

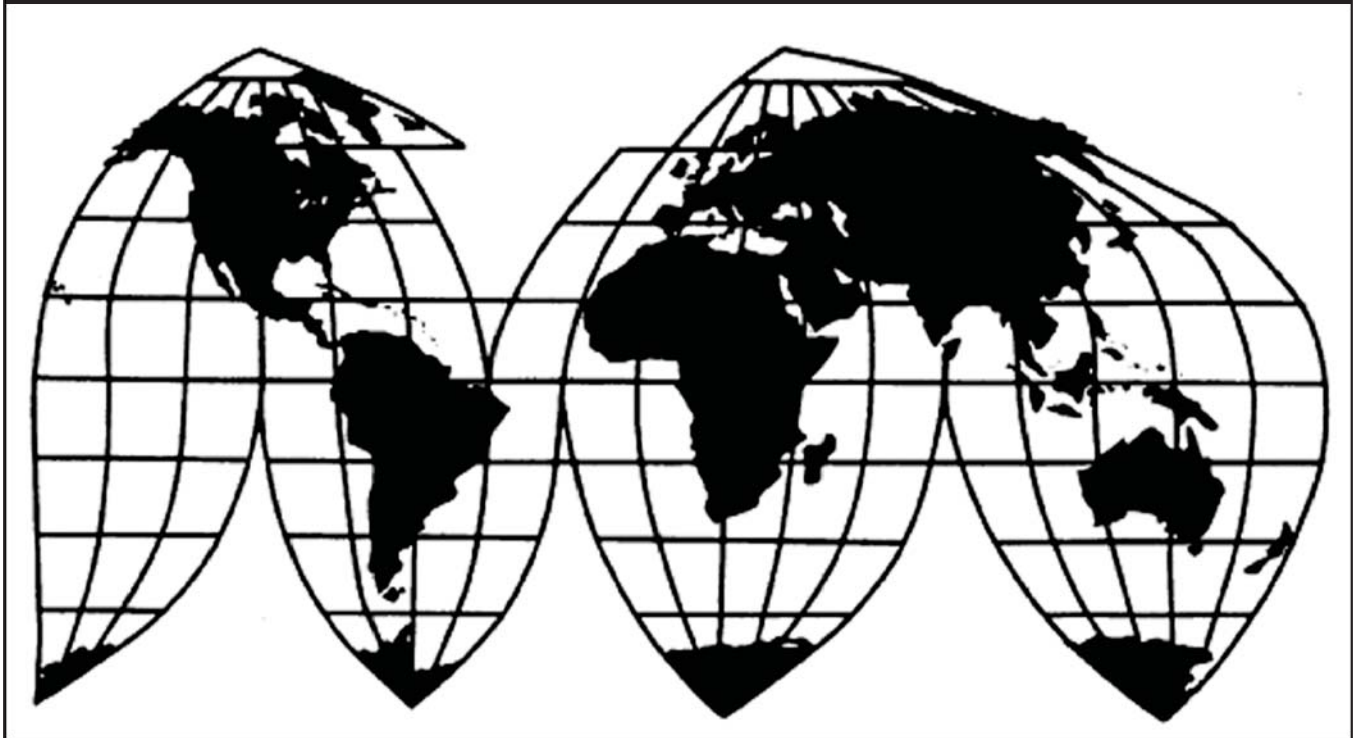
# Folding Gift Boxes from China

Investigation No. 731-TA-921 (Third Review)

Publication 4800

July 2018

**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-921 (Third Review)  
Folding Gift Boxes from China

### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines,<sup>2</sup> pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty order on folding gift boxes from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on February 1, 2018 (83 F.R. 4679) and determined on May 7, 2018 that it would conduct an expedited review (83 F.R. 24341, May 25, 2018).

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

<sup>2</sup> Commissioner Kearns did not participate in this five-year review.





## 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 folding gift boxes (“FGBs”) from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1</sup>

### I. Background

#### A. The Original Investigation

On February 20, 2001, Harvard Folding Box Company, Inc. (“Harvard”) and Field Container Co., L.P., domestic producers of FGBs, filed an antidumping duty petition on imports of FGBs from China. On November 20, 2001, the Department of Commerce (“Commerce”) determined that subject imports were being sold at less than fair value (“LTFV”).<sup>2</sup> In December 2001, the Commission determined that an industry in the United States was materially injured by reason of LTFV imports of FGBs from China.<sup>3</sup> Consequently, Commerce issued an antidumping duty order on imports of FGBs from China on January 8, 2002.<sup>4</sup>

#### B. The First Review

On December 1, 2006, the Commission instituted its first five-year review of the antidumping duty order on FGBs from China.<sup>5</sup> In April 2007, the Commission reached an affirmative determination after conducting an expedited review.<sup>6</sup> As a result, effective May 18, 2007, Commerce issued a continuation of the antidumping duty order.<sup>7</sup>

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<sup>1</sup> Commissioner Kearns did not participate in this five-year review.

<sup>2</sup> *Certain Folding Gift Boxes from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 66 Fed. Reg. 58115 (Nov. 20, 2001). Commerce calculated a *de minimis* margin for Chinese producer/exporter Max Fortune Industrial Ltd. (“Max Fortune”), which was excluded from the subsequent order.

<sup>3</sup> *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (Final), USITC Pub. 3480 (Dec. 2001) (“*Original Determination*”).

<sup>4</sup> *Certain Folding Gift Boxes from the People’s Republic of China: Notice of Antidumping Duty Order*, 67 Fed. Reg. 864 (Jan. 8, 2002).

<sup>5</sup> *Certain Folding Gift Boxes from China: Institution of a Five-Year Review*, 71 Fed. Reg. 69586 (Dec. 1, 2006).

<sup>6</sup> *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (Review), USITC Pub. 3917 (April 2007) (“*First Review*”).

<sup>7</sup> *Certain Folding Gift Boxes from the People’s Republic of China: Continuation of Antidumping Duty Order*, 72 Fed. Reg. 28025 (May 18, 2007).

### C. The Second Review

On April 2, 2012, the Commission instituted its second five-year review of the antidumping duty order on FGBs from China.<sup>8</sup> In November 2012, the Commission reached an affirmative determination after conducting an expedited review.<sup>9</sup> Consequently, effective March 5, 2013, Commerce issued a notice continuing the antidumping duty order on FGBs from China.<sup>10</sup>

### D. The Current Review

On February 1, 2018, the Commission instituted the instant five-year review.<sup>11</sup> On March 5, 2018, Harvard and P.S. Greetings, Inc. d.b.a. Fantus Paper Products (“PS Greetings”), domestic producers of FGBs (“domestic interested parties”), jointly filed the sole response to the notice of institution.<sup>12</sup> The Commission determined that the domestic interested party group response to the notice of institution was adequate.<sup>13</sup> The Commission did not receive a response from any respondent interested party and determined that the respondent interested party group response to the notice of institution was inadequate.<sup>14</sup> On May 7, 2018, the Commission did not find any circumstances that would warrant conducting a full review and determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act.<sup>15</sup>

On June 6, 2018, the domestic interested parties filed comments with the Commission pursuant to Commission rule 207.62(d).<sup>16</sup>

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<sup>8</sup> *Folding Gift Boxes from China: Institution of a Five-Year Review*, 77 Fed. Reg. 19714 (April 2, 2012).

<sup>9</sup> *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (Second Review), USITC Pub. 4365 (November 2012) (“*Second Review*”).

<sup>10</sup> *Certain Folding Gift Boxes from the People’s Republic of China: Continuation of Antidumping Duty Order*, 78 Fed. Reg. 14269 (Mar. 5, 2013).

<sup>11</sup> *Certain Folding Gift Boxes from China: Institution of a Five-Year Review*, 83 Fed. Reg. 4679 (Feb. 1, 2018). In accordance with section 751(c) of the Tariff Act, Commerce also published a notice of initiation of a five-year review of the antidumping duty order on FGBs from China on the same date. *Certain Folding Gift Boxes from China: Initiation of Five-Year (“Sunset”) Review*, 83 Fed. Reg. 4641 (Feb. 1, 2018).

<sup>12</sup> See Response of Harvard and P.S. Greetings, Inc., EDIS Doc. 638082 (Mar. 5, 2018) (“Domestic Interested Parties’ Response”).

<sup>13</sup> Explanation of Commission Determination on Adequacy, EDIS Doc. 644836 (May 10, 2018).

<sup>14</sup> Explanation of Commission Determination on Adequacy.

<sup>15</sup> Explanation of Commission Determination on Adequacy. Commissioner Kearns did not participate in this determination. Vice Chairman Johanson voted to conduct a full review in light of the time that has transpired since the Commission last conducted a full investigation in this matter. *Id.*

<sup>16</sup> Harvard and PS Greetings’ Comments Regarding the Commission’s Determination in this Review, EDIS Doc. 646993 (June 6, 2018) (“Domestic Industry’s Expedited Review Comments”).

U.S. industry data are based on information submitted by the two responding producers of FGBs in their response to the notice of institution. These producers estimate that they accounted for \*\*\* percent of domestic production of FGBs in 2017.<sup>17</sup> For the original investigation, U.S. import data and related information were based on Commerce official import statistics and data compiled by the Commission through questionnaires; in each of the five-year reviews, U.S. import and related information have been based on data provided by domestic interested parties.<sup>18</sup> Foreign industry data and related information are based on information from the original investigation and prior reviews, as well as available information submitted by the domestic interested parties in this expedited review and publicly available information, such as Global Trade Atlas (“GTA”) data, gathered by staff.<sup>19</sup>

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>20</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>21</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>22</sup>

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

Folding gift boxes are a type of folding or knock–down carton manufactured from paper or paperboard. Folding gift boxes are produced from a variety of recycled and virgin paper or

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<sup>17</sup> Confidential Report, Memorandum INV-QQ-045 (June 1, 2018), as revised by Memorandum INV-QQ-069 (June 19, 2018) (“CR”) at Table I-1; Public Report (“PR”) at Table I-1.

