip

Source: *Certain Paper Clips from the People's Republic of China*, Inv. No. 731-TA-663 (Final), USITC Publication 2829, November 1994, p. II-7.

Manufacturing processes²⁷

The production of paper clips begins when purchased wire is drawn down to a predetermined size on high-speed wire drawing machines and recoiled on large spools. The wire is drawn from the spools and bent in several places by wedges positioned in a rotary forming device. After bending the wire to form the paper clip, it is cut and packaged.

The equipment used to manufacture paper clips in the United States and China is dedicated to making No. 1 clips, No. 3 clips, or jumbo clips. Although producers in both countries are capable of adjusting their equipment to accommodate different wire sizes, wire-forming machines cannot be used interchangeably to produce different size clips without considerable retooling adjustments.

DOMESTIC LIKE PRODUCT ISSUES

In its original determination and in the expedited first, second, and third five-year reviews, the Commission defined the domestic like product as certain paper clips, coextensive with Commerce's scope and the domestic industry as all domestic producers of paper clips.²⁸

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.²⁹ Officemate and ACCO agreed with the Commission's definition in the original investigation and subsequent five-year reviews.³⁰ No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires.³¹

U.S. MARKET PARTICIPANTS

U.S. producers

At the time of the original investigation, four firms produced paper clips in the United States: ACCO, Noestring, Trico, and Work Services. During that time ACCO accounted for ***

²⁷ Unless otherwise noted, this information is based on *Paper Clips from China, Inv. No. 731-TA-663 (Third Review)*, USITC Publication 4242, July 2011, p. I-8.

²⁸ *Paper Clips from China, Inv. No. 731-TA-663 (Third Review)*, USITC Publication 4242, July 2011, p. I-8.

²⁹ *Paper Clips from China; Institution of a Five-Year Review*, 81 FR 35052, June 1, 2016.

³⁰ ACCO's response to the notice of institution, July 1, 2016, p. 10. Officemate's response to the notice of institution, July 1, 2016, p. 9.

³¹ ACCO's draft questionnaire comments, February 28, 2017 and Officemate's draft questionnaire comments, February 28, 2017.

percent of total U.S. production.³² During the first three five-year reviews, the following companies were believed to produce paper clips in the United States.³³

- First five-year review--ACCO, Gem Office Products (formerly, Noestring), and Officemate,³⁴
- Second five-year review--ACCO, Advantus, Officemate, Trico, and, Work Services,³⁵
- Third five-year review--ACCO, Advantus, and Officemate.

During the first three five-year reviews, ACCO described itself as the “predominant” U.S. producer of paper clips, by virtue of accounting for about *** percent of U.S. production.³⁶

In the current review, the Commission issued U.S. producers’ questionnaires to five firms, three of which provided the Commission with information on their paper clips operations.³⁷ These firms are believed to account for essentially all U.S. production of paper clips in 2016.³⁸ Presented in table I-3 is a list of current domestic producers of paper clips and each company’s position on continuation of the order, production location, and share of reported production of paper clips in 2016.

³² *Investigation No. 731-TA-663 (Final): Paper Clips from China—Staff Report*, INV-R-168, October 28, 1994, p. I-14.

³³ Work Services was not identified as a U.S. producer in each five-year review; however, according to Work Services’ website, they have produced over 16 billion paper clips for the Federal Government and retail stores since 1979. <http://www.workservicescorp.com/products/paperclips/>, retrieved May 9, 2017.

³⁴ No information on Trico or Work Services was available at the time. *Paper Clips from China*, Inv. No. 731-TA-663 (Review), USITC Publication 3330, July 2000, p. I-9.

³⁵ Officemate noted that Advantus sold paper clips under the GEM brand. GEM Office Products was formerly known as Labelon/Noesting. On December 31, 1993, Noesting formed a partnership with Labelon, a firm that primarily manufactured fax paper and transparencies. The joint venture reportedly was created to jointly manufacture and distribute the various products contributed to the partnership, which for Noesting, was paper clips, paper fasteners, pins, parcel handles, pin tickets, thumbtacks, pushpins, tag fasteners, and butcher supplies. *Certain Paper clips from the People’s Republic of China*, Inv. No. 731-TA-663 (second review), USITC Publication 3834, January 2006, p. I-11.

³⁶ *Investigation No. 731-TA-663 (Third Review): Paper Clips from China—Staff Report*, INV-JJ-061, June 8, 2011, p. I-11.

³⁷ Advantus ***. A representative for Trico confirmed that the company ***. See Investigator/industry analyst phone log.

³⁸ ACCO believes that it accounted for *** percent of U.S. production in 2015. *ACCO’s response to the notice of institution*, July 1, 2016, p. 7. Officemate reported that it had no basis for an estimate of its share of U.S. production. *Officemate’s response to the notice of institution*, July 1, 2016, p. 7.

Table I-3
Paper clips: U.S. producers, positions on order, U.S. production locations, and shares of 2016 reported U.S. production

Firm	Position on order	Production location	Share of production (percent)
ACCO	***	Pleasant Prairie, WI	***
Officemate	***	Edison, NJ	***
Work Services	***	Wichita Falls, TX	***
Total			100.0

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

ACCO is ***. None of the producers are related to a U.S. importer of paper clips; however, as discussed in detail in Part III, ***.

U.S. importers

In the original investigation, 14 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of paper clips, accounting for 69 percent of the value of U.S. imports of paper clips during 1993.³⁹ Of the responding U.S. importers, ACCO and Noesting were domestic producers.

In the current review, the Commission issued U.S. importers' questionnaires to 30 firms believed to be importers of paper clips, as well as to all U.S. producers of paper clips. Six importers provided usable questionnaire responses, representing *** percent of the value of U.S. imports from China in 2016.⁴⁰ Table I-4 lists all responding U.S. importers of paper clips, their headquarters, and their shares of value of U.S. imports in 2016.

³⁹ *Certain Paper clips from the People's Republic of China*, Inv. No. 731-TA-663 (Final), USITC Publication 2829, November 1994, p. II-6.

⁴⁰ As discussed in detail in part IV of this report, *** were used to account for non-responding importers, because several importers certified their imports under the relevant statistical reporting number were out-of-scope merchandise.

Table I-4**Paper clips: U.S. importers, source(s) of imports, U.S. headquarters, and shares of import value in 2016**

Firm	Headquarters	Share of import value by source (percent)		
		China	All other sources	All import sources
Allary	Union, NJ	***	***	***
CVS	Woonsocket, RI	***	***	***
Office Depot	Boca Raton, FL	***	***	***
Officemate	Edison, NJ	***	***	***
Staples	Framingham, MA	***	***	***
Target	Minneapolis, MN	***	***	***
Firms that submitted a questionnaire		***	***	***
All other firms ¹		***	***	***
Total		100.0	100.0	100.0

¹ These data are compiled from *** for all firms that have not provided a response to the U.S. importers' questionnaire.

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

U.S. purchasers

The Commission received seven usable questionnaire responses from firms that purchased paper clips during 2014-16.⁴¹ One responding purchaser is a distributor, four are retailers, and two are wholesalers. In general, responding purchasers were located in the Southeast and Midwest. The responding purchasers represented firms in a variety of domestic industries, including office supply houses. The largest purchasers of paper clips are retailers. Table I-5 presents data from responding U.S. purchasers.

Table I-5**Paper clips: U.S. purchasers, their headquarters, and shares of purchases by source, 2016**

* * * * *

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of paper clips are presented in table I-6 and figure I-3.

