

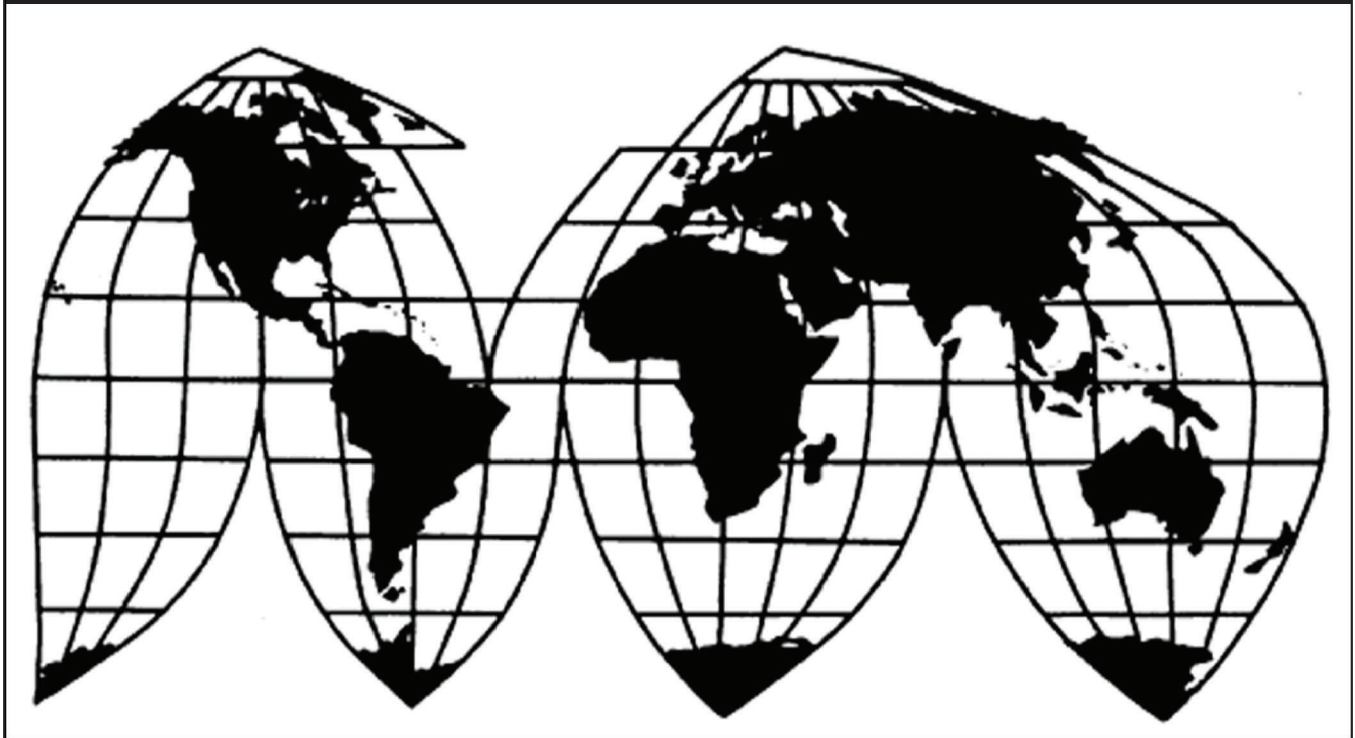
Folding Gift Boxes from China

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

Publication 5471

November 2023

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note: Information that would reveal confidential operations of individual concerns may not be published.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

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

Folding Gift Boxes from China

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to 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 instituted this review on June 1, 2023 (88 FR 35917) and determined on September 5, 2023 that it would conduct an expedited review (88 FR 67813, October 2, 2023).

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

Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on 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.

I. Background

Original Investigation. On February 20, 2001, Harvard Folding Box Company, Inc. (“Harvard”) and Field Container Co., L.P. (“Field”), 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”).¹ 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.² Consequently, Commerce issued an antidumping duty order on imports of FGBs from China on January 8, 2002.³

Prior Reviews. In April 2007, the Commission made an affirmative determination in the expedited first five-year review of the antidumping duty order on FGBs from China.⁴ As a result, Commerce issued a continuation of the antidumping duty order, effective May 18, 2007.⁵

In November 2012, the Commission made an affirmative determination in the expedited second five-year review of the antidumping duty order on FGBs from China.⁶ Commerce issued

¹ *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.

² *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (Final), USITC Pub. 3480 (Dec. 2001) (“*Original Determination*”).

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

⁴ *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (Review), USITC Pub. 3917 (April 2007) (“*First Review*”).

⁵ *Certain Folding Gift Boxes from the People’s Republic of China: Continuation of Antidumping Duty Order*, 72 Fed. Reg. 28025 (May 18, 2007).