<sup>18</sup> This is because the pertinent Harmonized Tariff Schedule (“HTS”) statistical reporting numbers are broadly overstated inasmuch as they include many products outside the scope of the subject antidumping duty order. See CR/PR at Table I-4.

<sup>19</sup> See CR at I-17 to I-18; PR at at I-12 to I-13.

<sup>20</sup> 19 U.S.C. § 1677(4)(A).

<sup>21</sup> 19 U.S.C. § 1677(10); see, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>22</sup> See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

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

Folding gift boxes included in the scope of the order are typically decorated with a holiday motif using various processes, including printing, embossing, debossing, and foil stamping, but may also be plain white or printed with a single color. The subject merchandise includes folding gift boxes, with or without handles, whether finished or unfinished, and whether in one-piece or multi-piece configuration.

One-piece gift boxes are die-cut or otherwise formed so that the top, bottom, and sides form a single, contiguous unit. Two-piece gift boxes are those with a folded bottom and a folded top as separate pieces. Folding gift boxes are generally packaged in shrink-wrap, cellophane, or other packaging materials, in single or multi-box packs for sale to the retail customer.

The scope of the order excludes folding gift boxes that have a retailer's name, logo, trademark or similar company information printed prominently on the box's top exterior (such folding gift boxes are often known as "not-for-resale" gift boxes or "give-away" gift boxes and may be provided by department and specialty stores at no charge to their retail customers). The scope of the order also excludes folding gift boxes where both the outside of the box is a single color and the box is not packaged in shrink-wrap, cellophane, other resin-based packaging films, or paperboard.<sup>23</sup>

FGBs are manufactured with paperboard in a variety of styles and designs. A majority of all FGBs (including imports), and approximately 100 percent of "holiday" FGBs, are manufactured with a type of recycled paperboard known as clay-coated newsback, a clay-coated paperboard manufactured from old newspapers and other various recycled fiber.<sup>24</sup>

In the original investigation and the prior reviews, the Commission defined the domestic like product as consisting of certain FGBs for resale, coextensive with Commerce's scope definition.<sup>25</sup>

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<sup>23</sup> *Certain Folding Gift Boxes from the People's Republic of China: Final Results of Expedited Third Sunset Review*, 83 Fed. Reg. 26414 (June 7, 2018) ("Commerce's Third Sunset Review Results").

On August 19, 2013, in response to an inquiry from Proctor & Gamble, a U.S. importer, Commerce determined that certain Gucci-branded gift boxes imported from China are not subject to the antidumping duty order on FGBs from China because they meet the thickness exclusion of the scope language. *Notice of Scope Rulings*, 79 Fed. Reg. 6165, 6166 (Feb. 3, 2014); CR at I-5; PR at I-5.

<sup>24</sup> CR at I-7 to I-8; PR at I-6.

<sup>25</sup> *Original Determination*, USITC Pub. 3480 at 7; *First Review*, USITC Pub. 3917 at 4-5; *Second Review*, USITC Pub. 4365 at 5. In the original investigation, the Commission examined the issue of (Continued...)

In this third five-year review, the domestic interested parties have indicated that the Commission should adopt the same domestic like product definition that it used in the prior proceedings.<sup>26</sup> The record does not indicate any changes to the pertinent characteristics of FGBs since the prior proceedings.<sup>27</sup> Consequently, we continue to define the domestic like product as FGBs, coextensive with Commerce’s scope.

## **B. Domestic Industry**

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>28</sup> In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original investigation, the Commission defined the domestic industry as consisting of all domestic producers of FGBs.<sup>29</sup> In the first and second five-year reviews, the Commission determined that the record contained no new information that would indicate that any domestic producer qualified as a related party, and again defined the domestic industry to include all U.S. producers of FGBs.<sup>30</sup>

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(...Continued)

defining the domestic like product to include “not-for-resale” or “give-away” gift boxes, which are not encompassed within the scope. However, the Commission determined not to include “give-away” FGBs in the domestic like product because of the differences in physical characteristics, production processes and workers, channels of distribution, customer and producer perceptions, and the limited interchangeability between for-resale and “give-away” FGBs. *Original Determination*, USITC Pub. 3480 at 5-7.

<sup>26</sup> Domestic Interested Parties’ Response at 28; Domestic Industry’s Expedited Review Comments at 2.

<sup>27</sup> See *generally* CR at I-6 to I-10; PR at I-5 to I-8.

<sup>28</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>29</sup> The related parties provision, 19 U.S.C. § 1677(4)(B), allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise, or are themselves importers.

In the original investigation, domestic producers Field and Superior Packaging Inc. (“Superior”) reported importing subject merchandise. The Commission found that neither Field nor Superior were benefitting from the subject imports and both companies supported the petition. Therefore, the Commission did not find that appropriate circumstances existed to exclude Field or Superior from the domestic industry. *Original Determination*, USITC Pub. 3480 at 8-9.

<sup>30</sup> *First Review*, USITC Pub. 3917 at 6; *Second Review*, USITC Pub. 4365 at 6.

In this review, the domestic interested parties agree with the Commission’s prior domestic industry definition.<sup>31</sup> The record indicates that there are no related party or other domestic industry issues in this review.<sup>32</sup> Accordingly, consistent with the domestic like product definition, we again define the domestic industry as consisting of all U.S. producers of FGBs.

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

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

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>33</sup> The Statement of Administrative Action (“SAA”), accompanying the Uruguay Round Agreements Act, states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>34</sup> Thus, the likelihood standard is prospective in nature.<sup>35</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>36</sup>

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<sup>31</sup> Domestic Interested Parties’ Response at 28; Domestic Industry’s Expedited Review Comments at 2.

<sup>32</sup> CR at I-10; PR at I-8.

<sup>33</sup> 19 U.S.C. § 1675a(a).

<sup>34</sup> 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 investigations that were never completed.” *Id.* at 883.

<sup>35</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>36</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (Continued...)

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>37</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>38</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>39</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>40</sup> 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.<sup>41</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>42</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign

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(...Continued)

(2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>37</sup> 19 U.S.C. § 1675a(a)(5).

<sup>38</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>39</sup> 19 U.S.C. § 1675a(a)(1).

<sup>40</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning FGBs from China. CR at I-5, PR at I-2.

<sup>41</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>42</sup> 19 U.S.C. § 1675a(a)(2).

country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>43</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>44</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>45</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.<sup>46</sup>

No respondent interested party participated in this expedited review. The record, therefore, contains limited new information with respect to the FGB industry in China. There also is limited information on the FGB market in the United States during the period of review. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigation and the first and second five-year reviews, and the limited new information on the record in this third five-year review.

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<sup>43</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>44</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>45</sup> 19 U.S.C. § 1675a(a)(4).

<sup>46</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.



## B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>47</sup> The following conditions of competition inform our determinations.

### 1. Demand Conditions

In prior proceedings, the Commission observed that demand for FGBs is driven by seasonal or holiday trends.<sup>48</sup> The Commission also found that although most FGBs were sold to discount retailers, the number sold to mass merchandisers was increasing.<sup>49</sup> The record in this current review indicates that the drivers of demand for FGBs in the U.S. market have not changed.<sup>50</sup>

During the original investigation, the Commission found that apparent U.S. consumption of FGBs, as measured by value, climbed steadily from \$\*\*\* in 1998 to \$\*\*\* in 2000.<sup>51</sup> During the first five-year review, the Commission found that apparent U.S. consumption, as measured by value, had decreased \*\*\*, but the available data may have been understated \*\*\*.<sup>52</sup> During the second five-year review, apparent U.S. consumption, as measured by value, was \$\*\*\* in 2011 compared to \$\*\*\* in 2005.<sup>53</sup> In this review, the record indicates that the value of apparent U.S. consumption was \$\*\*\* in 2017.<sup>54</sup>

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<sup>47</sup> 19 U.S.C. § 1675a(a)(4).

<sup>48</sup> *Original Determination*, USITC Pub. 3480 at 10; *First Review*, USITC Pub. 3917 at 8; *Second Review*, USITC Pub. 4365 at 9.

<sup>49</sup> *Original Determination*, USITC Pub. 3480 at 10; *First Review*, USITC Pub. 3917 at 8; *Second Review*, USITC Pub. 4365 at 9.

<sup>50</sup> Domestic Interested Parties’ Response at 7-8.

<sup>51</sup> Confidential Views of the Commission, Inv. No. 731-TA-921 (Final), EDIS Doc. 641456 (Dec. 2001) (“*Confidential Original Determination*”) at 23; *Original Determination*, USITC Pub. 3480 at 10.

In the original investigation, the Commission used value-based data because of the difficulties in determining the quantities reported; specifically, the fact that different numbers of FGBs were contained in various packs did not accurately allow conversion of the number of packs into the number of pieces. *Original Determination*, USITC Pub. 3480 at 10 n.59. For similar reasons, the Commission used value-based data in the prior reviews and continues to use value-based data in this review. See generally CR at 1-15 to I-16; PR at I-12.

<sup>52</sup> Confidential Views of the Commission, Inv. No. 731-TA-921 (Review), EDIS Doc. 641444 (April 2007) (“*First Review Confidential Views*”) at 10; *First Review*, USITC Pub. 3917 at 8.

<sup>53</sup> Confidential Views of the Commission, Inv. No. 731-TA-921 (Second Review), EDIS Doc. 641436 (Nov. 2012) (“*Second Review Confidential Views*”) at 11; *Second Review*, USITC Pub. 4365 at 9.