⁴¹ Of the seven responding purchasers, all purchased the domestic paper clips, four purchased imports of the subject merchandise from China, and three purchased imported paper clips from other sources.

Table I-6
Paper clips: Apparent consumption, 2014-16

* * * * *

Figure I-3
Paper clips: Apparent consumption, 2014-16

* * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table I-7.

Table I-7
Paper clips: U.S. consumption and market shares, 2014-16

* * * * *

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

U.S. MARKET CHARACTERISTICS

The domestic paper clip market is mostly supplied by *** U.S. producers. In 1994, the Commission reported that the industry was mature, with little product innovation. In the last three years, producers reported that research and development composed only *** percent of the cost of goods sold from 2014 to 2016. ***, the largest U.S. producer in 1994, remained the largest U.S. producer in 2016.¹

Apparent U.S. consumption of paper clips decreased during 2014-16. Overall, apparent U.S. consumption in 2016 was 2.5 percent lower than in 2014.

U.S. PURCHASERS

The Commission received questionnaires from seven purchasers of paper clips. *** purchasers are retailers, *** are wholesalers, and *** is a distributor. *** responding firms reported bundling paper clip purchases with other office and business supplies. Of the *** purchasers to provide their percentage of bundled purchases, ***. Additionally, Officemate stated that “pre-existing supply relationships and bundling practices continue and demonstrate that massive and immediate increases in subject imports are likely if the order is revoked.”² Most responding firms reported that purchases from all sources either increased or remained constant during 2014-16.

Three purchasers indicated that they do not compete with their supplier. Three did compete, with one stating that their supplier ***. Three purchasers also submitted importers’ questionnaires ***.

CHANNELS OF DISTRIBUTION

U.S. producers sold a small majority of paper clips to retailers while importers sold primarily to end users, as shown in table II-1.

Table II-1
Paper clips: U.S. producers’ and importers’ share of reported U.S. commercial shipments, by sources and channels of distribution, 2014-16

* * * * *

¹ *Certain Paper Clips from the People’s Republic of China, Inv. No. 731-TA-663 (Final)*, USITC Publication 2829, November 1994, p. II-31.

² Officemate’s response to Commission questions in lieu of hearing, p.5.

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling paper clips to all regions in the United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers did not report shipping paper clips more than 100 miles.

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

Region	U.S. producers	Importers
Northeast	3	3
Midwest	3	3
Southeast	3	3
Central Southwest	3	3
Mountain	3	3
Pacific Coast	3	3
Other ¹	2	3
All regions (except Other)	3	3
Reporting firms	3	3

¹ 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 paper clips have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced paper clips to the U.S. market. The main contributing factor of responsiveness of supply is the availability of unused capacity. Factors mitigating responsiveness of supply include inability to shift production from alternate inventories. *** reports that production could only increase by *** percent before becoming constrained by equipment and space, as the machines used to manufacture paper clips are built for only that purpose.

Industry capacity

Domestic capacity utilization fluctuated during 2014–2016, increasing from *** to *** from 2014 to 2015 and decreasing to *** percent in 2016. This relatively low level of capacity utilization suggests that U.S. producers may have the ability to increase production of paper clips in response to an increase in prices up to capacity. At capacity, firms would have to ***

Alternative markets

U.S. producers' exports, as a percentage of total shipments, were steady at *** percent. U.S. producers' export shipments declined from *** million to *** million units, indicating that U.S. producers may have limited ability to shift shipments between the U.S. market and other markets in response to price changes. While *** producers did not export, no producers reported any barriers to trade.

Inventory levels

U.S. producers' inventories were fluctuated during 2014-16, ***. Relative to total shipments, U.S. producers' inventory levels were *** percent in 2014, *** percent in 2015, and *** percent in 2016. These inventory levels suggest that U.S. producers may have limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

*** responding U.S. producers stated that they could switch production from paper clips to other products. *** commented that paper clips are manufactured using custom machines that only make paper clips.

Subject imports from China

No foreign producers responded to the Commission's questionnaires. The United States was the largest importer of paper clips from China in 2016, accounting for 23 percent of Chinese exports. The next largest importers were Japan (5.9 percent), Malaysia (5.6 percent), and India (5.3 percent). Because Chinese producers ship mostly to non-U.S. markets, they could have a high ability to respond to any changes in U.S. prices with changes in quantities shipped to the United States by shifting from alternate export markets. ACCO stated that "if the order is revoked, large purchasers of paper clips will replace purchases of U.S.-produced paper clips" with imports of paper clips from China.³ See Part IV for more details.

U.S. demand

Based on available information, the overall demand for paper clips is likely to experience moderate changes in response to changes in price. While U.S. purchasers report a number of substitutes (e.g., staples, binder clips), none report those substitutes affecting paper clips prices.

³ Officemate's response to Commission questions in lieu of hearing, p.4.

End uses and cost share

Paper clips are an end-use product designed to provide spring-like tension when used to hold pieces of paper together.

Business cycles

*** producers, *** importers, and *** purchasers indicated that the market was not subject to business cycles or distinct conditions of competition. ***
*** reported seeing fluctuations during ***.

Demand trends

Most firms reported a decrease in U.S. demand for paper clips since January 1, 2014 (table II-3). Firms expected demand to decrease over the next two years. The most common reason for this expectation was a shift to more digital data and less paper use.⁴

Table II-3
Paper clips: Firms' responses regarding U.S. demand

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	***	***	***	***
Importers	0	2	2	1
Purchasers	0	2	5	0
Anticipated future demand				
U.S. producers	***	***	***	***
Importers	0	2	2	1
Purchasers	0	2	5	0

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

Substitute products

Substitutes for paper clips include staples, binder clips, and vinyl-covered paper clips. Most U.S. producers, importers, and purchasers reported that there were no changes in substitutes and did not anticipate any future changes in substitutes.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported paper clips depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates,

⁴ In its response to commission questions in lieu of hearing, Officemate stated that it believes “the primary reason for the significant decline in U.S. demand for paper clips since the original determination is digitation of documents.” Officemate also stated “that demand is expected to continue to decline.” Officemate’s response to Commission questions in lieu of hearing, p.1.

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 paper clips and paper clips imported from China.

Lead times

Paper clips are primarily sold from inventory. U.S. producers reported that over *** percent of their commercial shipments were from inventory, with lead times averaging 9.7 days. ***, the only U.S. producer to report any produced-to-order sales, reported selling *** percent produced-to-order, with a *** average lead time. Among importers, only *** reported shipping produced-to-order paper clips. These represented *** percent of its sales, with a lead time of ***.

Knowledge of country sources

Six purchasers indicated they had marketing/pricing knowledge of domestic paper clips, five of paper clips from China, and two of paper clips from nonsubject countries.

As shown in table II-4, more than half of purchasers and their customers never make purchasing decisions based on the producer or country of origin. Of the two purchasers that always or usually make decisions based on country, *** reported that approximately *** percent of its paper clips purchases are from domestic sources because of ***.

**Table II-4
Paper clips: Purchasing decisions based on producer and country of origin**

Purchaser/Customer Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	1	1	2	3
Purchaser's customers make decision based on producer	0	0	2	5
Purchaser makes decision based on country	1	1	2	3
Purchaser's customers make decision based on country	0	0	3	4

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 paper clips were quality (seven firms), price (seven firms), and availability (five firms) as shown in table II-5. Quality and price were the most frequently cited first-and-second most important factors. Availability was the most frequently reported third-most important factor (five firms).