⁶ *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (Second Review), USITC Pub. 4365 (November 2012) (“*Second Review*”).

a notice continuing the antidumping duty order, effective March 5, 2013.⁷ In July 2018, the Commission again made an affirmative determination in the expedited third five-year review of the antidumping duty order on FGBs from China.⁸ Commerce issued a notice continuing the antidumping duty order, effective July 11, 2018.⁹

Current Review. On June 1, 2023, the Commission instituted this fourth five-year review.¹⁰ The Commission received a single response to its notice of institution from Hallmark Cards, Inc. (“Hallmark”), which is a domestic producer of FGBs.¹¹ No respondent interested party responded to the notice of institution or participated in this review. On September 5, 2023, the Commission found that the domestic interested party group response was adequate and that the respondent interested party group response was inadequate.¹² Finding no other circumstances that would warrant conducting a full review, the Commission determined that it would conduct an expedited review of the antidumping duty order.¹³ Hallmark submitted final

⁷ *Certain Folding Gift Boxes from the People’s Republic of China: Continuation of Antidumping Duty Order*, 78 Fed. Reg. 14269 (Mar. 5, 2013).

⁸ *Folding Gift Boxes from China*, Inv. No. 731-TA-921 (Third Review), USITC Pub. 4800 (July 2018) (“Third Review”).

⁹ *Certain Folding Gift Boxes from the People’s Republic of China: Continuation of the Antidumping Duty Order*, 83 Fed. Reg. 32073 (July 11, 2018).

¹⁰ *Folding Gift Boxes from China; Institution of a Five-Year Review*, 88 Fed. Reg. 35917 (June 1, 2023).

¹¹ See *Response to Notice of Institution by Hallmark Cards, Inc.*, EDIS Doc. 799732 (July 3, 2023) (“Confidential Domestic Response”); see *Response to Notice of Institution by Hallmark Cards, Inc.*, EDIS Doc. 799733 (July 3, 2023) (“Domestic Response”); *Supplement to Substantive Response to the Notice of Institution by Domestic Producer Hallmark*, EDIS Doc. 800678 (July 20, 2023) (“Domestic Supplemental Response”).

As further detailed below, Hallmark states that, to the best of its knowledge, it is the sole domestic producer of FGBs. Hallmark estimates that it accounted for 0 percent of U.S. production of folding gift boxes in 2022. Hallmark acquired the production equipment of the sole remaining domestic producer, P.S. Greetings, in June 2022, transferred the equipment to its own production facility in August/September 2022, and began producing FGBs only in May 2023. Although Hallmark did not produce FGBs in 2022, as the sole domestic producer of FGBs, it will likely represent 100 percent of domestic production in 2023. CR/PR at I-2 and Table I-2. The Statement of Administrative Action directs that, in ruling on the adequacy of responses, the Commission should “consider the proportion of parties that respond and their likely share of the market if the order were revoked or the suspended investigation terminated.” See SAA, H.R. Rep. No. 316, 103 Cong., 2d Sess. Vol. 1 at 880 (1994) (“SAA”).

¹² *Folding Gift Boxes from China; Scheduling of an Expedited Five-Year Review*, 88 Fed. Reg. 67813 (Oct. 2, 2023).

¹³ *Explanation of Commission Determination on Adequacy*, EDIS Doc. 804250 (Sept. 13, 2023). Chairman Johanson determined that conducting a full review was warranted because there have not been any previous full reviews and because of changes to the U.S. industry and the tariff treatment of subject merchandise since the last review. *Id.*

comments pursuant to 19 C.F.R. § 207.62(d)(1) regarding the determination that the Commission should reach.¹⁴

Data Response/Coverage. U.S. industry data in this review are based on data provided by Hallmark in its response to the notice of institution. Hallmark had no FGB production in 2022, and began production of FGBs in May 2023 after acquiring the production equipment of P.S. Greetings, Inc. d.b.a. Fantus Paper Products (“P.S. Greetings”), ***. Hallmark estimates that it will account for 100 percent of domestic production in 2023 and the foreseeable future.¹⁵ U.S. import data and related data are based on data submitted in the original investigation, prior reviews, and Commerce’s official import statistics.¹⁶ Foreign industry data

¹⁴ *Final Comments of the Domestic Industry*, EDIS Doc. 805816 (Oct. 12, 2023).

¹⁵ *Domestic Response* at 9, 21; see also *Confidential Report*, INV-VV-069, EDIS Doc. No. 803149 (Aug. 24, 2023) (“CR”), Public Report, *Folding Gift Boxes from China*, Inv. 731-TA-921 (Fourth Review), USITC Pub. 5471 (Nov. 2023) (“PR”) at Table I-2. Hallmark reported its share of total U.S. production of FGBs in 2022 as zero because it did not start producing FGBs until May 2023. However, Hallmark currently accounts for all known domestic production of FGBs. It notes that P.S. Greetings shut down its production before the traditional start of annual production, so it assumes that P.S. Greetings’ 2022 production was minimal. *Domestic Response* at 9. Hallmark provided limited trade information on behalf of ***. CR/PR at I-2 n.5, I-10, Table I-4.