<sup>54</sup> CR/PR at Table I-4.

## 2. Supply Conditions

During the original investigation, the Commission found that four U.S. firms produced FGBs. The Commission also found that the domestic producers had substantial available capacity to supply the U.S. market, and that FGBs were either domestically produced or imported from China, as imports from nonsubject countries were absent from the U.S. market.<sup>55</sup> The domestic industry's share of apparent U.S. consumption, by value, was \*\*\* percent in 1998 and \*\*\* percent in 2000.<sup>56</sup> The subject import market share, by value, climbed from \*\*\* percent in 1998 to \*\*\* percent in 2000.<sup>57</sup>

During the first five-year review, one U.S. firm ceased production of FGBs and only one of the remaining three U.S. firms from the original investigation participated in the review.<sup>58</sup> The domestic industry remained the primary supplier of the U.S. market. Although there was no information in the record to permit a precise calculation of subject and nonsubject imports in the U.S. market for 2005, all known nonsubject imports were from the Chinese exporter Max Fortune, which was excluded from the order during the original investigation.<sup>59</sup> The Commission found that the domestic industry's share of apparent U.S. consumption, by value, was \*\*\* percent in 2005, with total imports (both subject and nonsubject) accounting for the remaining \*\*\* percent.<sup>60</sup>

During the second five-year review, there were two U.S. firms that produced FGBs.<sup>61</sup> The Commission found that there had been a shift in principal suppliers to the U.S. market. In 2011, nonsubject imports constituted the largest share of apparent U.S. consumption, by value, accounting for \*\*\* percent, followed by domestic producers at \*\*\* percent, and subject imports at \*\*\* percent.<sup>62</sup> The domestic industry estimated that the subject imports in the U.S. market were produced almost entirely by \*\*\*,<sup>63</sup> and nonsubject imports were from both several nonsubject countries and Chinese exporter \*\*\*.<sup>64</sup>

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<sup>55</sup> *Original Determination*, USITC Pub. 3480 at 11. The only nonsubject supply source was a \*\*\* volume of imports from a Chinese producer/exporter, Max Fortune, not subject to the order. *Confidential Original Determination* at 15; *Original Determination*, USITC Pub. 3480 at 11.

<sup>56</sup> *Confidential Original Determination* at 20, n.88; *Original Determination*, USITC Pub. 3480 at 14.

<sup>57</sup> *Confidential Original Determination* at 20, n.89; *Original Determination*, USITC Pub. 3480 at 14.

<sup>58</sup> *First Review*, USITC Pub. 3917 at 8-9. Specifically, domestic producer Superior reportedly ceased production of subject merchandise, and only Harvard participated in the review. *Id.*

<sup>59</sup> *First Review*, USITC Pub. 3917 at 8-9.

<sup>60</sup> *First Review Confidential Views* at 11; *First Review*, USITC Pub. 3917 at 9.

<sup>61</sup> *First Review*, USITC Pub. 3917 at 6.

<sup>62</sup> *Second Review Confidential Views* at 13; *Second Review*, USITC Pub. 4365 at 10.

<sup>63</sup> *Second Review Confidential Views* at 13; *Second Review*, USITC Pub. 4365 at 10. \*\*\*. *Id.*

<sup>64</sup> *Second Review Confidential Views* at 13; *Second Review*, USITC Pub. 4365 at 10.

In this review, domestic interested parties identify two known and currently operating U.S. producers of FGBs, Harvard and PS Greetings.<sup>65</sup> The domestic industry's share of apparent U.S. consumption, by value, was \*\*\* percent in 2017, lower than in any of the prior proceedings.<sup>66</sup> Subject imports' share of apparent U.S. consumption, by value, accounted for \*\*\* percent in 2017.<sup>67</sup> Nonsubject imports' share of the U.S. market was \*\*\* percent in 2017, and nonsubject imports continue to be the largest source of supply to the U.S. market.<sup>68</sup> Because, as described above, imports from one Chinese firm are excluded from the order, there are nonsubject imports from China in addition to nonsubject imports from other sources.<sup>69</sup> In 2017, nonsubject imports of FGBs from China were a substantial portion of the total nonsubject imports and accounted for \*\*\* percent of apparent U.S. consumption, by value.<sup>70</sup>

### 3. Substitutability and Other Conditions

In the original investigation and prior five-year reviews, the Commission found that subject imports and the domestic like product were substitutable.<sup>71</sup> The Commission found that while quality was often the first consideration in purchasing decisions, many purchasers viewed the quality and consistency of the domestic like product and the subject merchandise as comparable; the Commission also found that price was an important factor in purchasing decisions.<sup>72</sup>

In this review, there is no new information on the record to suggest any changes since the prior proceedings in substitutability between the domestic like product and subject imports or in the importance of price.<sup>73</sup> Accordingly, we again find that the domestic like product and subject imports are substitutable, and that price is an important factor in purchasing decisions.

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<sup>65</sup> CR at I-11; PR at I-8. Graphic Packaging, which produced FGBs during the second five-year review, has since exited the FGB market, while PS Greetings started manufacturing FGBs in the United States in 2017. *Id.*

<sup>66</sup> CR/PR at Table I-4.

<sup>67</sup> CR/PR at Table I-4.

<sup>68</sup> CR/PR at Table I-4.

<sup>69</sup> As previously discussed in the background section, exports from one Chinese producer/exporter, Max Fortune, are not subject to the antidumping duty order.

<sup>70</sup> CR/PR at Table I-4.

<sup>71</sup> *Original Determination*, USITC Pub. 3480 at 11; *First Review*, USITC Pub. 3917 at 9; *Second Review*, USITC Pub. 4365 at 10.

<sup>72</sup> *Original Determination*, USITC Pub. 3480 at 11; *First Review*, USITC Pub. 3917 at 9; *Second Review*, USITC Pub. 4365 at 10. In the original determination the Commission further found that the domestic like product and subject imports were becoming more competitive in sales to mass merchandisers. *Original Determination*, USITC Pub. 3480 at 10.

<sup>73</sup> The domestic interested parties claim that, as in the prior proceedings, the U.S. market for FGBs remains highly price sensitive based on the high degree of substitutability between domestic and imported FGBs. Domestic Interested Parties' Response at 11.

## C. Likely Volume of Subject Imports

### 1. The Original Investigation and Prior Five-Year Reviews

In the original determination, the Commission found that both the volume and market share of subject imports increased substantially, by value, throughout the period of investigation. Subject imports rose from \$\*\*\* in 1998 to \$\*\*\* in 2000, while subject import market share increased from \*\*\* percent in 1998 to \*\*\* percent in 2000.<sup>74</sup> The Commission concluded that the U.S. producers' loss of volume and market share over this period was attributable to imports from China because these were the only imports of FGBs present in the U.S. market.<sup>75</sup> The Commission found the increased volume of subject imports was significant both in absolute terms and relative to consumption in the United States.<sup>76</sup>

In the first five-year review, the Commission found that, based on the facts available, the volume of subject imports was likely to increase significantly, and the resulting volume would likely be significant, if the order were revoked. It found that the Chinese industry had significant unused capacity and that paper product companies not producing the subject merchandise during the period of review could easily shift production.<sup>77</sup> It also found the U.S. market to be singularly attractive given that the United States was the only major market for FGBs.<sup>78</sup> Thus, the Commission concluded that the likely volume of subject imports would be significant, in both absolute and relative terms, if the order were revoked.<sup>79</sup>

In the second five-year review, based on facts available, the Commission found that the volume of subject imports from China likely would be significant if the order were revoked. The Commission based this determination on the significant and growing presence of subject imports in the United States, the Chinese industry's substantial capacity and potential to shift production to FGBs, and the increasing presence of nonsubject imports from China.<sup>80</sup> The Commission also observed that the United States continued to be the only major market for FGBs.<sup>81</sup> Based on these facts, the Commission found that the likely volume of subject imports from China, both in absolute terms and relative to production and consumption in the United States, would be significant if the order were revoked.<sup>82</sup>

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<sup>74</sup> *Confidential Original Determination* at 16; *Original Determination*, USITC Pub. 3480 at 11-12.

<sup>75</sup> *Original Determination*, USITC Pub. 3480 at 11-12.

<sup>76</sup> *Original Determination*, USITC Pub. 3480 at 12.

<sup>77</sup> *First Review*, USITC Pub. 3917 at 11.

<sup>78</sup> *First Review*, USITC Pub. 3917 at 11.

<sup>79</sup> *First Review*, USITC Pub. 3917 at 11.

<sup>80</sup> *Second Review*, USITC Pub. 4365 at 12.

<sup>81</sup> *Second Review*, USITC Pub. 4365 at 12.

<sup>82</sup> *Second Review*, USITC Pub. 4365 at 12.

## 2. The Current Review

In this review, based on information available, we find that the subject import volume would likely be significant in the event of revocation. Subject imports have maintained an appreciable presence in the U.S. market despite the antidumping duty order. In 2017, subject imports, by value, totaled \$\*\*\*, accounting for \*\*\* percent of apparent U.S. consumption.<sup>83</sup> Additionally, information in the record indicates that the subject producers maintain both a strong interest in supplying the U.S. market and the ability to increase the amount they supply.

The record demonstrates that the Chinese FGB industry is comprised of numerous large and sophisticated printers that are committed to seeking business in the United States, which remains the only significant export market for FGBs.<sup>84</sup> While we recognize that these are nonsubject imports of FGBs from China, \*\*\* imported \$\*\*\* of FGBs, accounting for \*\*\* percent of apparent U.S. consumption in 2017.<sup>85</sup> Thus, the continued presence of subject imports during the period of review, when combined with even larger levels of nonsubject imports from China, indicates that FGB producers from China maintain a strong interest in the U.S. market.