Table II-5
Paper clips: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Quality	4	3	0	7
Price	3	3	1	7
Availability	0	0	5	5
Other ¹	0	0	1	1

¹ *** listed "supply chain" as its third factor.

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

When asked if they purchased paper clips from one source although a comparable product was available at a lower price from another source, *** reported doing so based on product availability or lead time. *** reported that it considered quality in addition to price in all purchases.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-6). The factors rated as very important by all responding purchasers were availability, price, product consistency, quality meets industry standards, and reliability of supply.

Table II-6
Paper clips: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	7	0	0
Delivery terms	6	1	0
Delivery time	5	2	0
Discounts offered	4	2	1
Extension of credit	2	2	3
Minimum quantity requirements	3	2	2
Packaging	2	3	2
Price	7	0	0
Product consistency	7	0	0
Product range	3	4	0
Quality exceeds industry standards	2	5	0
Quality meets industry standards	7	0	0
Reliability of supply	7	0	0
Technical support/service	1	4	2
U.S. transportation costs	4	1	2

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

Note.--The cell with the highest number of responses is highlighted.

Supplier certification

Five of seven responding purchasers require their suppliers to become certified or qualified to sell paper clips to their firm. Purchasers reported that the time to qualify a new supplier ranged from 30 to 120 days. No purchasers reported that any supplier had failed in its attempt to qualify paper clips, or had lost its approved status since January 1, 2011.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2014 (table II-7); reasons reported for changes in sourcing included *** Three of seven responding purchasers reported that they had changed suppliers since January 1, 2011. Firms also reported changes because of *** None of the purchasers reported new suppliers.

Table II-7

Paper clips: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	0	1	3	3	0
China	1	0	3	2	1
All other countries	2	0	0	4	0

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

Importance of purchasing domestic product

Five of seven purchasers reported no preference for purchasing U.S.-produced paper clips. Three reported that domestic product was required by law (for 2 to 8 percent of their purchases), and one reported it was required by their customers (for 42 percent of its purchases). Reasons cited for preferring domestic product included customer preference, particularly among U.S.-government customers.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing paper clips 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-8) for which they were asked to rate the importance.

Most purchasers reported that paper clips produced in the United States and China were comparable on most factors. The two purchasers that compared paper clips from China and nonsubject countries reported that paper clips were comparable across all factors. *** responding purchasers found U.S. paper clips superior in delivery time.

Table II-8**Paper clips: Purchasers' comparisons between U.S.-produced and imported product**

Factor	U.S. vs. China			U.S. vs. other nonsubject			China vs. other nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	0	5	0	0	2	0	0	2	0
Delivery terms	2	3	0	1	1	0	0	2	0
Delivery time	3	1	1	1	1	0	0	2	0
Discounts offered	0	3	1	1	1	0	0	2	0
Extension of credit	1	3	1	1	1	0	0	2	0
Minimum quantity requirements	2	2	1	1	1	0	0	2	0
Packaging	0	4	1	0	2	0	0	2	0
Price ¹	0	3	1	0	1	0	0	2	0
Product consistency	0	5	0	0	2	0	0	2	0
Product range	0	5	0	0	2	0	0	2	0
Quality exceeds industry standards	0	4	1	0	2	0	0	2	0
Quality meets industry standards	0	5	0	0	2	0	0	2	0
Reliability of supply	0	5	0	0	2	0	0	2	0
Technical support/service	0	4	1	1	1	0	0	2	0
U.S. transportation costs ¹	1	2	1	0	1	0	0	2	0

¹ 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 listed country's product is inferior. "Other nonsubject" means any country other than the United States or China.

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

Comparison of U.S.-produced and imported paper clips

In order to determine whether U.S.-produced paper clips can generally be used in the same applications as imports from China and other countries, 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-9, the majority of producers, importers and purchasers described paper clips as "always" or "frequently" interchangeable.

Table II-9**Paper clips: Interchangeability between paper clips 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
U.S. vs. subject countries:												
U.S. vs. China	***	***	***	***	3	2	0	0	6	1	0	0
U.S. vs. nonsubject	***	***	***	***	2	1	1	0	4	0	0	0
China vs. nonsubject	***	***	***	***	2	1	1	0	4	0	0	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-10, six of seven responding purchasers reported that domestically produced paper clips always met minimum quality specifications. Four of five reported the same for China.

Table II-10
Paper clips: Ability to meet minimum quality specifications, by source¹

Source	Always	Usually	Sometimes	Rarely or never
United States	6	1	0	0
China	4	1	0	0
Other	1	0	0	0

¹ Purchasers were asked how often domestically produced or imported paper clips 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 paper clips from the United States, China, or nonsubject countries. As seen in table II-11, all responding producers reported that non-price factors were never significant. *** responded that because it does not import paper clips, it is unaware of any product difference. Almost all responding purchasers reported that these were always significant. *** stated that quality is always important. Responding importers were generally split between non-price factors being always or sometimes significant.

Table II-11
Paper clips: Significance of differences other than price between paper clips 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	
U.S. vs. subject countries:													
U.S. vs. China	***	***	***	***	2	0	2	0	6	0	1	0	
U.S. vs. nonsubject	***	***	***	***	2	0	2	0	4	0	0	0	
China vs. nonsubject	***	***	***	***	2	0	1	0	3	0	0	0	

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 as an attachment to their prehearing or posthearing brief. None did so.

U.S. supply elasticity

The domestic supply elasticity⁵ for paper clips measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of paper clips. 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 paper clips. Analysis of these factors above indicates that the U.S. industry is likely to be able to substantially 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 paper clips measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of paper clips. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products, as well as the component share of the paper clips in the production of any downstream products. Based on the available information, the aggregate demand for paper clips is likely to be moderately inelastic; a range of -0.5 to -1.0 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.⁶ 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 paper clips and imported paper clips is likely to be in the range of 4 to 7.

⁵ A supply function is not defined in the case of a non-competitive market.

⁶ 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. Three firms, which accounted for essentially all U.S. production of paper clips during 2016, supplied information on their operations in this review.¹

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 paper clips since 2011. Their responses and other relevant publicly available information follow.

- Officemate reported that it experienced ***.
- ACCO reported that it ***.
- Work Services reported that a ***. According to its website, Work Services opened a new 75,000 square foot production and office facility in Wichita Falls, Texas.²
- Trico decided to ***.³ It is attempting to sell its Boston office equipment, hole punch, shredder, stapler and paper clip production equipment, currently mothballed in its Hartsville, South Carolina warehouse.⁴

¹ ACCO reported that it accounted for *** percent of total U.S. production. *ACCO's Response to the Notice of Institution*, July 1, 2016, p. 7. Officemate was unable to provide an estimate of its share of total U.S. production and Work Services did not respond to the notice of institution.

Advantus ***. A representative for Trico confirmed that the company ***. See Investigator/industry analyst phone log, March 23, 2017.

² Work Services website, <http://www.workservicescorp.com/wsc-dedicates-new-building-has-successful-open-house/>, retrieved May 8, 2017.

³ Investigator phone log, March 23, 2017

⁴ Trico's website, <http://trico-mfg.com/index.html>, accessed May 8, 2017.

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of paper clips. ACCO and Officemate did not report any anticipated changes in operations. In reference to its new production and office facility, Work Services reported that “***.”