¹⁶ CR/PR at Table I-5. FGBs are currently imported under HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060, which are basket categories that include FGBs and out-of-scope products. *Id.* At Table I-6. Furthermore, imports from China under these HTS numbers may include nonsubject imports, as Chinese producer Max Fortune is excluded from the order. In 2017, the domestic interested party estimated that Max Fortune accounted for *** percent of imports from China. *Id.* at Table I-6, Note.

For these reasons, import data in all prior reviews have relied on the domestic interested parties’ estimates of the size of the domestic market, import volumes, and/or import shares for the terminal year of a given review. For this current review, as a domestic producer first entering the market in 2023, Hallmark did not provide estimates of the size of the volume of imports of FGBs entering the United States. Consequently, import data in this review for subject imports, nonsubject imports from China, and nonsubject imports from other sources are based on official import statistics for HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060, which have been adjusted according to information provided by the domestic interested party in the third review. See CR/PR at I-13 to I-14. Specifically, during the third review, the domestic interested party during the third review estimated the 2017 subject import value from China to be \$*** and the nonsubject import value from China to be \$***. These values accounted for *** percent and *** percent, respectively, of the total import value from China that entered under HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060 in 2017. During the third review, the domestic interested party also estimated the 2017 import value from all other sources to be \$***, which accounted for *** percent of total import value from all other sources that entered under the relevant HTS statistical reporting numbers in 2017. In this review, the values of subject imports, nonsubject imports from China, and nonsubject imports from other sources, have been calculated by applying these same percentages, respectively, to official Commerce statistics. See CR/PR at Tables I-5 and I-6.

and related information are based on information from the original investigation, prior reviews, information submitted by Hallmark in its response to the notice of institution, and publicly available information compiled by the Commission.¹⁷ Additionally, two purchasers, *** and ***, responded to the Commission's adequacy phase questionnaire.¹⁸

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."¹⁹ 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."²⁰ 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.²¹

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 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

¹⁷ See CR/PR at I-15 to I-21; see generally *Confidential Domestic Response*.

¹⁸ CR/PR at D-3.

¹⁹ 19 U.S.C. § 1677(4)(A).

²⁰ 19 U.S.C. § 1677(10); see, e.g., *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Dep't of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

²¹ 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).

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

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

One-piece gift boxes are die-cut or otherwise formed so that the top, bottom, and sides form a single, contiguous unit. Two-piece gift boxes are those with a folded bottom and a folded top as separate pieces. Folding gift boxes are generally packaged in shrink-wrap, cellophane, or other packaging materials, in single or multi-box packs for sale to the retail customer. The scope excludes folding gift boxes that have a retailer's name, logo, trademark or similar company information printed prominently on the box's top exterior (such folding gift boxes are often known as "not-for-resale" gift boxes or "give-away" gift boxes and may be provided by department and specialty stores at no charge to their retail customers). The scope of the order also excludes folding gift boxes where both the outside of the box is a single color and the box is not packaged in shrink-wrap, cellophane, other resin-based packaging films, or paperboard.

Imports of the subject merchandise are classified under Harmonized Tariff Schedules of the United States (HTSUS) subheadings 4819.20.0040 and 4819.50.4060. These subheadings also cover products that are outside the scope of the order. Furthermore, although the HTSUS subheadings are provided for convenience and customs purposes, Commerce's written description of the order is dispositive.²²

²² Commerce Memorandum from James Maeder to Lisa W. Wang, *Issues and Decision Memorandum for the Final Results of the Expedited Fourth Sunset Review of the Antidumping Duty Order on Certain Folding Gift Boxes from the People's Republic of China*, EDIS Doc. 806396 (Sept. 28, 2023) ("Commerce I&D Memorandum").

FGBs are manufactured with paperboard in a variety of styles and designs. A majority of all 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.²³

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.²⁴

There is no new information in the record of this fourth five-year review indicating that the pertinent characteristics and uses of FGBs have changed since the prior proceedings so as to warrant reconsideration of the domestic like product definition.²⁵ Hallmark agrees with the Commission's definition of the domestic like product in the original investigation and prior reviews.²⁶ 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."²⁷ 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.

²³CR/PR at I-7.

²⁴ *Original Determination*, USITC Pub. 3480 at 7; *First Review*, USITC Pub. 3917 at 4-5; *Second Review*, USITC Pub. 4365 at 5; *Third Review*, USITC Pub. 4800 at 6-7. In the original investigation, the Commission considered whether to define 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.

²⁵ See generally CR/PR at I-5-7.

²⁶ *Domestic Response* at 25-26.

²⁷ 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.

In the original investigation, the Commission defined the domestic industry as consisting of all domestic producers of FGBs.²⁸ In the prior five-year reviews, there were no related party issues, and the Commission again defined the domestic industry to include all U.S. producers of FGBs.²⁹

Hallmark agrees with the Commission's definition of the domestic industry in the prior proceedings,³⁰ and there are no issues under the related party provision in this review.³¹ Accordingly, consistent with our definition of the domestic like product, we define the domestic industry as all existing domestic producers of FGBs, namely Hallmark.