The record contains limited data concerning the FGB industry in China because no producer or exporter of subject merchandise participated in this review. Nonetheless, several factors support the conclusion that subject imports are well-positioned to capture additional market share within a reasonably foreseeable time if the order were revoked. The available information indicates that subject Chinese producers have massive capacity to produce the subject merchandise.<sup>86</sup> Finally, the domestic interested parties emphasize the great potential for product shifting because virtually any printer with equipment that can produce folding boxes can manufacture the subject merchandise.<sup>87</sup>

Based on the above, we find that subject producers would likely increase their exports to the United States if the antidumping duty order were revoked. In particular, the record indicates the continued presence of subject imports in the U.S. market even under the discipline of the order, the substantial capacity of the FGB industry in China, the potential for product shifting, and the continued status of the United States as the principal export market for FGBs.<sup>88</sup> Accordingly, based on the available information, we conclude that the volume of subject imports would likely be significant, both in absolute terms and relative to U.S. consumption, should the order be revoked.

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<sup>83</sup> CR/PR at Table I-4. According to the domestic interested parties, subject imports were \*\*\*. CR at I-15, PR at I-12.

<sup>84</sup> Domestic Interested Parties' Response at 18-21; Domestic Industry's Expedited Review Comments at 7.

<sup>85</sup> CR/PR at Table I-4; CR at I-16; PR at I-12.

<sup>86</sup> Domestic Interested Parties' Response at 19-21.

<sup>87</sup> Domestic Interested Parties' Response at 22.

<sup>88</sup> Because of the expedited nature of this review, the record does not contain information about inventories of the subject merchandise. FGBs from China are not subject to any antidumping or countervailing duty orders outside the United States. CR at I-20, PR at I-15.

## D. Likely Price Effects

### 1. The Original Investigation and Prior Five-Year Reviews

In the original investigation, the Commission found a mixed pattern of underselling and overselling, but observed that the pricing data likely understated the extent of actual underselling because the importer prices included transportation while the domestic prices did not include these charges.<sup>89</sup> The Commission concluded that underselling was significant, given the general substitutability of imported and domestic FGBs, and that the pricing data likely understated the extent of the underselling.<sup>90</sup>

In addition, the Commission found that the record evidence confirmed most of the petitioners' allegations of lost sales and revenues, and that the level of confirmed lost sales and lost revenue allegations was consistent with the finding of significant underselling.<sup>91</sup> Thus, the Commission found that the subject imports were only able to gain market share as a result of underselling, given the substitutability of the subject imports and the domestic like product, and the price-competitive nature of the U.S. market.<sup>92</sup>

Finally, the Commission observed that the cost of goods sold relative to net sales increased steadily between 1998 and 2000, indicating a cost-price squeeze in which the domestic producers were unable to increase prices to recoup increased costs.<sup>93</sup> The Commission attributed the price suppression, to a significant degree, to the increasing volumes of underpriced subject imports. As a result of these findings, the Commission determined that there had been significant underselling by the subject imports and that the subject imports suppressed domestic prices to a significant degree.<sup>94</sup>

In both the first and second five-year reviews, the Commission found that, in the absence of new product-specific pricing information on the record, the facts available supported the conclusion that the U.S. market for the subject merchandise was price competitive and that subject imports would likely undersell the domestic like product to gain market share.<sup>95</sup> The resulting volume of subject imports at those prices would be likely to have significant depressing or suppressing effects on the prices of the domestic like product. Thus, the Commission concluded that, in the event of revocation, subject imports from China likely would increase significantly at prices that would undersell the domestic like product and that those imports would likely have a significant depressing or suppressing effect on prices for the domestic like product.<sup>96</sup>

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<sup>89</sup> *Original Determination*, USITC Pub. 3480 at 12.

<sup>90</sup> *Original Determination*, USITC Pub. 3480 at 13.

<sup>91</sup> *Original Determination*, USITC Pub. 3480 at 13.

<sup>92</sup> *Original Determination*, USITC Pub. 3480 at 13.

<sup>93</sup> *Original Determination*, USITC Pub. 3480 at 13.

<sup>94</sup> *Original Determination*, USITC Pub. 3480 at 13.

<sup>95</sup> *First Review*, USITC Pub. 3917 at 12; *Second Review*, USITC Pub. 4365 at 13.

<sup>96</sup> *First Review*, USITC Pub. 3917 at 12; *Second Review*, USITC Pub. 4365 at 13.

## **2. The Current Review**

As noted above, the limited record in this review indicates that subject imports and the domestic like product are substitutable, and that price continues to be an important factor in purchasing decisions. This review, due to its expedited nature, does not contain pricing data. We have found, however, that subject import volumes would likely be significant upon revocation of the order. Given the continued attractiveness of the U.S. market and the importance of price to purchasers, subject producers would be likely to resume the behavior observed in the original investigation, offering subject merchandise in the U.S. market at low prices to gain market share. These subject imports would likely undersell domestically produced FGBs, as they did during the original investigation. Consequently, there would likely be significant underselling by subject imports from China.

Because of the substitutability between the domestic like product and subject imports and because price continues to be an important factor in purchasing decisions, the likely significant volume of subject imports, which would undersell the domestic like product, would likely force the domestic industry to lower prices or lose sales. In light of these considerations, we conclude that subject imports would likely have significant depressing or suppressing effects on prices for the domestic like product, and/or gain market share at the domestic industry's expense, upon revocation of the order.

### **E. Likely Impact**

#### **1. The Original Investigation and Prior Five-Year Reviews**

In its original determination, the Commission found that although apparent U.S. consumption and the domestic industry's U.S. shipments rose in terms of value, the domestic industry's market share declined steadily from 1998 to 2000 while that of the subject imports rose.<sup>97</sup> In addition, the domestic industry's production and capacity decreased steadily during this period, although capacity utilization remained relatively steady.<sup>98</sup> Further, subject imports negatively affected all of the industry's financial indicators, including average unit sales revenues, average unit gross profits, operating income, operating income margins, as well as other key indicators, such as employment, wages, productivity, unit labor costs, and capital expenditures.<sup>99</sup> The Commission found that low-priced imports of "for-resale" FGBs from China successfully competed for sales to a variety of purchasers on the basis of price, thereby gaining sales to mass merchandise retailers, as well as other retailers, at the expense of the domestic producers.<sup>100</sup> As a result of these findings, the Commission concluded that subject imports were having a significant impact on the domestic FGB industry.<sup>101</sup>

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<sup>97</sup> *Original Determination*, USITC Pub. 3480 at 14.

<sup>98</sup> *Original Determination*, USITC Pub. 3480 at 14.

<sup>99</sup> *Original Determination*, USITC Pub. 3480 at 15.

<sup>100</sup> *Original Determination*, USITC Pub. 3480 at 15.

<sup>101</sup> *Original Determination*, USITC Pub. 3480 at 15.

In the first five-year review, the Commission found, based on the facts available, that the domestic gift box industry and apparent U.S. consumption had contracted since the original investigation.<sup>102</sup> Moreover, the Commission found that the significant likely volume of low-priced FGBs, when combined with the likely adverse price effects of those imports, would likely have a significant impact on the production, shipments, sales, and revenue levels of the domestic industry.<sup>103</sup> In light of the limited information available with respect to the domestic industry's performance, the Commission did not make a finding on whether the domestic industry was vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.<sup>104</sup> It did find that if the order were revoked, subject imports would likely have a significant impact on the domestic industry within a reasonably foreseeable time.<sup>105</sup>

In the second five-year review, in light of the limited information available with respect to the domestic industry's performance, the Commission did not make a finding on whether the domestic industry was vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.<sup>106</sup> It did find that if the order were revoked, the likely volume and price effects of the subject imports would likely have a significant impact on the production, shipment, sales, market share, and revenues of the domestic industry.<sup>107</sup> Moreover, the Commission found that these declines would likely have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital, to make and maintain capital investments, and to fund research and development.<sup>108</sup>

The Commission also considered the role of other factors, including declining demand and the increasing presence of nonsubject imports, so as not to attribute likely injury from these factors to the subject imports.<sup>109</sup> It found that although demand was substantially lower in the second review compared to the original investigation and the prior review, subject imports were still able to increase their presence and market penetration, despite the existing antidumping duty order.<sup>110</sup> It also found that the continued presence of nonsubject imports in the U.S. market was not enough to sever the nexus between subject imports and their likely impact on the domestic industry, if the order were revoked.<sup>111</sup> In sum, the Commission concluded that, if the antidumping duty order were revoked, subject imports would likely have a significant impact on the domestic industry within a reasonably foreseeable time.<sup>112</sup>

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<sup>102</sup> *First Review*, USITC Pub. 3917 at 14-15.

<sup>103</sup> *First Review*, USITC Pub. 3917 at 15.

<sup>104</sup> *First Review*, USITC Pub. 3917 at 15.

<sup>105</sup> *First Review*, USITC Pub. 3917 at 15.

<sup>106</sup> *Second Review*, USITC Pub. 4365 at 15.

<sup>107</sup> *Second Review*, USITC Pub. 4365 at 15.

<sup>108</sup> *Second Review*, USITC Pub. 4365 at 15.

<sup>109</sup> *Second Review*, USITC Pub. 4365 at 15.

<sup>110</sup> *Second Review*, USITC Pub. 4365 at 15.

<sup>111</sup> *Second Review*, USITC Pub. 4365 at 15.

<sup>112</sup> *Second Review*, USITC Pub. 4365 at 16.