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-1 and figure III-1 present U.S. producers’ production, capacity, and capacity utilization. ACCO and Officemate indicated that their machines were ***. Work Services reported ***. The domestic industry’s capacity was essentially unchanged from 2014 to 2016 and capacity utilization did not exceed *** percent in any year.

Table III-1
Paper clips: U.S. producers’ production, capacity, and capacity utilization, 2014-16

* * * * *

Figure III-1
Paper clips: U.S. producers’ production, capacity, and capacity utilization, 2014-16

* * * * *

Constraints on capacity

All three responding U.S. producers reported constraints in the manufacturing process in response to the U.S. producers’ questionnaire. Both ACCO and Officemate reported that *** production capacity. Work Services reported that *** its capacity.

U.S. PRODUCERS’ U.S. SHIPMENTS AND EXPORTS

Table III-2 presents U.S. producers’ U.S. shipments, export shipments, and total shipments. ACCO is the ***.⁵

⁵ ***. ACCO’s response to Commission questions in lieu of hearing, p. 2.

Table III-2
Paper clips: U.S. producers' U.S. shipments, export shipments, and total shipments, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (millions of paper clips)		
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	***	***	***
	Value (1,000 dollars)		
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	***	***	***
	Unit value (dollars per 1,000 paper clips)		
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	***	***	***
	Share of quantity (percent)		
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0
	Share of value (percent)		
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0

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

Table III-3 presents U.S. producers' U.S. shipments, by type of paper clip. ACCO and Officemate reported ***. No U.S. producers reported production of "other" paper clips.⁶

Table III-3
Paper clips: U.S. producers' U.S. shipments, by type, 2016

Item	Calendar year 2016				
	Quantity (millions of paper clips)	Value (1,000 dollars)	Unit value (dollars per 1,000 paper clips)	Share of quantity (percent)	Share of value (percent)
U.S. producers.-- No. 1	***	***	***	***	***
No. 3	***	***	***	***	***
Jumbo	***	***	***	***	***
Other	***	***	***	***	***
U.S. shipments	***	***	***	100.0	100.0

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

U.S. PRODUCERS' INVENTORIES

Table III-4 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. ***,⁷ which is reflected in the fact that industry ratios of inventories are relatively high in that year. The only comparable inventory data collected was during the original investigation, in which the ratio of inventories to total shipments was *** percent in 1991, *** percent in 1992, and *** percent in 1993.⁸ Officemate was not aware of a change in inventory management to account for the difference but ACCO reported that it "...devoted efforts to minimize inventory as it focuses on improvements to working capital."⁹

Table III-4
Paper clips: U.S. producers' inventories, 2014-16

* * * * *

⁶ ***. ACCO's response to Commission questions in lieu of hearing, p. 2. Officemate ***. Officemate's response to Commission questions in lieu of hearing, p. 2.

⁷ Officemate reported that it ***. Officemate's response to Commission questions in lieu of hearing, p. 1.

⁸ *Investigation No. 731-TA-663 (Final): Paper Clips from China—Staff Report*, INV-R-168, October 28, 1994, p. I-32.

⁹ ACCO's response to Commission questions in lieu of hearing, p. 1.

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-5 presents data on individual U.S. producers' U.S. production, imports, and import ratios to U.S. production of paper clips.

Table III-5
Paper clips: U.S. producers' production, imports, and import ratios to U.S. production, 2014-16

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-6 presents U.S. producers' employment-related data. Every U.S. producer reported *** PRWs in 2016 than in 2014. Work Services reported that ***.¹⁰

Table III-6
Paper clips: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2014-16

* * * * *

¹⁰ Work Services' U.S. producers' questionnaire response, II-9.

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

The financial data of three U.S. producers, ACCO, Officemate, and Work Services, accounting for essentially all U.S. production of paper clips during the period examined, are presented in this section.¹¹ Officemate has a fiscal year end of July 31 and ACCO and Work Services have fiscal year ends of December 31. All U.S. producers reported their financial results on the basis of Generally Accepted Accounting Principles (“GAAP”). While paper clips revenue primarily represents commercial sales, ***. These non-commercial transactions accounted for approximately *** of total net sales, and are therefore not presented separately in this section.

Operations on paper clips

Table III-7 presents aggregated data on U.S. producers’ operations in relation to paper clips. Table III-8 shows the changes in average unit values (“AUVs”) of select financial indicators. Table III-9 presents selected company-specific financial data.

¹¹ ***.

Table III-7
Paper clips: Results of operations of U.S. producers, 2014-16

Item	Fiscal year		
	2014	2015	2016
	Quantity (millions of paper clips)		
Total net sales	***	***	***
	Value (1,000 dollars)		
Total net sales	***	***	***
Cost of goods sold.--			
Raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	***	***	***
Gross profit	***	***	***
SG&A expense	***	***	***
Operating income or (loss)	***	***	***
Net income or (loss)	***	***	***
Depreciation/amortization	***	***	***
Cash flow	***	***	***
	Unit value (dollars per 1,000 paper clips)		
Total net sales	***	***	***
Cost of goods sold.--			
Raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Average COGS	***	***	***
Gross profit	***	***	***
SG&A expense	***	***	***
Operating income or (loss)	***	***	***
Net income or (loss)	***	***	***

Table continued on next page.

Table III-7—Continued
Paper clips: Results of operations of U.S. producers, 2014-16

Item	Fiscal year		
	2014	2015	2016
	Ratio to COGS (percent)		
Cost of goods sold.-- Raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	***	***	***
	Ratio to net sales (percent)		
Cost of goods sold.-- Raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	***	***	***
Gross profit	***	***	***
SG&A expense	***	***	***
Operating income or (loss)	***	***	***
Net income or (loss)	***	***	***
	Number of firms reporting		
Operating losses	1	1	1
Net losses	1	1	1
Data	3	3	3

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

Table III-8
Paper clips: Changes in average unit values, between fiscal years

* * * * *

Table III-9
Paper clips: Results of operations of U.S. producers, by firm, 2014-16

* * * * *

Net sales quantity and value

As shown in table III-7, aggregate net sales, by quantity and value, decreased from 2014 to 2016. The net sales unit value (per-1,000 paper clips) decreased from \$*** in 2014 to \$*** in 2016. As mentioned previously, the paper clips revenue is primarily commercial sales with a small amount of transfers to related firms reported by ***.

Cost of goods sold and gross profit or (loss)

Raw material costs represent the largest component of overall COGS. The total cost of raw materials as a share of COGS ranged from *** percent in 2016 to *** percent in 2014. On a unit basis (per-1,000 paper clips), raw material costs decreased from \$*** in 2014 to \$*** in 2016.

Other factory costs was the second largest component of COGS and decreased as a share of COGS from *** percent in 2014 to *** percent in 2016. On a unit basis (per-1,000 paper clips), other factory costs decreased from \$*** in 2014 to \$*** in 2016.

As a share of COGS, the smallest component, direct labor, increased from *** percent in 2014 to *** percent in 2016. On a unit basis (per-1,000 paper clips), direct labor increased from \$*** in 2014 to \$*** in 2016.¹²

The aggregate gross profit of the industry decreased from \$*** in 2014 to \$*** in 2016. The decrease in gross profit can be attributable to a combination of the unit values of net sales decreasing at a faster rate than the COGS unit values and a decrease in the volume of net sales during the period.