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

²⁸ In the original investigation, domestic producers Field and Superior Packaging Inc. ("Superior") reported importing subject merchandise. The Commission found that for both Field and Superior, their interests were predominantly those of a domestic producer. The Commission further found that neither Field nor Superior appeared to benefit from their importation of 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.

²⁹ *First Review*, USITC Pub. 3917 at 6; *Second Review*, USITC Pub. 4365 at 6; *Third Review*, USITC Pub. 4800 at 7-8.

³⁰ *Domestic Response* at 26. During the third five-year review, the domestic interested parties provided a list of two known and currently operating U.S. producers of FGBs: Harvard Folding Box and P.S. Greetings. These two responding firms accounted for all known production of FGBs in the United States during 2017. In response to the Commission's notice of institution in this current review, Hallmark reported that, to the best of its knowledge, it is the only known and currently operating domestic producer of FGBs. Hallmark reported that the two known U.S. producers of FGBs as of the last review have since ceased production. It reported that P.S. Greetings shut down its FGB operations in May 2022 and sold its FGB manufacturing equipment to Hallmark on June 24, 2022, and believes Harvard Folding Box exited the FGB market some time before 2022. The equipment purchased from P.S. Greetings was moved to Hallmark's manufacturing facilities in August and September of 2022, after the production season for 2022 was already complete. As a result, Hallmark did not manufacture any FGBs in 2022, and thus, accounted for zero percent of production of FGBs in the United States during 2022. CR/PR at I-8-9.

³¹ *Domestic Response* at 24, Exhibit 1.

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.”³² The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”³³ Thus, the likelihood standard is prospective in nature.³⁴ 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.³⁵

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.”³⁶ 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.”³⁷

³² 19 U.S.C. § 1675a(a).

³³ SAA at 883-84. 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.

³⁴ 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.

³⁵ See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

³⁶ 19 U.S.C. § 1675a(a)(5).

³⁷ 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.*

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.”³⁸ 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).³⁹ 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.⁴⁰

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.⁴¹ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.⁴²

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

³⁸ 19 U.S.C. § 1675a(a)(1).

³⁹ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings. *Commerce I&D Memorandum* at 4.

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

⁴¹ 19 U.S.C. § 1675a(a)(2).

⁴² 19 U.S.C. § 1675a(a)(2)(A-D).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁴³

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.⁴⁴ 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 orders under review and whether the industry is vulnerable to material injury upon revocation.⁴⁵

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 prior reviews, and the limited new information on the record in this fourth five-year review.

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors

⁴³ 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.

⁴⁴ 19 U.S.C. § 1675a(a)(4).

⁴⁵ 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.

“within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁴⁶ The following conditions of competition inform our determinations.

1. Demand Conditions

Original Investigation and Prior Reviews. In the prior proceedings, the Commission observed that demand for FGBs is driven by seasonal or holiday trends.⁴⁷ The Commission also found that although most FGBs were sold to discount retailers, the number sold to mass merchandisers had increased.⁴⁸

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 2000.⁴⁹ 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 ***.⁵⁰ During the second five-year review, apparent U.S. consumption, as measured by value, was \$*** in 2011 compared to \$*** in 2005.⁵¹ In the third review, apparent U.S. consumption was \$*** in 2017.⁵²

Current Review. The record in this current review indicates that the drivers of demand for FGBs in the U.S. market have not changed since the prior proceedings, and that demand for FGBs continues to remain seasonal and holiday driven.⁵³

⁴⁶ 19 U.S.C. § 1675a(a)(4).

⁴⁷ *Original Determination*, USITC Pub. 3480 at 10; *First Review*, USITC Pub. 3917 at 8; *Second Review*, USITC Pub. 4365 at 9; *Third Review*, USITC Pub. 4800 at 11.

⁴⁸ *Original Determination*, USITC Pub. 3480 at 10; *First Review*, USITC Pub. 3917 at 8; *Second Review*, USITC Pub. 4365 at 9; *Third Review*, USITC Pub. 4800 at 11.

⁴⁹ *Confidential Views of the Commission*, Inv. No. 731-TA-921 (Final), EDIS Doc. 800636 (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/PR at I-13, n.47.

⁵⁰ *Confidential Views of the Commission*, Inv. No. 731-TA-921 (Review), EDIS Doc. 800639 (April 2007) (“*First Review Confidential Opinion*”) at 10; *First Review*, USITC Pub. 3917 at 8.

⁵¹ *Confidential Views of the Commission*, Inv. No. 731-TA-921 (Second Review), EDIS Doc. 800646 (Nov. 2012) (“*Second Review Confidential Opinion*”) at 11; *Second Review*, USITC Pub. 4365 at 9.

⁵² *Confidential Views of the Commission*, Inv. No. 731-TA-921 (Review), EDIS Doc. 800655 (July 2018) (“*Third Review Confidential Opinion*”) at 16; *Third Review*, USITC Pub. 4800 at 13.