## 2. The Current Review

In this expedited review, the information available on the domestic industry's condition is limited. In 2017, the domestic industry's production capacity was \*\*\* packages, its production was \*\*\* packages, and its capacity utilization rate was \*\*\* percent.<sup>113</sup> The industry's domestic shipments were \*\*\* packages.<sup>114</sup> Its net sales value was \$\*\*\*, and its operating income was \$\*\*\*, with an operating margin of \*\*\* percent.<sup>115</sup> The limited evidence in this expedited review is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

Based on the information available in this review, we find that increased subject import competition that would likely occur after revocation of the order would likely have a significant impact on the domestic industry. As discussed above, we find that revocation of the order would likely lead to a significant volume of subject imports and that these imports would likely undersell the domestic like product to a significant degree, resulting in likely significant depression or suppression of the domestic industry's prices and/or a loss in the domestic industry's market share. The domestic industry's likely experience of loss in market share and/or adverse price effects would adversely impact its production, shipments, sales, and revenue. These reductions would likely have a direct adverse impact on the domestic industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute any injury from other factors to the subject imports. We observe that the U.S. FGB market is currently supplied by both nonsubject Chinese supplier Max Fortune and by imports from other nonsubject country sources.<sup>116</sup> In 2017, nonsubject imports from all sources accounted for \*\*\* percent of the U.S. market by value.<sup>117</sup> In the event of revocation, the presence of nonsubject imports would not prevent subject imports from China from entering the U.S. market at levels and prices that would likely cause adverse effects to the domestic injury if the order on FGBs from China were revoked. Given the substitutability of subject FGBs with the domestic like product, the likely increase in subject imports will likely take market share away from the domestic industry, as well as from nonsubject imports. Consequently, the subject imports will likely have adverse effects distinct from any that may be caused by nonsubject imports.

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

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<sup>113</sup> CR/PR at Table I-3. \*\*\*. See CR/PR at Appendix B; Domestic Interested Parties' Response at 17.

<sup>114</sup> CR/PR at Table I-3.

<sup>115</sup> CR/PR at Table I-3. By contrast, the domestic industry reported \*\*\*. *Id.*

<sup>116</sup> CR/PR at Table I-4. According to the domestic interested parties, \*\*\*. CR at I-16; PR at I-12.

<sup>117</sup> CR/PR at Table I-4.

#### **IV. Conclusion**

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

## INFORMATION OBTAINED IN THESE REVIEWS

### BACKGROUND

On February 1, 2018, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of antidumping duty order on folding gift boxes (“FGBs”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
February 1, 2018	Notice of initiation and institution by Commerce and Commission
May 7, 2018	Scheduled date for Commission’s vote on adequacy
June 1, 2018	Scheduled date for Commerce’s results of its expedited review
July 2, 2018	Commission’s statutory deadline to complete expedited review
January 28, 2019	Commission’s statutory deadline to complete full review

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

<sup>2</sup> *Folding gift boxes from China; Institution of a Five-Year Review*, 83 FR 4679, February 1, 2018. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 83 FR 4641, February 1, 2018. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

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

## RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

### Individual responses

The Commission received one submission in response to its notice of institution in the subject review. It was filed on behalf of Harvard Folding Box Company, Inc. (“Harvard”) and P.S. Greeting, Inc. (“P.S. Greetings”), domestic producers of FGBs (collectively referred to herein as “domestic interested parties”).

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

**Table I-1**

**FGB: Summary of responses to the Commission’s notice of institution**

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	2	***

### Party comments on adequacy

The Commission received one submission from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited review. This submission was filed on behalf of Harvard and P.S. Greetings.

Domestic interested parties argued that the Commission should find the respondent interested party group response to be inadequate, absent a no complete submission by any respondent interested party. Because of the inadequate response by the respondent interested parties and the domestic interested parties’ assertion that there have been no major changes in the conditions of competition in the market since the Commission’s last five-year review, they request that the Commission conduct an expedited review of the antidumping duty order on FGBs.<sup>5</sup>

## THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

### The original investigation

The original investigation resulted from a petition filed on February 20, 2001 with Commerce and the Commission by Harvard L.P., Lynn, Massachusetts and Field Container

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<sup>5</sup> Domestic Interested Parties’ Comments on Adequacy, April 16, 2018.

Company, L.P., Elk Grove, IL.<sup>6</sup> On November 20, 2001, Commerce determined that imports of FGBs from China were being sold at less than fair value (“LTFV”).<sup>7</sup> The Commission determined in December 2001 that the domestic industry was materially injured by reason of LTFV imports of FGBs from China.<sup>8</sup> On January 8, 2002, Commerce issued its antidumping duty order with the final weighted-average dumping margins ranging from 1.67 to 164.75; due to a *de minimis* margin, Max Fortune was excluded from the subject order.<sup>9</sup>

### **The first five-year review**

On December 1, 2006, the Commission instituted the first five-year review of the subject order, and on March 6, 2007, the Commission determined that it would conduct an expedited of the antidumping duty order on FGBs from China. On April 5, 2007, Commerce published its determination that revocation of the antidumping duty order on FGBs from China would be likely to lead to continuation or recurrence of dumping.<sup>10</sup> On May 7, 2007, the Commission notified Commerce of its affirmative determination,<sup>11</sup> and effective, May 18, 2007, Commerce issued a continuation of the antidumping duty order on imports of FGBs from China.<sup>12</sup>

### **The second five-year review**

On April 2, 2012, the Commission instituted the second five-year review of the subject order, and on July 6, 2012, the Commission determined that it would conduct an expedited review of the antidumping duty order on FGBs from China. On December 10, 2012, the Commission notified Commerce of its affirmative determination,<sup>13</sup> and effective, March 5, 2013, issued a continuation of the antidumping duty order on imports of FGBs from China.<sup>14</sup>

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<sup>6</sup> The original petition filed with the Commission on February 20, 2001, listed Simkins Industries, Inc. (“Simkins”) as a petitioner. The Commission was notified by letter dated March 5, 2001, from counsel for petitioners, that Harvard was the producer of FGBs, not Simkins.

<sup>7</sup> *Notice of Final Determination of Sales at Less than Fair Value: Certain Folding Gift Boxes from the People’s Republic of China*, 66 FR 58115, November 20, 2001.

<sup>8</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. 3.

<sup>9</sup> *Notice of Antidumping Duty Order: Certain Folding Gift Boxes from the People’s Republic of China*, 67 FR 864, January 8, 2002.

<sup>10</sup> 72 FR 16765.

<sup>11</sup> 72 FR 25777.

<sup>12</sup> 72 FR 28025.

<sup>13</sup> *Folding Gift Boxes From China, Determination*, 77 FR 74513, December 14, 2012.

<sup>14</sup> *Folding Gift Boxes From the People’s Republic of China: Final Results of the Second Sunset Review and Continuation of the Antidumping Duty Order*, 78 FR 14269, March 5, 2013.

## PREVIOUS AND RELATED INVESTIGATIONS

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

### ACTIONS AT COMMERCE

Since the last review, Commerce issued a scope ruling clarifying that certain Gucci branded gift boxes imported from the People's Republic of China are not subject to the antidumping duty order on folding gift boxes from the PRC because they are 2 millimeters thick, with no part of the box registering .080 millimeters in thickness or less, as required by the scope language.<sup>15</sup> Also, in 2003, Commerce completed one antidumping duty administrative review on subject imports of FGBs from China, the results of which are presented in table I-2 below.

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

Date results published	Period of review	Producer or exporter	Margin
December 23, 2003 (68 FR 74207)	8/6/2001 - 12/31/2002	Red Point	0.0
		China-wide rate	164.75

Source: Cited *Federal Register* notice.

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

### Current five-year review

Commerce is conducting expedited reviews with respect to FGBs and intends to issue the final results of these reviews based on the facts available not later than June 1, 2018.<sup>16</sup>

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<sup>15</sup> Folding Gift Boxes from the People's Republic of China: Final Results of the Second Sunset Review and Continuation of the Antidumping Duty Order, 78 F.R. 14269, March 5, 2013.

<sup>16</sup> Letter from Jim Doyle, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Michael G. Anderson, April 13, 2018.

## THE PRODUCT

### Commerce's scope

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

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

*Folding gift boxes included in the scope of the order are typically decorated with a holiday motif using various processes, including printing, embossing, debossing, and foil stamping, but may also be plain white or printed with a single color. The subject merchandise includes folding gift boxes, with or without handles, whether finished or unfinished, and whether in one-piece or multi-piece configuration.*

*One-piece gift boxes are die-cut or otherwise formed so that the top, bottom, and sides form a single, contiguous unit. Two-piece gift boxes are those with a folded bottom and a folded top as separate pieces. Folding gift boxes are generally packaged in shrink-wrap, cellophane, or other packaging materials, in single or multi-box packs for sale to the retail customer.*

*The scope of the order excludes folding gift boxes that have a retailer's name, logo, trademark or similar company information printed prominently on the box's top exterior (such folding gift boxes are often known as "not-for-resale" gift boxes or "give-away" gift boxes and may be provided by department and specialty stores at no charge to their retail customers). The scope of the order also excludes folding gift boxes where both the outside of the box is a single color and the box is not packaged in shrink-wrap, cellophane, other resin-based packaging films, or paperboard.<sup>17</sup>*

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<sup>17</sup> Notice of Final Determination of Sales at Less Than Fair Value: Certain Folding Gifts Boxes from the People's Republic of China, 66 FR 58115, November 20, 2001.