SG&A expenses and operating income or (loss)

As shown in table III-7, the industry's SG&A expense ratio (i.e., total SG&A expenses divided by total revenue) moved within a relatively narrow range during the period examined, from *** percent (in 2015) to *** percent (in 2016). Due to the relatively stable SG&A expenses, the industry's operating income followed the same pattern as gross profit, decreasing from \$*** in 2014 to \$*** in 2016.¹³

Variance analysis

A variance analysis for the operations of U.S. producers of paper clips is presented in table III-10.¹⁴ The information for this variance analysis is derived from table III-7. The analysis illustrates that from 2014 to 2016, the decrease in operating income is primarily attributable to

¹² ***.

¹³ No company reported any ***.

¹⁴ 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.

a higher unfavorable price variance despite a favorable cost/expense variance (i.e., prices decreased more than costs and expenses).

Table III-10

Paper clips: Variance analysis on the operations of U.S. producers, 2014-16

* * * * *

Capital expenditures and research and development expenses

Table III-11 presents capital expenditures and research and development (“R&D”) expenses by firm. Capital expenditures increased from \$*** in 2014 to \$*** in 2016.¹⁵ ***.”¹⁶

Table III-11

Paper clips: Capital expenditures and research and development expenses of U.S. producers, 2014-16

* * * * *

Assets and return on assets

Table III-12 presents data on the U.S. producers’ total assets and their return on assets (“ROA”). Total net assets for the industry increased from \$*** in 2014 to \$*** in 2016.

Table III-12

Paper clips: U.S. producers’ total assets and return on assets, 2014-16

* * * * *

¹⁵ The companies described the nature and focus of their capital expenditures as “***. U.S. producers’ questionnaire responses, section III-13.

¹⁶ *** U.S. producer questionnaire response, section III-13.

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

U.S. IMPORTS

Overview

The Commission issued questionnaires to 30 firms believed to have imported paper clips between 2014 and 2016. Six firms provided data and information in response to the questionnaires, while eight firms reported that they did not import paper clips after January 1, 2011.¹ The six responding U.S. importers' questionnaire data accounted for *** percent of the value of all U.S. imports of paper clips and *** percent of the value of subject imports of paper clips in 2016 (table I-4).

Import data in this report are based on questionnaire responses supplemented with *** to account for imports from companies that did not provide a questionnaire response.² Based on comparison of *** to questionnaire responses (both "yes" and "no"), staff determined that some of the products that entered under official import statistics were out-of-scope of this review. For example, U.S. importer *** reported that it *** paper clips under HTS 8305.90.3010.³ Also, U.S. *** reported that it *** under HTS 8305.90.3010 during the period of review.⁴ Finally, a number of firms deemed to be paper clip importers, based on ***, provided certification that they had not imported in-scope paper clips since 2011.

Imports from subject and nonsubject countries

Table IV-1 and figure IV-1 present information on U.S. imports of paper clips from China and all other sources. The ratio of U.S. imports from China to U.S. production was *** percentage points higher in 2016 than 2014. U.S. producers did not report any disruptions to their production operations during 2016, but as mentioned in part III, a representative for *** reported that the company ***.

¹ The following firms indicated that they had not imported paper clips since 2011: ***.

² *** account for imports entering under HTSUS No. 8305.90.3010 (paper clips, wholly of wire). According to official import statistics for HTSUS No. 8305.90.3010, the U.S. imported 556 million paper clips from China and 294 million paper clips from all other sources in 2016.

³ Email from ***. According to *** for HTS 8305.90.3010, *** imported \$*** of paper clips in 2016, compared to the \$*** of in-scope paper clips that it reported in its questionnaire response in 2016.

⁴ Email from ***. According to *** for HTS 8305.90.3010, *** imported \$*** of paper clips from China and \$*** of paper clips from Taiwan in 2016.

Table IV-1
Paper clips: U.S. imports by source, 2014-16

Item	Calendar year		
	2014	2015	2016
	Quantity (millions of paper clips)		
U.S. imports from.-- China	***	***	***
All other sources	***	***	***
All import sources	***	***	***
	Value (1,000 dollars)		
U.S. imports from.-- China	***	***	***
All other sources	***	***	***
All import sources	***	***	***
	Unit value (dollars per 1,000 paper clips)		
U.S. imports from.-- China	***	***	***
All other sources	***	***	***
All import sources	***	***	***
	Share of quantity (percent)		
U.S. imports from.-- China	***	***	***
All other sources	***	***	***
All import sources	100.0	100.0	100.0
	Share of value (percent)		
U.S. imports from.-- China	***	***	***
All other sources	***	***	***
All import sources	100.0	100.0	100.0
	Ratio to U.S. production (percent)		
U.S. imports from.-- China	***	***	***
All other sources	***	***	***
All import sources	***	***	***

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

Figure IV-1
Paper clips: U.S. imports by source, 2014-16

* * * * *

Table IV-2 presents information on U.S. importers' U.S. shipments of paper clips by type. Unlike U.S. producers, who reported *** shipments of "other" paper clips, importers' shipments of "other" types of paper clips accounted for essentially all imports from China. Other paper clips within the scope of this review include: Universal, Nifty, Peerless, Glide-on, and Ring.⁵ Some of the reported subject imports of "other" paper clips presented in this table have a ***, which may explain the relatively high unit value.⁶

Table IV-2
Paper clips: U.S. importers' U.S. shipments, by type, 2016

Item	Calendar year 2016				
	Quantity (millions of paper clips)	Value (1,000 dollars)	Unit value (dollars per 1,000 paper clips)	Share of quantity (percent)	Share of value (percent)
U.S. importers: China.--					
No. 1	***	***	***	***	***
No. 3	***	***	***	***	***
Jumbo	***	***	***	***	***
Other	***	***	***	***	***
U.S. shipments	***	***	***	100.0	100.0
U.S. importers: All other sources.--					
No. 1	***	***	***	***	***
No. 3	***	***	***	***	***
Jumbo	***	***	***	***	***
Other	***	***	***	***	***
U.S. shipments	***	***	***	100.0	100.0
U.S. importers: All import sources.--					
No. 1	***	***	***	***	***
No. 3	***	***	***	***	***
Jumbo	***	***	***	***	***
Other	***	***	***	***	***
U.S. shipments	***	***	***	100.0	100.0

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

⁵ See figure I-1 of this report.

⁶ *** retrieved May 23, 2017.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2016

The Commission requested importers to indicate whether they had imported or arranged for the importation of paper clips from China for delivery after December 31, 2016. These data are presented in table IV-3.

Table IV-3
Paper clips: U.S. importers' arranged imports, since December 31, 2016

* * * * *

U.S. IMPORTERS' INVENTORIES

Table IV-4 presents data for inventories of U.S. imports of paper clips from China and all other sources held in the United States. *** of paper clips from China while *** held inventories from nonsubject countries.

Table IV-4
Paper clips: U.S. importers' end-of-period inventories of imports, by source, 2014-16

* * * * *

THE INDUSTRY IN CHINA

Overview

Petitioners alleged during the original investigation that there were at least two factories producing subject paper clips in China, one separate firm exporting paper clips, and four additional firms that both produced and exported the subject products. During its final investigation, Commerce verified the responses of three manufacturers (Jiaxing Stationery Pins Factory, Shanghai Stationery Pins Factory Fengbin, and Wuyi Cultural and Educational Commodities General Factory), as well as those of three exporters (Shanghai Lansheng Corp., Zhejiang Light Industrial Products Import and Export Corp., and Zhejiang Machinery and Equipment Import and Export Corp.). Another exporter (Abel Industries) indicated that it would not participate in Commerce's investigation. No information on the Chinese paper clips industry was provided to the Commission during the original investigation either by these firms or by any of the organizations contacted by the Commission staff.