⁵³ See *Domestic Response* at 9, 23; see also CR/PR at I-8-9.

Available information suggests that the COVID-19 pandemic affected demand for gift boxes and other types of gift wrapping, as consumers reevaluated their type and style of gift-giving; some consumers reduced their purchases, some gave gift cards more frequently, and others stopped using gift boxes and other gift wrapping altogether. Broadly, consumer trends shifted away from in-person gift presentations with gift packaging and toward online purchases (some that included gift packaging).⁵⁴ A recent market research report indicates that the global gift market (including FGBs) is expected to grow over the next several years, reflecting the increasing use of such boxes in gift-giving and online gift packaging of purchases.⁵⁵ Hallmark states that it has limited information on changes in demand conditions due to its recent entry in the U.S. market. It notes that subject imports enter the U.S. market under subheadings of the Harmonized Tariff Schedule (“HTS”) that became subject to 25 percent tariffs under Section 301 of the Trade Act of 1974 (“Section 301”) after the prior review; however, it does not know what effect, if any, the Section 301 tariffs have had on demand for subject imports.⁵⁶

Apparent U.S. consumption, by value, was estimated to be \$*** in 2022, which was higher than in 2017, at \$***.⁵⁷

2. Supply Conditions

Original Investigation and Prior Reviews. 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.⁵⁸ The domestic industry’s share of apparent U.S.

⁵⁴ CR/PR at I-19.

⁵⁵ CR/PR at I-19. (citing Zion Market Research, “Unboxing opportunities: Global Gift Boxes Market Size Estimated to Reach \$2.6 Billion by 2023, At a CAGR of 6.5%,” *GlobeNewswire*, June 15, 2023).

⁵⁶ *Domestic Response* at 24.

⁵⁷ CR/PR at Table I-6.

⁵⁸ *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.

consumption, by value, was *** percent in 1998 and *** percent in 2000.⁵⁹ The subject import market share, by value, climbed from *** percent in 1998 to *** percent in 2000.⁶⁰

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.⁶¹ 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.⁶² 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.⁶³

During the second five-year review, there were two U.S. firms that produced FGBs.⁶⁴ 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.⁶⁵ The domestic industry estimated that the subject imports in the U.S. market were produced almost entirely by ***,⁶⁶ and nonsubject imports were from several nonsubject countries and Chinese exporter ***.⁶⁷

During the third five-year review, there were two domestic producers of FGBs, Harvard and P.S. Greetings.⁶⁸ The domestic industry's share of apparent U.S. consumption, by value,

14. ⁵⁹ *Confidential Original Determination* at 20, n.89; *Original Determination*, USITC Pub. 3480 at 14.

14. ⁶⁰ *Confidential Original Determination* at 20, n.89; *Original Determination*, USITC Pub. 3480 at 14.

⁶¹ *First Review*, USITC Pub. 3917 at 8-9. Specifically, domestic producer Superior reportedly ceased production of subject merchandise, and only Harvard participated in the first five-year review. *Id.*

⁶² *First Review*, USITC Pub. 3917 at 8-9.

⁶³ *First Review Confidential Opinion* at 11; *First Review*, USITC Pub. 3917 at 9.

⁶⁴ *Second Review*, USITC Pub. 4365 at 6, n.21.

⁶⁵ *Second Review Confidential Opinion* at 13; *Second Review*, USITC Pub. 4365 at 10.

⁶⁶ *Second Review Confidential Opinion* at 13; *Second Review*, USITC Pub. 4365 at 10. ***. *Id.*

⁶⁷ *Second Review Confidential Opinion* at 13; *Second Review*, USITC Pub. 4365 at 10.

⁶⁸ *Third Review*, USITC Pub. 4800 at 13. Graphic Packaging, which produced FGBs during the second five-year review, had exited the FGB market by the time of the third review, while PS Greetings started manufacturing FGBs in the United States in 2017. *Id.* at 13 n.65.

was *** percent, lower than in any of the prior proceedings.⁶⁹ Subject imports' share of apparent U.S. consumption, by value, accounted for *** percent in 2017, while nonsubject imports continued to be the largest source of supply in the U.S. market at *** percent of apparent U.S. consumption by value.⁷⁰

Current Review. In the current review, Hallmark is the only known producer of FGBs and began production in May 2023. On the premise that domestic production equaled domestic U.S. shipments in 2022, the domestic industry did not supply any FGBs to the U.S. market in 2022.⁷¹

There were several changes in the domestic industry since the prior review. Harvard ceased all FGB operations at some time after 2018 and before 2022.⁷² In May 2022, P.S. Greetings closed its U.S. FGB operations located in Illinois.⁷³ Hallmark acquired P.S. Greetings' production equipment in June 2022, transferred the equipment to its own production facility in Kansas in August/September 2022, and began producing FGBs in May 2023.⁷⁴

Subject imports from China were the second largest source of supply in the U.S. market in 2022, estimated to account for *** percent of apparent U.S. consumption that year by value.⁷⁵ Subject import market share was higher in 2022 than in 2017, when subject imports accounted for *** percent of apparent U.S. consumption.⁷⁶

Nonsubject imports were the largest source of supply in the U.S. market in 2022, estimated to account for *** percent of apparent U.S. consumption that year by value.⁷⁷ Nonsubject imports produced by Max Fortune, a Chinese producer excluded from the order,

⁶⁹ *Third Review Confidential Opinion* at 17.