## U.S. tariff treatment

FGBs are currently imported under HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060. The HTS statistical reporting numbers covering imports of FGBs also cover many products that are outside the scope of the investigation (e.g., non-gift item folding boxes such as cereal boxes, office products, folding cartons, other consumer products, paperboard boxes, etc.).<sup>18</sup> FGBs imported from China enter the U.S. market at a column 1-general duty rate of “free.” Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

## Description and uses<sup>19</sup>

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

## Manufacturing process<sup>20</sup>

The manufacturing process usually begins a year and a half before the Christmas holiday selling season (for which most FGBs are intended). The size and shape of the box, and the graphic design to be printed, are determined, and then the selected design is printed on paperboard using either a flexographic or a lithographic printer.<sup>21</sup> The printed paperboard sheets are fed through a die cutter, which cuts the material to shape and creates creases, scores, or perforations, and are then fed through gluing machines that apply glue and fold the

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<sup>18</sup> *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (*Final*), USITC Publication 3480, December 2001, p. I-2; and *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (*Review*), USITC Publication 3017, April 2007, p. I-6; and *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (*Second Review*), USITC Publication 4365, November 2012, p. I-6.

<sup>19</sup> Unless otherwise noted, this information is based on *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (*Final*), USITC Publication 3480, December 2001, pp. I-3 – I-4; and *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (*Review*), USITC Publication 3017, April 2007, p. I-7; and *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (*Second Review*), USITC Publication 4365, November 2012, p. I-6.

<sup>20</sup> Unless otherwise noted, this information is based on *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (*Final*), USITC Publication 3480, December 2001, pp. I-3 – I-4; and *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (*Review*), USITC Publication 3017, April 2007, p. I-7; and *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (*Second Review*), USITC Publication 4365, November 2012, pp. I-6 – I-7.

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



boxes. Because manufacturers of FGBs offer many different designs, collating equipment is necessary where tops with different designs will be included in a single pack. This equipment also adds the appropriate number of tops and bottoms to each pack. Once properly assembled, the packs of boxes are compressed, sometimes shrink-wrapped, and are then packed in cartons for shipment.

## DEFINITIONS OF THE DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

The domestic like product is defined as the domestically produced product or products, which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production.

In its original determination and its expedited first and second five-year review determinations, the Commission defined the domestic like product as consisting of certain folding gift boxes for resale, coextensive within the scope of the investigation,<sup>22</sup> and not including give-away gift boxes.<sup>23</sup>

In its original determination and its prior five-year review determinations, the Commission defined the domestic industry as all U.S. producers of the domestic like product.<sup>24</sup>

In its notice of institution for this review, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definitions of the domestic like product and domestic industry and inquired as to whether any related parties issues existed. According to their response to the notice of institution, the domestic interested parties agreed with the Commission's definition of the domestic like product as stated in the

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<sup>22</sup> The Commission examined the issue of defining the like product to include out-of-scope, "not-for-resale" or "give-away" gift boxes in the original investigation. However, because of the differences in physical characteristics, production processes and workers, channels of distribution, customer and producer perceptions, and the limited interchangeability between for resale and give-away folding gift boxes, the Commission chose not to expand the definition of the domestic like product. *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, pp. 5-7. Commissioner Bragg included not-for-resale or give-away folding gift boxes in the domestic like product. *Id.*, p. 5, fn. 9.

<sup>23</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2003, pp. 6-7; *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Review)*, USITC Publication 3917, April 2007, p. 6; and *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Second Review)*, USITC Publication 4365, November 2012, p. 6.

<sup>24</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2003, pp. 6-7; *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Review)*, USITC Publication 3917, April 2007, p. 5; and *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Second Review)*, USITC Publication 4365, November 2012, p. 5.

last five-year review.<sup>25</sup> The domestic interested parties did not cite any potential related parties issues and agreed with the Commission's prior definition of the domestic industry.<sup>26</sup>

## THE INDUSTRY IN THE UNITED STATES

### U.S. producers

During the final phase of the original investigation, the Commission received U.S. producer questionnaires from four firms, which accounted for a major portion of production of FGBs in the United States during 2000.<sup>27</sup>

During the first five-year expedited review, only one firm participated, which accounted for approximately \*\*\* percent of production of FGBs in the United States during 2005.<sup>28</sup>

During the second five-year expedited review, the Commission received U.S. producer questionnaires from two firms, believed to be the only major U.S. producers of FGBs in the United States at that time.<sup>29</sup>

In response to the Commission's notice of institution in this current review, domestic interested parties provided a list of two known and currently operating U.S. producers of FGBs: Harvard and P.S. Greetings.<sup>30</sup>

### Recent developments

Since the Commission's last five-year review, the following developments have occurred in the FGB industry. Harvard<sup>31</sup> has continued to manufacture folding gift boxes in the United States. Graphic Packaging<sup>32</sup> produced FGBs during the second five-year review, but it has since exited the market. P.S. Greetings<sup>33</sup> started manufacturing folding gift boxes in the United States in 2017. Harvard and P.S. Greetings are the only major U.S. producers of FGBs in the United States.<sup>34</sup>

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<sup>25</sup> Domestic interested parties' response to the notice of institution, May 2, 2012, p. 24.

<sup>26</sup> Domestic interested parties' response to the notice of institution, May 2, 2012, p. 24.

<sup>27</sup> *Folding Gift Boxes From China, Investigation No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. 13 n. 81 and p. III-1

<sup>28</sup> *Investigation Nos. 731-TA-921(Review): Folding Gift Boxes from China—Staff Report, INV-EE-036*, April 3, 2007, pp. I-10—I-11, and table I-4.

<sup>29</sup> *Folding Gift Boxes from China, Investigation No. 731-TA-921 (Second Review)*, USITC Publication 4365, November 2012, p I-8.

<sup>30</sup> *Domestic Interested Parties' Response to the Notice of Institution*, March 5, 2018, p. 24.

<sup>31</sup> Harvard Folding Box Company is a division of Simkins Industries, based in East Haven, Connecticut.

<sup>32</sup> Field Container Corp., a domestic interested party that filed the subject antidumping petition in 2001, merged with Altivity Packaging in 2006, and Altivity merged with Graphic Packaging in 2008.

<sup>33</sup> P.S. Greetings, Inc., d.b.a. Fantus Paper Products is based in Chicago, Illinois.

<sup>34</sup> Response to the Commission's Notice of Institution by domestic interested parties, March 5, 2018, p. 1.

According to the domestic interested parties, \*\*\*.<sup>35</sup>

### **U.S. producers' trade and financial data**

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.<sup>36</sup> Table I-3 presents a compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted by U.S. producers in the prior five-year reviews.

U.S. producers' production, and U.S. shipments of FGBs (all measured in pieces) decreased between each review for which data was obtained since the original investigation. Capacity utilization remained relatively stable at approximately 75 percent from the original investigation to the first review but was lower in 2011 to \*\*\* and continued to fall to \*\*\* in the current review.

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<sup>35</sup> Response to the Commission's Notice of Institution by domestic interested parties, March 5, 2018, p. 17.

<sup>36</sup> Individual company trade and financial data are presented in app. B.

**Table I-3****FGBs: Trade and financial data submitted by U.S. producers, 2000, 2005, 2011, and 2017**

Item	2000	2005	2011	2017
Capacity (1,000 packages)	( <sup>4</sup> )	***	***	***
Production (1,000 packages)	( <sup>4</sup> )	***	***	***
Capacity utilization (percent)	75.3	***	***	***
U.S. commercial shipments: Quantity (1,000 packages)	( <sup>4</sup> )	***	***	***
Value (\$1,000)	43,272	***	***	***
Unit value (per packages)	0.17	***	***	***
Total U.S. shipments: Quantity	( <sup>4</sup> )	***	***	***
Value (\$1,000)	43,272	***	***	***
Unit value (per package)	0.17	***	***	***
Net sales (\$1,000)	43,525	( <sup>1</sup> )	***	***
COGS (\$1,000)	41,614	( <sup>1</sup> )	***	***
COGS/net sales	95.6	( <sup>1</sup> )	***	***
Gross profit or (loss) (\$1,000)	1,911	( <sup>1</sup> )	(782.7)	***
SG&A expenses (loss) (\$1,000)	4,869	( <sup>1</sup> )	(389.4)	***
Operating income/(loss) (\$1,000)	(2,958)	( <sup>1</sup> )	(1,172)	***
Operating income (loss)/net sales (percent)	-6.8	( <sup>1</sup> )	(12.9)	***

<sup>1</sup> Data not available

<sup>2</sup> In the original investigation, quantities were reported in the pieces but in the subsequent reviews including this review, quantities were not reported in pieces.

Source: For the year 2000, data are compiled using data submitted by domestic interested parties. See *app. C*. For the year 2005, data are compiled using data submitted by domestic interested parties. Data derived from petitioner's response to notice of institution, January 22, 2007, ex. 5. For the year 2011, data are compiled using data submitted by domestic interested parties. Data derived from petitioner's response to notice of institution, May 2, 2012, ex. 9. For the year 2011, data are compiled using data submitted by domestic interested parties. Data derived from petitioner's response to notice of institution Domestic interested parties' response to the notice of institution, March 5, 2018 ex. 9.

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

### U.S. importers

During the final phase of the original investigation, the Commission received U.S. importer questionnaires from 23 firms, which accounted for approximately 53.4 percent of total U.S. imports of FGBs from China during 2018.<sup>37</sup>

The Commission did not receive responses from any respondent interested parties in its first five-year review,<sup>38</sup> second five-year review,<sup>39</sup> or current review.<sup>40</sup> In the current review, the domestic interested parties provided a list of 32 firms per review that may currently import FGBs from China.