In its response to the Commission's notice of institution of this review, ACCO listed 12 firms that it believes have either produced paper clips in the past or are current producers of

paper clips in China.⁷ Officemate stated that it does not have any information on Chinese producers of paper clips.⁸ *** identified *** as the Chinese producers of the paper clips that it imported during 2014-16. No Chinese producers participated in the first, second, or third review, nor did they participate in this fourth review.⁹ ACCO reported that while it has no direct knowledge of Chinese producers' capacity, production, capacity utilization, or inventories, it was generally aware that the capacity to produce paper clips at the level prior to the antidumping order continues to exist in China, based on its large share of global exports of paper clips and other office products.¹⁰ ACCO also cited the availability of paper clip making machines on the website Alibaba for as little as \$5,000 as evidence of a low barrier to entry into the market in China.¹¹ Officemate also reported that it has no direct knowledge of Chinese producers' capacity, production, capacity utilization, or inventories, but stated that production of paper clips requires little technology and capital, and expanded production requires only additional inexpensive equipment, easily available raw material and additional labor. Because of that, Officemate believes that production in China could easily increase if exports to the United States were no longer subject to the antidumping duty order.¹²

Exports

According to data compiled using the Global Trade Atlas, the leading export markets for paper clips, letter clips, letter corners, indexing tags ("paper clips and other office products") from China are the United States, Japan, and Malaysia (table IV-5). During 2016, the United States was the leading export market for paper clips and other office products from China, accounting for 22.5 percent of exports by value, followed by Japan (5.9 percent), Malaysia (5.6 percent), and India (5.3 percent).

⁷ The 12 producers include the following: Abel Industries HK LTD; Chungkju Resources Ltd.; Ningbo Caihong Rubber & Plastic Co., Ltd.; Ningbo Haisu Wenhua Stationery Factory; Ningbo Tiger Hardware & Daily-Use Manufacture Co. Ltd.; Ningbo Zhenhai Yonsheng Head Ornaments Co., Ltd.; Ninghai ZhenDa Metal Products Co., Ltd.; Rosary Stationery Co., Ltd.; Shaoxing Yuanfa Stationery And Sports Materials Co., Ltd.; Shenzhen Special Economic Zone; Sincere Stationery & Gift Co., Ltd.; Teco (Ningbo) Co. Ltd.; and Tat Wing International Industrial Co., Ltd. (HK). *ACCO's Response to the Notice of Institution*, p. 7.

⁸ *Officemate's Response to the Notice of Institution*, p. 6-7.

⁹ ACCO and Officemate argue that the Commission should apply adverse inferences based on lack of participation by the industry in China. Officemate's prehearing brief, p. 6 and ACCO's prehearing brief, p. 9.

¹⁰ *ACCO's response to the Notice of Institution*, p. 4; ACCO's prehearing brief, p. 9.

¹¹ ACCO's prehearing brief, p. 9.

¹² *Officemate's Response to the Notice of Institution*, p. 4.

Table IV-5
Paper clips and other office products: Exports from China by destination market, 2014-16

Destination market	Calendar year		
	2014	2015	2016
	Value (1,000 dollars)		
China's exports to the United States	40,879	61,397	41,360
China's exports to other major destination markets.--			
Japan	10,806	10,088	10,767
Malaysia	11,010	13,634	10,325
India	7,904	9,495	9,647
Vietnam	60,095	6,192	8,472
Germany	4,367	5,242	7,403
Indonesia	4,721	8,608	7,239
Singapore	6,071	7,846	6,623
Thailand	5,775	8,234	6,526
Mexico	3,722	5,452	5,259
Korea	3,451	4,936	5,059
All other destination markets	91,151	102,394	75,055
Total China exports	242,780	233,131	183,417
	Share of value (percent)		
China's exports to the United States	16.8	26.3	22.5
China's exports to other major destination markets.--			
Japan	4.5	4.3	5.9
Malaysia	4.5	5.8	5.6
India	3.3	4.1	5.3
Vietnam	24.8	2.7	4.6
Germany	1.8	2.2	4.0
Indonesia	1.9	3.7	3.9
Singapore	2.5	3.4	3.6
Thailand	2.4	3.5	3.6
Mexico	1.5	2.3	2.9
Korea	1.4	2.1	2.8
All other destination markets	37.5	43.9	40.9
Total China exports	100.0	100.0	100.0

Note. - Imports under HS subheading 8305.90 include other office products outside the scope of this review (i.e., letter clips, letter corners, indexing tags, and out-of-scope paper clips).

Source: Official Chinese export statistics under HS subheading 8305.90 as reported by China Customs in the IHS/GTA database, accessed April 17, 2017.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are currently no known trade remedy actions on paper clips in third-country markets.

GLOBAL MARKET

Table IV-6 presents information on exports of paper clips and other office products by value for HS 8305.90 during 2014-16 as reported by the Global Trade Atlas. In each year, China was the leading export source and in 2016 it accounted for 68.8 percent of global exports of paper clips and other office products. The second and third leading export sources, Singapore and the United States, respectively, accounted for only 6.0 percent and 3.8 percent of global exports in 2016. Global exports decreased by 24.6 percent from 2014 to 2016, while over the same period, exports from China decreased by 24.5 percent.

Table IV-6
Paper clips and other office products: Global exports by exporter, 2014-16

Exporter	Calendar year		
	2014	2015	2016
	Value (1,000 dollars)		
United States	10,235	8,460	10,067
Subject exporter.-- China	242,780	233,131	183,417
All other major reporting exporters.-- Singapore	16,962	16,436	15,731
Hong Kong	13,176	10,606	7,999
Slovenia	6,939	5,754	6,326
Netherlands	8,037	5,257	3,919
Taiwan	4,951	5,243	5,018
Germany	4,661	4,270	4,411
Poland	2,652	2,890	2,353
United Kingdom	2,656	2,780	2,664
South Korea	2,400	2,347	2,188
France	1,720	1,720	1,986
Italy	2,180	1,520	1,426
Belgium	1,589	1,434	1,340
All other exporters	25,687	12,813	17,718
Total global exports	346,625	314,661	266,564
	Share of value (percent)		
United States	3.0	2.7	3.8
Subject exporter.-- China	70.0	74.1	68.8
All other major reporting exporters.-- Singapore	4.9	5.2	5.9
Hong Kong	3.8	3.4	3.0
Slovenia	2.0	1.8	2.4
Netherlands	2.3	1.7	1.5
Taiwan	1.4	1.7	1.9
Germany	1.3	1.4	1.7
Poland	0.8	0.9	0.9
United Kingdom	0.8	0.9	1.0
South Korea	0.7	0.7	0.8
France	0.5	0.5	0.7
Italy	0.6	0.5	0.5
Belgium	0.5	0.5	0.5
All other exporters	7.4	4.1	6.6
Total global exports	100.0	100.0	100.0

Note. -- Quantity is reported in different units, so only value is shown here.

Note. - Imports under HS subheading 8305.90 include other office products outside the scope of this review (i.e., letter clips, letter corners, indexing tags, and out-of-scope paper clips).