⁷⁰ *Third Review Confidential Opinion* at 17-18. Nonsubject imports included imports from one Chinese firm that was excluded from the order, as well as nonsubject imports from other countries. *Id.* at 18 n.69. 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. *Id.* at 18

⁷¹ CR/PR at Table I-6. In 2021, the last year that there was domestic production during this period of review, domestic producers accounted for *** percent of apparent U.S. consumption by value, assuming that domestic production equaled domestic U.S. shipments. *Id.*

⁷² CR/PR at Table I-3. Hallmark states that it is unaware of the exact year when Harvard ceased operations. *See Domestic Response* at 9.

⁷³ CR/PR at Table I-3.

⁷⁴ CR/PR at Table I-3. Responding purchasers *** and *** did not report any changes to the supply and demand conditions for FGBs in the U.S. or China, and do not anticipate any changes in the reasonably foreseeable future. CR/PR at D-3.

⁷⁵ *Revision to the Staff Report*, INV-VV-087, EDIS Doc. 806345 (Oct. 18, 2023) at Table I-6.

⁷⁶ CR/PR at Table I-6, as amended.

⁷⁷ CR/PR at Table I-6, as amended. Nonsubject imports accounted for *** percent of apparent U.S. consumption in 2017. *Id.*

are estimated to account for *** percent of apparent U.S. consumption and nonsubject imports from other sources for *** percent of apparent U.S. consumption.⁷⁸

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.⁷⁹ 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.⁸⁰

The record in this review contains no new information to indicate that the degree of substitutability between the domestic like product and subject imports, or the importance of price in purchasing decisions, have changed since the prior proceedings. Hallmark argues that there is a high degree of substitutability between subject imports and the domestic like product and that price remains an important factor in purchasing decisions.⁸¹ Accordingly, we find, as in the prior proceedings, that the domestic like product and subject imports are substitutable, and that price is an important factor in purchasing decisions.

Effective September 24, 2018, FGBs imported from China under HTS subheadings 4819.20.0040 and 4819.50.4060 became subject to an additional 10 percent duty under Section 301 of the Trade Act of 1974,⁸² which was increased to 25 percent effective May 10, 2019.⁸³

⁷⁸ CR/PR at Table I-6, as amended. In 2017, nonsubject imports from China accounted for *** percent of apparent U.S. consumption and nonsubject imports from countries other than China accounted for *** percent of apparent U.S. consumption by value in 2017. *Id.*

⁷⁹ *Original Determination*, USITC Pub. 3480 at 11; *First Review*, USITC Pub. 3917 at 9; *Second Review*, USITC Pub. 4365 at 10; *Third Review*, USITC Pub. 4800 at 13.

⁸⁰ *Original Determination*, USITC Pub. 3480 at 11; *First Review*, USITC Pub. 3917 at 9; *Second Review*, USITC Pub. 4365 at 10; *Third Review*, USITC Pub. 4800 at 13. 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.

⁸¹ *Domestic Response* at 11-12.

⁸² CR/PR at I-6 n.26.

⁸³ CR/PR at I-6 & n.26.

C. Likely Volume of Subject Imports

1. The Original Investigation and Prior Five-Year Reviews

In the original investigation, 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 2000.⁸⁴ 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.⁸⁵ The Commission found the increased volume of subject imports was significant both in absolute terms and relative to consumption in the United States.⁸⁶

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.⁸⁷ It also found the U.S. market to be singularly attractive given that the United States was the only major market for FGBs.⁸⁸ 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.⁸⁹

In the second five-year review, based on the information 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.⁹⁰ The Commission also observed that the United States continued to be the only major market for FGBs.⁹¹ Based on these facts, the Commission found that the likely volume of

⁸⁴ *Confidential Original Determination* at 16; CR/PR at C-3.

⁸⁵ *Original Determination*, USITC Pub. 3480 at 11-12.

⁸⁶ *Original Determination*, USITC Pub. 3480 at 12.

⁸⁷ *First Review*, USITC Pub. 3917 at 11.

⁸⁸ *First Review*, USITC Pub. 3917 at 11.

⁸⁹ *First Review*, USITC Pub. 3917 at 11.

⁹⁰ *Second Review*, USITC Pub. 4365 at 12.

⁹¹ *Second Review*, USITC Pub. 4365 at 12.