### U.S. imports

China was the primary source of U.S. imports of FGBs during 1998-2000.<sup>41</sup> During that period, the value of U.S. shipments of subject imports from China nearly doubled, increasing from \$\*\*\* in 1998 to \$\*\*\* in 2000.<sup>42</sup> The value of U.S. shipments of nonsubject imports increased from \$\*\*\* in 1998 to \$\*\*\* in 2000.<sup>43</sup> According to the domestic interested parties, the value of subject imports from China \*\*\* since the prior five-year review, and was approximately \*\*\*, but was \*\*\*.<sup>44</sup> Further, the domestic interested parties assert that nonsubject imports from China from \*\*\*.<sup>45</sup> As such, they argue that the Chinese producers

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<sup>37</sup> Investigation Nos. 731-TA-921(Final): Folding Gift Boxes from China—Staff Report, INV-Y-240, December 3, 2001, p. IV-1

<sup>38</sup> Domestic interested parties' response to the notice of institution, January 22, 2017, p. 16, exh. 7

<sup>39</sup> Domestic interested parties' response to the notice of institution, May 2, 2012, p. 20, exh. 6

<sup>40</sup> Domestic interested parties' response to the notice of institution, March 5, 2018, p. 24, exh. 7

<sup>41</sup> In making its original determination, the Commission focused on data pertaining to the value of subject imports, and not the quantity, because of the difficulty in determining the quantities reported. Although the Commission in the final phase of the original investigation requested quantity data as pieces, rather than packs, it appeared that a number of firms may have reported quantity figures in terms of packs while others reported their figures in terms of pieces. The fact that different numbers of folding gift boxes are contained in various packs did not enable staff to readily convert the number of packs to the number of pieces. *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. 10, fn. 59.

<sup>42</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Second Review)*, USITC Publication 4365, November 2012, p. I-6.

<sup>43</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, Tables IV-1 and IV-3. Imports from Max Fortune were found to have a *de minimis* LTFV margin by Commerce, and Max Fortune was excluded from the order. Imports from Max Fortune comprised all of the nonsubject imports reported in the original investigation. *Id.* at IV-2.

<sup>44</sup> Domestic interested parties' response to the notice of institution, March 5, 2018, p. 9-10.

<sup>45</sup> Domestic interested parties' response to the notice of institution, March 5, 2018, p. 9.

currently subject to the 164.75 percent China-wide rate would likely enter the market and take market share from the domestic industry if the antidumping duty order was revoked.<sup>46</sup>

### Apparent U.S. consumption and market shares

Table I-4 presents data on U.S. producers’ U.S. shipments, U.S. imports, and apparent U.S. consumption. During the original investigation, the Commission compiled data through questionnaires. However, in subsequent expedited reviews, available information is derived from limited data provided by the domestic interested parties’ response to the notice of institution. Based on available data the value of apparent U.S. consumption was \$\*\*\* in 2000, \$\*\*\* in 2005, \$\*\*\* in 2011, and \$\*\*\* in 2017. The value of U.S. producers’ domestic shipments decreased from \$\*\*\* in 2011 to \$\*\*\* in 2017, which is a \*\*\* percent decline. While the Chinese market share (by percent) has remained relatively constant at approximately \*\*\* percent from 2011 to 2017; the share of imports from nonsubject sources was \*\*\* percent in 2017. The domestic interested parties assert that this share is \*\*\* at \*\*\*, while imports from nonsubject countries such as India, Indonesia, and Vietnam accounted for approximately \*\*\* percent of the market in 2017.

**Table I-4**  
**FGBs: U.S. producers’ U.S. shipments, U.S. imports, and apparent U.S. consumption, 2006-08, and 2013**

\* \* \* \* \*

### THE INDUSTRY IN CHINA<sup>47</sup>

In the original investigation, the Commission received questionnaires with usable data from two foreign producers: Red Point and Luk Ka Printing Company, Ltd. (“Luk Ka”). At that time, Red Point estimated that it accounted for \*\*\* percent of total production of FGBs in China and \*\*\* percent of China’s exports of FGBs to the United States in 2000. Luk Ka reported that over \*\*\* percent of its FGBs were sold to factories in China for packaging their end products and not sold in retail directly.

Since 2000, no specific information about Chinese producers’ capacity, production, or shipments of FGBs are available in this review. According to the domestic interested parties, any Chinese printer with a printing press and a die cutter can manufacture folding gift boxes.<sup>48</sup>

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<sup>46</sup> Domestic interested parties’ response to the notice of institution, March 5, 2018, p. 9.

<sup>47</sup> Unless otherwise noted, this information is based on *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (Second Review), USITC Publication 4365, November 2012, p. I-13.

<sup>48</sup> In 2017, “China Print 2017,” a Chinese printing technology exhibition, identified the printing equipment manufacturing industry as a part of China’s “Made-in-China 2025” broad national strategy to upgrade its manufacturing industry, and thus, the development of the graphic arts industry. Response to  
*(continued...)*

In 2015, China reportedly had approximately 105,000 enterprises and \*\*\* employed in the graphic arts industry, including packaging.<sup>49</sup>

According to the domestic interested parties, the volume of subject imports from China \*\*\* since the last review and is estimated to account for roughly \*\*\* of the U.S. market; in terms of value, subject imports accounted for approximately \*\*\* of the market.<sup>50</sup> The domestic interested parties estimate that the subject imports in the market are produced almost entirely by \*\*\* and that \*\*\*.<sup>51</sup>

Tables I-5 and I-6 present export data for FGBs—as well as all other products covered under HS subheadings 4819.20 and 4819.50—from China in descending order of quantity and value, respectively, for 2017.<sup>52</sup>

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*(...continued)*

the Commission's Notice of Institution by domestic interested parties, March 5, 2018, Exhibit 2. "China Print 2017 Report No. 1," 9<sup>th</sup> Beijing International Printing Technology Exhibition, May 9–13, 2017, p. 4.

<sup>49</sup> Response to the Commission's Notice of Institution by domestic interested parties, March 5, 2018, Exhibit 2. "China Print 2017 Report No. 1," 9<sup>th</sup> Beijing International Printing Technology Exhibition, May 9–13, 2017, p. 1. \*\*\*

<sup>50</sup> Response to the Commission's Notice of Institution by domestic interested parties, March 5, 2018, pp. 9–10.

<sup>51</sup> Response to the Commission's Notice of Institution by domestic interested parties, March 5, 2018, p. 10.

<sup>52</sup> The HS numbers covering exports of FGBs also cover many products that are outside the scope of the investigation (e.g., non-gift item folding boxes such as cereal boxes, office products folding cartons, other consumer products, paperboard boxes, etc.).

**Table I-5****FBGs: Exports from China, by destination, by quantity, 2013–17**

Item	Calendar year				
	2013	2014	2015	2016	2017
<b>Quantity (1,000 kg)</b>					
United States	79,315	77,458	79,740	80,290	86,166
Hong Kong	65,887	70,140	60,245	51,671	52,693
United Kingdom	18,221	20,687	23,457	22,460	22,963
Australia	10,893	12,069	14,786	15,271	16,183
France	10,355	9,794	10,264	10,949	12,311
Vietnam	6,391	5,813	6,858	8,664	10,607
Singapore	6,276	7,308	7,675	8,297	10,331
United Arab Emirates	6,480	9,520	8,951	8,668	9,975
Germany	9,037	9,767	8,169	7,966	9,591
Japan	11,569	10,253	9,798	10,079	9,314
All other	139,307	144,234	139,242	148,769	156,487
Total	363,730	377,042	369,187	373,085	396,620

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheadings 4819.20 and 4819.50. These data are overstated as both of these HS subheadings contain products outside the scope of this review.



**Table I-6**  
**FGBs: Exports from China, by destination, by value, 2013–17**

Item	Calendar year				
	2013	2014	2015	2016	2017
<b>Value (1,000 dollars)</b>					
United States	372,510	334,591	467,348	318,111	387,440
Hong Kong	226,678	246,620	208,114	215,174	207,261
United Kingdom	106,571	89,371	115,739	96,644	105,093
France	60,619	56,031	65,070	56,662	62,605
Singapore	49,998	55,767	60,865	56,366	61,771
Malaysia	39,259	39,467	45,280	32,433	56,960
Australia	48,301	49,611	63,608	53,147	55,258
Vietnam	25,699	30,108	35,160	41,827	48,768
Germany	48,490	45,866	51,070	39,123	47,299
Japan	47,886	46,191	42,790	44,747	46,957
All other	666,527	746,674	734,370	631,626	669,487
Total	1,692,538	1,740,296	1,889,414	1,585,859	1,748,898

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheadings 4819.20 and 4819.50. These data are overstated as both of these HS subheadings contain products outside the scope of this review.

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

Based on available information, FGBs from China have not been subject to other antidumping or countervailing duty investigations outside the United States.

### **THE GLOBAL MARKET**

Table I-7 presents the largest global sources of exports of the goods covered under the HS subheadings 4819.20 and 4819.50 during 2013–17, by value.<sup>53</sup>

U.S. producers have identified North America as the main market for gift box consumption.<sup>54</sup> In addition to the United States, Canada would be an important part of this

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<sup>53</sup> In addition to FGBs, the HTS statistical reporting numbers covering imports of FGBs cover many products that are outside the scope of the investigation (e.g., non-gift item folding boxes such as cereal boxes, office products folding cartons, other consumer products, paperboard boxes, etc.).