Source: Official export statistics under HS subheading 8305.90 as reported by various Customs agencies in the IHS/GTA database, accessed April 17, 2017.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The primary raw material input used in the production of paper clips is low-carbon steel wire.¹ Steel wire is made from steel wire rod. Raw material accounted for roughly *** percent of the total cost of goods sold for U.S. producers in 2016.

The price for low-carbon steel wire rod decreased from mid-2014 to early 2016, and has fluctuated since then (figure V-1). Additionally, Officemate stated that ***²

Figure V-1
Producer price for steel wire rod

* * * * *

Transportation costs to the U.S. market

Transportation costs for paper clips shipped from China to the United States averaged 4 percent. These estimates were derived from official import data and represent the transportation and other charges on imports.³

U.S. inland transportation costs

*** responding U.S. producers and *** responding importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from *** percent, while *** reported costs of less than *** percent.

PRICING PRACTICES

Pricing methods

Of the three producers that responded, two reported using contracts and one reported using set price lists for their sales of paper clips. As presented in table V-1, U.S. producers and

¹ *Certain Paper Clips from the People's Republic of China, Inv. No. 731-TA-663 (Final)*, USITC Publication 2829, November 1994, pp. II-31.

² Officemate's response to Commission questions in lieu of hearing, p.6.

³ The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2016 and then dividing by the customs value based on the HTS subheading 8305.90.3010.

importers sell through diverse methods. Importers reported setting price by all three methods, while retailers *** reported pricing by observing industry trends. Officemate noted that bundling purchases of paper clips with purchases of other products was a common practice, but stated that pricing was independent of the decision to bundle purchases.

Table V-1
Paper clips: U.S. producers' and importers' reported price setting methods, by number of responding firms¹

Method	U.S. producers	Importers
Transaction-by-transaction	***	2
Contract	***	1
Set price list	***	1
Other	***	2
Responding firms	3	5

¹ 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, U.S. producers and importers reported their 2016 U.S. commercial shipments of paper clips by type of sale. U.S. producers reported selling about half of their paper clips through annual contracts and spot sales.

Table V-2
Paper clips: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2016

Type of sale	U.S. producers	Importers
Long-term contracts	***	***
Annual contracts	***	***
Short-term contracts	***	***
Spot sales	***	***
Total	100	100

Note.--Because of a lack of sale share data, importers percentages reflect only the proportion of importers to report a type of sale. Because of rounding, figures may not add to the totals shown.

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

Five purchasers reported that they purchase paper clips weekly, one purchases bi-weekly, and one purchases monthly. All of the responding purchasers reported that they did not expect their purchasing patterns to change in the next two years. Purchasers contact one to four suppliers before making a purchase.

Sales terms and discounts

*** U.S. producers primarily quote prices on a delivered basis, and *** primarily quotes on an f.o.b. basis (***). The *** responding importers reported quoting prices on an f.o.b. basis. Both producers and importers reported offering discounts based on quantity, annual

volume, and advertising campaigns. Responding producers and importers indicated that sales terms vary by customer.

Price leadership

Most firms either did not respond, or were unaware of any price leadership in the market. ***, however, reported a price leader, ***.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following paper clips shipped to unrelated U.S. customers during 2014-16.

Product 1.-- No. 1 gem style paper clips with smooth finish, packaged in boxes/plastic bags.

Product 2.-- Jumbo/giant gem style paper clips with smooth finish, packaged in boxes/plastic bags.

Product 3.-- No. 3 gem style paper clips with smooth finish, packaged in boxes/plastic bags.

*** U.S. producers provided usable pricing data for sales of the requested products, though the vast majority of sales were reported by ***.⁴ Pricing data reported by these firms accounted for nearly *** percent of U.S. producers' shipments of product in 2016. Importers provided little usable pricing data.⁵

Price data for products 1-3 are presented in tables V-3 to V-5 and figures V-2 to V-4.

Table V-3

Paper clips: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹, by quarters, January 2014-December 2016

* * * * *

⁴ 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.

⁵ ***

Table V-4
Paper clips: Weighted-average prices and quantities of domestic and imported product 2¹, by quarters, January 2014-December 2016

* * * * *

Table V-5
Paper clips: Weighted-average prices and quantities of domestic and imported product 3¹, by quarters, January 2014-December 2016

* * * * *

Figure V-2
Paper Clips: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2014-December 2016

* * * * *

Figure V-3
Paper Clips: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2014-December 2016

* * * * *

Figure V-4
Paper Clips: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2014-December 2016

* * * * *

Price trends

Prices fluctuated during 2014-16. Table V-6 summarizes the price trends. The price for products 1 and 3 ***, while the price for product two ***.

Table V-6
Paper clips: Summary of weighted-average f.o.b. prices for products 1-3 from the United States

Item	Number of quarters	Low price (per unit)	High price (per unit)	Change in price ¹ (percent)
Product 1				
United States	12	***	***	***
Product 2				
United States	12	***	***	***
Product 3				
United States	12	***	***	***

¹ Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

Purchasers' perceptions of relative price trends

Purchasers were asked how the prices of paper clips from the United States had changed relative to the prices of product from China since 2011. All purchasers reported no change in the price of U.S. paper clips relative to those imported from China.

APPENDIX A

FEDERAL REGISTER NOTICES

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

Citation	Title	Link
81 FR 35052 June 1, 2016	<i>Paper Clips from China: Institution of a Five-Year Review</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-06-01/pdf/2016-12434.pdf
81 FR 34974 June 1, 2016	<i>Paper Clips from the People’s Republic of China: Initiation of Five-Year (“Sunset”) Review</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-06-01/pdf/2016-12905.pdf
81 FR 69512 October 6, 2016	<i>Certain Paper Clips From the People’s Republic of China: Final Results of Expedited Fourth Sunset Review of Antidumping Duty Order</i>	https://www.gpo.gov/fdsys/pkg/FR-2016-10-06/pdf/2016-24245.pdf
82 FR 13132 March 9, 2017	<i>Paper Clips From China: Notice of Commission Determination To Conduct a Full Five-Year Review and Scheduling of a Full Five-Year Review</i>	https://www.gpo.gov/fdsys/pkg/FR-2017-03-09/pdf/2017-04596.pdf
82 FR 27285 June 14, 2017	<i>Paper Clips From China: Cancellation of Hearing for Full Five-Year Review</i>	https://www.gpo.gov/fdsys/pkg/FR-2017-06-14/pdf/2017-12314.pdf
<p>Note.—The press release announcing the Commission’s determinations concerning adequacy and the conduct of a full or expedited review can be found at https://usitc.gov/press_room/news_release/2016/er0906ll650.htm. A summary of the Commission’s votes concerning adequacy and the conduct of a full or expedited review can be found at https://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11873. The Commission’s explanation of its determinations can be found at http://iapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11874.</p>		

APPENDIX B

**REQUEST FOR CANCELLATION OF HEARING AND
NOTICE OF CANCELLATION OF HEARING**

June 7, 2017

DELIVERY VIA EDIS

PUBLIC DOCUMENT

The Honorable Lisa R. Barton
Secretary
U.S. International Trade Commission
Room 112A
500 E Street, S.W.
Washington, DC 20436

USITC Inv. No. 731-TA-663 (Fourth Review)

Re: Paper Clips from China: Request for Briefs In Lieu of Hearing

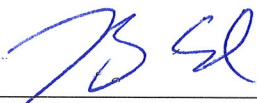
Dear Secretary Barton:

On behalf of Officemate International Corp. (“Officemate”) and ACCO Brands USA LLC (“ACCO”), we hereby request that the Commission cancel the public hearing scheduled for June 22, 2017 in the above-referenced review and instead accept briefs (including statements of fact) from interested parties. We request briefs in lieu of a hearing for the following reasons: (1) all foreign producer/exporter respondents declined to participate in this review; (2) no interested parties other than Officemate and ACCO have entered appearances in this review; (3) testimony at a hearing would merely reiterate points made in existing filings or upcoming briefs submitted to the Commission; (4) business proprietary information could not be discussed at the hearing; and (5) avoiding the time and cost associated with a hearing will allow the parties and the Commission to conserve scarce resources.