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.⁹²

In the third five-year review, the Commission again found that the volume of subject imports from China likely would be significant if the order were revoked.⁹³ Subject imports maintained an appreciable presence in the U.S. market despite the disciplining effect of the order, accounting for *** percent of apparent U.S. consumption by value in 2017.⁹⁴ The Commission found that subject producers maintained a strong interest and the ability to increase subject import volumes if the order were revoked. The record showed that the Chinese FGB industry had numerous large and sophisticated printers and that the U.S. remained as the only significant export market for FGBs.⁹⁵ The Commission recognized the substantial volume of nonsubject imports of FGBs from China and found that when combined with the continued presence of subject imports from China, Chinese producers maintained a strong interest in the U.S. market.⁹⁶ The Commission also noted the Chinese industry's massive capacity to produce subject merchandise, as well as the subject industry's potential for product shifting.⁹⁷

2. Current Review

The record indicates that both subject and nonsubject imports from China maintained a substantial presence in the United States during the current period of review.⁹⁸ As estimated by official U.S. import statistics adjusted using data presented in the third review, subject imports from China, by value, declined from \$*** in 2018 to \$*** in 2019 and \$*** in 2020, increased to \$*** in 2021, and then declined to \$*** in 2022, a level *** percent higher than in

⁹² *Second Review*, USITC Pub. 4365 at 12.

⁹³ *Third Review*, USITC Pub. 4800 at 15.

⁹⁴ *Third Review Confidential Opinion* at 20-21. In 2017, subject imports by value totaled \$***. *Id.* at 20.

⁹⁵ *Third Review*, USITC Pub. 4800 at 15.

⁹⁶ *Third Review*, USITC Pub. 4800 at 15. The Commission noted that *** imported \$*** of FGBs, accounting for *** percent of apparent U.S. consumption in 2017. *Confidential Third Review Opinion* at 21.

⁹⁷ *Third Review*, USITC Pub. 4800 at 15.

⁹⁸ CR/PR at Table I-6.

2018.⁹⁹ Subject imports from China are estimated to account for *** percent of the U.S. market for FGBs in 2022, compared to *** percent in 2017.¹⁰⁰

The record in this review contains limited information on the FGB industry in China. Nonetheless, the available information indicates that subject producers have the ability and incentive to export subject merchandise to the U.S. market at significant volumes if the order were revoked.

In prior reviews, the Commission has found that subject Chinese producers have massive capacity to produce subject merchandise and have potential for product shifting because any printer with the proper equipment can be used to produce the subject merchandise.¹⁰¹ There is no new information on the record of this review suggesting that the Chinese industry's large capacity to produce FGBs has changed, or that there has been any changes in the Chinese industry's ability to shift production.¹⁰² Hallmark provided a list of 45 potential producers of FGBs in China.¹⁰³

The information available also indicates that the Chinese industry is a large exporter. According to Global Trade Atlas ("GTA") data, China was the world's second-largest exporter of

⁹⁹ CR/PR at Table I-5, as amended. Imports of FGBs from China also included nonsubject imports produced by Max Fortune, a Chinese producer excluded from the antidumping order. Estimated nonsubject imports from China, by value, declined from \$*** in 2018 to \$*** in 2019 to \$*** in 2020, increased to \$*** in 2021, and then decreased slightly to *** in 2022. *Id.* Nonsubject imports from China are estimated to have accounted for *** percent of apparent U.S. consumption in 2022. Calculated from CR/PR at Tables I-5 and I-6, as amended.

¹⁰⁰ CR/PR at Table I-6, as amended. Import data are based on adjusted official import statistics. The domestic interested party during the third review estimated the 2017 subject import value from China to be \$*** and the nonsubject import value from China to be \$***, which accounted for *** percent and *** percent, respectively, of import value from China entered under HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060 in 2017. The domestic interested party during the third review also estimated 2017 import value from all other sources to be \$***, which accounts for *** percent of import value from all other sources entered under the relevant HTS statistical reporting numbers in 2017. The domestic interested party did not likewise provide similar estimates for the current review. Therefore, the facts available to estimate subject and nonsubject imports during 2018-2022 are official import statistics, by value, which are adjusted for purposes of the current review by the same percentages as for the third review (*i.e.*, *** percent for subject imports from China, *** percent for nonsubject imports from China, and *** percent for imports from all other sources).

¹⁰¹ *Third Review*, USITC 4800 at 15.

¹⁰² See CR/PR at I-17. Hallmark did not identify any major developments in the Chinese FGB industry during this period of review nor was there relevant information from outside sources.