<sup>54</sup> Response to the Commission’s Notice of Institution by domestic interested parties, March 5, 2018, p. 20.

market. Tables I-8 and I-9 present the largest import sources for Canada of the goods covered under HS subheadings 4819.20 and 4819.50 during 2013–17, by quantity and value, respectively.<sup>55</sup>

**Table I-7**  
**FGBs: Global exports by major sources, by value, 2013–17**

Item	2013	2014	2015	2016	2017
<b>Value (1,000, dollars)</b>					
Germany	1,692,538	1,740,296	1,889,414	1,585,859	1,748,898
China	1,968,736	1,874,917	1,577,912	1,593,975	1,697,684
United States	596,114	587,618	611,799	619,328	610,630
Netherlands	615,425	652,559	577,000	522,976	610,518
Canada	481,982	479,232	499,543	521,193	537,109
Poland	305,804	335,559	338,370	343,036	414,364
Austria	464,701	417,916	328,396	339,242	378,376
Italy	356,431	376,688	323,276	334,153	350,253
Belgium	348,584	326,085	284,035	283,653	311,806
France	252,929	249,529	226,357	239,391	242,304
All other	3,158,717	3,200,266	2,922,521	2,903,223	2,543,519
Total	10,241,960	10,240,665	9,578,623	9,286,029	9,445,462

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheading 481920 and 481950. These data are overstated as these HS contain products outside the scope of this review.

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<sup>55</sup> In addition to FGBs, the HTS statistical reporting numbers covering imports of FGBs cover many products that are outside the scope of the investigation (e.g., non-gift item folding boxes such as cereal boxes, office products folding cartons, other consumer products, paperboard boxes, etc.).

**Table I-8****FBGs: Global imports to Canada by major sources, by quantity, 2013–17**

Item	2013	2014	2015	2016	2017
<b>Quantity (1,000, kg)</b>					
United States	109,456	107,919	105,700	113,870	103,485
China	10,457	9,085	10,383	11,639	12,899
Netherlands	2,810	1,731	1,573	2,062	1,989
Germany	509	883	1,706	1,787	1,791
Denmark	1,846	1,510	1,529	1,176	923
Thailand	937	759	816	801	759
Mexico	602	902	687	879	686
India	711	153	416	367	365
Austria	1,178	895	525	275	363
United Kingdom	74	180	266	224	355
All other	2,722	2,356	1,921	2,635	2,627
Total	130,936	125,938	126,235	135,707	126,018

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheading 481920 and 481950. These data are overstated as these HS contain products outside the scope of this review.

**Table I-9****FGBs: Global imports to Canada by major sources, by value, 2013–17**

<b>Item</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Value (1,000, dollars)</b>					
United States	255,278	256,490	253,831	261,661	248,335
China	34,089	32,137	37,526	38,336	43,563
Germany	3,037	5,093	8,886	9,843	10,289
Thailand	4,813	4,139	3,728	3,343	2,963
Netherlands	3,807	3,124	2,120	2,513	2,480
Austria	6,262	5,181	3,116	1,838	2,471
Mexico	1,091	1,410	997	1,178	1,831
Taiwan	919	898	926	1,034	1,614
Denmark	2,788	2,383	2,286	1,687	1,554
India	799	415	1,207	1,320	1,253
All other	7,357	8,230	10,339	9,774	9,349
<b>Total</b>	<b>320,239</b>	<b>319,499</b>	<b>324,962</b>	<b>332,527</b>	<b>325,703</b>

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheading 481920 and 481950. These data are overstated as these HS contain products outside the scope of this review.

**APPENDIX A**

***FEDERAL REGISTER NOTICES***



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

Citation	Title	Link
83 F.R. 4641 February 1, 2018	<i>Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2018-02-01/pdf/2018-02005.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-02-01/pdf/2018-02005.pdf</a>
83 F.R. 4679 February 1, 2018	<i>Folding Gift Boxes from China: Institution of a Five-Year Review of the Antidumping Duty Order</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2018-02-01/pdf/2018-01343.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-02-01/pdf/2018-01343.pdf</a>





**APPENDIX B**  
**COMPANY-SPECIFIC DATA**



**RESPONSE CHECKLIST FOR U.S. PRODUCERS**

Item	Harvard Folding Box Company, Inc.	P.S. Greeting, Inc.	Total
	Quantity=1,000 packages; value=1,000 dollars; Unit values, unit labor costs, and unit financial data are per pound		
Nature of operation	✓	✓	✓
Statement of intent to participate	✓	✓	✓
Statement of likely effects of revoking the order	✓	✓	✓
U.S. producer list	✓	✓	✓
U.S. importer/foreign producer list	✓	✓	✓
List of 3-5 leading purchasers	✓	✓	✓
List of sources for national/regional prices	✓	✓	✓
<b>Production:</b>			
Quantity	***	***	***
Percent of total reported	***	***	100.0
Capacity	***	***	***
<b>Commercial shipments:</b>			
Quantity	***	***	***
Value	***	***	***
<b>Internal consumption:</b>			
Quantity	0	0	0
Value	0	0	0
Net sales	***	***	***
COGS	***	***	***
Gross profit or (loss)	***	***	***
SG&A expenses (loss)	***	***	***
Operating income/(loss)	***	***	***
Changes in supply/demand	✓	✓	✓
<p>Note.—The production, capacity, and shipment data presented are for calendar year 2017. The financial data are for fiscal year ended 2017.</p> <p>✓ = response provided; ✗ = response not provided; NA = not applicable; ? = indicated that the information was not known.</p>			



**APPENDIX C**

**SUMMARY DATA FROM THE ORIGINAL INVESTIGATION**



Table C-1  
 FGBs: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001

(Quantity=1,000 pieces, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per piece; period changes=percent, except where noted)

Item	Reported data					Period changes			
	1998	1999	2000	January-June		1998-2000	1998-1999	1999-2000	Jan.-June 2000-2001
				2000	2001				
<b>U.S. consumption quantity:</b>									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
China (non-subject)	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
<b>U.S. consumption value:</b>									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
China (non-subject)	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
<b>U.S. shipments of imports from:</b>									
<b>China:</b>									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
<b>China (non-subject):</b>									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
<b>All other sources:</b>									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
<b>All sources:</b>									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
<b>U.S. producers:</b>									
Average capacity quantity	363,196	355,092	338,895	153,256	129,950	-6.7	-2.2	-4.6	-15.2
Production quantity	275,429	269,392	255,334	99,404	87,561	-7.3	-2.2	-5.2	-11.9
Capacity utilization (1)	75.8	75.9	75.3	64.9	67.4	-0.5	(5)	-0.5	2.5
<b>U.S. shipments:</b>									
Quantity	273,455	269,351	255,222	47,340	30,321	-6.7	-1.5	-5.2	-36.0
Value	40,324	42,733	43,272	8,072	5,364	7.3	6.0	1.3	-33.5
Unit value	\$0.15	\$0.16	\$0.17	\$0.17	\$0.18	15.0	7.6	6.9	3.8
<b>Export shipments:</b>									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	425	427	420	356	391	-1.2	0.5	-1.6	9.8
Hours worked (1,000s)	659	672	613	285	318	-7.0	2.0	-8.8	11.6
Wages paid (\$1,000s)	7,548	8,006	7,734	3,503	3,524	2.5	6.1	-3.4	0.6
Hourly wages	\$11.45	\$11.91	\$12.62	\$12.29	\$11.08	10.2	4.0	5.9	-9.8
Productivity (pieces per hour) (3)	352.7	333.0	342.1	268.8	214.4	-3.0	-5.6	2.7	-20.2
Unit labor costs (3)	\$0.03	\$0.04	\$0.04	\$0.05	\$0.05	13.6	10.2	3.1	13.0
<b>Net sales:</b>									
Quantity	274,033	270,002	256,002	47,340	29,294	-6.6	-1.5	-5.2	-38.1
Value	40,455	42,879	43,525	8,072	5,364	7.6	6.0	1.5	-33.5
Unit value	\$0.15	\$0.16	\$0.17	\$0.17	\$0.18	15.2	7.6	7.1	7.4
Cost of goods sold (COGS)	37,608	40,077	41,614	8,147	6,780	10.7	6.6	3.8	-16.8
Gross profit or (loss)	2,847	2,802	1,911	(75)	(1,418)	-32.9	-1.6	-31.8	-1788.0
SG&A expenses	3,688	4,318	4,869	2,049	2,039	32.0	17.1	12.8	-0.5
Operating income or (loss)	(841)	(1,516)	(2,958)	(2,124)	(3,455)	-251.7	-80.3	-95.1	-62.7
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	\$0.14	\$0.15	\$0.16	\$0.17	\$0.23	18.4	8.2	9.5	34.5
Unit SG&A expenses	\$0.01	\$0.02	\$0.02	\$0.04	\$0.07	41.3	18.8	18.9	60.8
Unit operating income or (loss)	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.04)	(\$0.12)	-276.5	-83.0	-105.8	-162.9
COGS/sales (1)	93.0	93.5	95.6	100.9	126.4	2.6	0.5	2.1	25.5
Operating income or (loss)/sales (1)	-2.1	-3.5	-6.8	-26.3	-64.4	-4.7	-1.5	-3.3	-38.1

- (1) "Reported data" are in percent and "period changes" are in percentage points.  
 (2) Not applicable.  
 (3) Based on firms reporting production and hours worked or wages paid.  
 (4) Less than 0.05 percent.  
 (5) Less than 0.05 percentage points.

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

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

**Table C-2**

**Give-away folding gift boxes: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001**

\* \* \* \* \*

**Table C-3**

**All folding gift boxes: Summary data concerning the U.S. market, 1998-2000, January-June 2002, and January-June 2001**

\* \* \* \* \*



**APPENDIX D**

**PURCHASER QUESTIONNAIRE RESPONSES**



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

1. Have there been any significant changes in the supply and demand conditions for folding gift boxes that have occurred in the United States or in the market for folding gift boxes in China since January 1, 2013?

<b>Purchaser</b>	<b>Changes that have occurred</b>
***	No response.
***	No.
***	No response.
***	Yes. Antidumping duty on boxes from China has caused us to look for non-China resources.
***	No.

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

<b>Purchaser</b>	<b>Anticipated changes</b>
***	No response
***	No.
***	No response
***	No.
***	No.