Officemate and ACCO are prepared to submit briefs on June 13, 2017 and after the release of the final staff report as necessary in support of continuation of the above-referenced order and respond to Commission questions.

Please contact the undersigned with any questions regarding this submission,

Respectfully submitted,



Daniel Cannistra
Benjamin Blase Caryl
Counsel to Officemate International Corp.

/s/ Kenneth Weigel

Kenneth G. Weigel
Chunlian Yang
Counsel to ACCO Brands USA LLC

CERTIFICATE OF SERVICE

I, Benjamin Blase Caryl, hereby certify that copies of the foregoing submission were served on the following party on June 7, 2017:

**PUBLIC DOCUMENT,
BY EMAIL:**

ON BEHALF OF:
ACCO Brands USA, LLC
Kenneth G. Weigel, Esq.
Alston & Bird LLP
The Atlantic Building
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/s/ Benjamin Blase Caryl

Benjamin Blase Caryl

ACTION: Notice.

DATES: June 8, 2017.

FOR FURTHER INFORMATION CONTACT: Justin Enck (202–205–3363), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (<https://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: On March 1, 2017, the Commission established a schedule for the conduct of this review (82 FR 13132, March 9, 2017). Subsequently, counsel for the domestic interested parties filed a request for consideration of cancellation of the hearing. Counsel indicated a willingness to submit written testimony and responses to any Commission questions in lieu of an actual hearing. No other party has entered an appearance in this review. Consequently, the public hearing in connection with this review, scheduled to begin at 9:30 a.m. on Thursday, June 22, 2017, at the U.S. International Trade Commission Building, is cancelled. Parties to this review should respond to any written questions posed by the Commission in their posthearing briefs, which are due to be filed on July 3, 2017.

For further information concerning this investigation see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: June 8, 2017.

Katherine M. Hiner,
Supervisory Attorney.

[FR Doc. 2017–12314 Filed 6–13–17; 8:45 am]

BILLING CODE 7020–02–P

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 731–TA–663 (Fourth Review)]

**Paper Clips From China; Cancellation
of Hearing for Full Five-Year Review**

AGENCY: United States International Trade Commission.

APPENDIX C
SUMMARY DATA

Table C-1
Paper clips: Summary data concerning the U.S. market, 2014-16

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Table C-1

Paper clips: U.S. producers' capacity, production, capacity utilization, U.S. commercial shipments, and financial data, 1991-1993, January-June 1993-1994, 1998, 2004, and 2010

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Table C-2

Paper clips: U.S. imports, by source, 1991-1993, January-June 1993-1994, 1998, 2004, and 2010

Item	Original investigation					First review	Second review	Third review			
	1991	1992	1993	January-June					1998	2004	2010
				1993	1994						
	Quantity (million units)¹										
China	4,189	5,623	4,857	2,387	2,200	164	1,137	1,197			
Hong Kong	1,002	1,476	73	34	0	1	3	0.1			
Subtotal	5,191	7,099	4,930	2,421	2,200	165	1,140	1,197			
Other sources ²	1,519	1,042	736	397	446	2,262	1,060	397			
Total	6,710	8,142	5,666	2,818	2,646	2,427	2,200	1,595			
	Value (\$1,000 dollars)										
China	3,911	5,494	4,482	2,182	2,077	459	2,267	3,342			
Hong Kong	953	1,261	65	31	0	2	8	2			
Subtotal	4,864	6,755	4,547	2,213	2,077	461	2,274	3,344			
Other sources ²	3,223	2,121	1,704	879	1,238	3,621	1,942	1,112			
Total	8,087	8,877	6,251	3,093	3,315	4,082	4,216	4,456			
	Unit value (dollars per 1,000 units)										
China	\$0.93	\$0.98	\$0.92	\$0.91	\$0.94	\$2.80	\$1.99	\$2.79			
Hong Kong	0.95	0.85	0.89	0.92	-	2.01	2.45	25.01			
Average	0.94	0.95	0.92	0.91	0.94	2.79	1.99	2.79			
Other sources ²	2.12	2.04	2.31	2.21	2.78	1.60	1.83	2.80			
Average	1.21	1.09	1.10	1.10	1.25	1.68	1.92	2.79			
<p>¹ Official import quantities were converted from kilograms to units by dividing the number of kilograms by a conversion factor of 0.0007284. This conversion factor was supplied by petitioners during the original investigation.</p> <p>² The primary "other source" during 1991-1994 was Taiwan. The primary "other sources" during 1998, 2004, and 2010 were Colombia and Taiwan.</p> <p>Note.—The applicable HTS number is 8305.90.3010. This HTS category includes products outside the scope of this review. Therefore imports may be somewhat overstated.</p> <p>Source: Official Commerce statistics.</p>											

Table C-3

Paper clips: U.S. shipments of domestic product, U.S. imports, apparent U.S. consumption, and U.S. market shares, 1991-1993, January-June 1993-1994, 1998, 2004, and 2010

Item	Original investigation					First review	Second review	Third review
	1991	1992	1993	January-June				
				1993	1994	1998	2004	2010
	Quantity (million units)¹							
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports								
China	4,189	5,623	4,857	2,387	2,200	164	1,137	1,197
Hong Kong	1,002	1,476	73	34	0	1	3	0.1
Subtotal	5,191	7,099	4,930	2,421	2,200	165	1,140	1,197
All other sources ³	1,519	1,042	736	397	446	2,262	1,060	397
Total	6,710	8,142	5,666	2,818	2,646	2,427	2,200	1,595
Apparent U.S. consumption	***	***	***	***	***	***	***	***
	Share of consumption (percent)							
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports								
China	***	***	***	***	***	***	***	***
Hong Kong	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
All other sources ³	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***
¹ Official import quantities were converted from kilograms to units based on a conversion factor supplied by petitioners during the original investigation. ² Less than 0.1. ³ The primary "other source" during 1991-1994 was Taiwan. The primary "other sources" during 1998, 2004, and 2010 were Colombia and Taiwan.								
Source: Official Commerce statistics.								

APPENDIX D

COMMENTS REGARDING THE ORDER

Table D-1
Paper clips: U.S. producers' reported effects of the order

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Table D-2
Paper clips: U.S. producers' anticipated changes in operations if the order is revoked

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Table D-3
Paper clips: U.S. producers' anticipated changes in the industry if the order is revoked

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Table D-4
Paper clips: U.S. importers' reported effects of the order

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Table D-5
Paper clips: U.S. importers' anticipated changes in operations if the order is revoked

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Table D-6
Paper clips: U.S. importers' anticipated changes in the industry if the order is revoked

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Table D-7
Paper clips: U.S. purchasers' anticipated changes in operations if the order is revoked

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Table D-8
Paper clips: U.S. purchasers' anticipated changes in the industry if the order is revoked

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