¹⁰³ See *Confidential Domestic Response* at 21, Exhibits 1 & 2. Hallmark provided the same list of 45 potential Chinese producers and 32 potential U.S. importers that were identified in the prior proceedings. See CR/PR at I-12 to I-13, I-16. There is no new information in the record regarding producers in China or importers of subject merchandise.

packing containers under Harmonized System (“HS”) subheadings 4819.20 and 4819.50, which includes FGBs and out-of-scope products, in terms of quantity, and the largest exporter of such merchandise in terms of value, throughout the period of review.¹⁰⁴ Chinese exports of packing containers increased throughout the period of review, by value, from \$2.0 billion in 2018 to \$3.6 billion in 2022, an 80 percent increase over that period.¹⁰⁵ These data also indicate that the Chinese industry has the ability to increase exports of packing containers to individual markets rapidly: between 2018 to 2022, Chinese producers increased their exports of packing containers, measured by value, to the United States by almost 80 percent, to Australia by more than 145 percent, and to Singapore by more than 122 percent.¹⁰⁶

The record also indicates that the United States remains an attractive market for the subject producers. Subject imports from China maintained a substantial presence in the U.S. market throughout the period of review, accounting for an estimated *** percent of apparent U.S. consumption in 2022, thereby maintaining customers and distribution networks in the U.S. market.¹⁰⁷ The Commission has previously found that the United States is the primary market for FGBs, and there is no new information on the record of this review indicating that this is no longer the case or that demand for FGBs has grown in third country markets.¹⁰⁸ GTA data indicate that during each year of the period of review, the United States was the largest destination market, by quantity and value, for Chinese exports of packing containers under HS subheadings 4819.20 and 4819.50.¹⁰⁹

Given the foregoing, including the significant and increasing volume and market share of subject imports in the original investigation, the substantial presence of subject imports from China in the U.S. market during the period of review, the large size and exports of the subject

¹⁰⁴ CR/PR at Table I-9, Table I-10. These export data are overstated because HS subheadings 4819.20 and 4819.50 covering exports of FGBs also cover many products that are outside the scope of this review, including non-gift item folding boxes such as cereal boxes, folding cartons, and other consumer products, in addition to nonsubject FGBs.

¹⁰⁵ CR/PR at Tables I-8, I-10.

¹⁰⁶ CR/PR at Table I-8. According to GTA data, Chinese exports of packing containers by value to the United States increased from \$425.5 million in 2018 to \$763 million in 2022; they increased to Australia from \$73.0 million in 2018 to \$179.0 million in 2022; and increased to Singapore from \$76.0 million in 2018 million to \$168.6 million in 2022. *Id.*

¹⁰⁷ CR/PR at Tables I-5-6, as amended. Nonsubject imports from China also maintained a substantial presence in the U.S. market, accounting for *** percent of apparent U.S. consumption in 2022. *Id.*

¹⁰⁸ *See, e.g., Third Review*, USITC Pub. 4800 at 15.

¹⁰⁹ CR/PR at Table I-7; Table I-8. As previously discussed, these GTA data are overstated as they contain products outside the scope of this review.

industry, and the attractiveness of the U.S. market, we conclude that the volume of subject imports would likely be significant, both in absolute terms and relative to U.S. consumption, if the order were revoked.¹¹⁰

D. Likely Price Effects

1. 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 for sales made by retailers that import directly, which the Commission noted comprised most subject imports, while the domestic prices did not include these charges.¹¹¹ Recognizing that the pricing data likely understated the extent of underselling, the Commission concluded that underselling was significant, given the general substitutability of imported and domestic FGBs.¹¹²

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.¹¹³ 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.¹¹⁴

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.¹¹⁵ The Commission attributed the domestic industry's inability to raise prices to the increasing

¹¹⁰ Given the subject industry's large size and export orientation, the attractiveness of the U.S. market, and the continued substantial presence of imports of FGBs from China in the U.S. market, we find that the duties under Section 301 are not likely to prevent subject imports from entering the market at significant levels after revocation. Neither Hallmark nor the responding purchasers cited these duties as an impediment to subject imports from China. See CR/PR at D-4.

The record of this expedited review does not contain information about inventories of the subject merchandise. FGBs from China are not subject to any antidumping or countervailing duty orders in third country markets. CR/PR at I-18.

¹¹¹ *Original Determination*, USITC Pub. 3480 at 12.

¹¹² *Original Determination*, USITC Pub. 3480 at 13.

¹¹³ *Original Determination*, USITC Pub. 3480 at 13.

¹¹⁴ *Original Determination*, USITC Pub. 3480 at 13.

¹¹⁵ *Original Determination*, USITC Pub. 3480 at 13.

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 had suppressed domestic prices to a significant degree.¹¹⁶

In 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. Given the likely significant volume of subject imports from China, the Commission concluded that such imports would likely significantly undersell the domestic like product to gain market share and would likely enter the U.S. market at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.¹¹⁷

In the third five-year review, the Commission again found, based on the limited record due to the expedited nature of the review, that because of the substitutability between the domestic like product and subject imports and because price continued to be an important factor in purchasing decisions, the likely significant volume of subject imports, which would likely undersell the domestic like product, would likely force the domestic industry to lower prices or lose sales. In light of these considerations, the Commission again concluded 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.¹¹⁸

2. Current Review

As discussed in section III.B.3 above, we continue to find that the domestic like product and subject imports are substitutable and that price remains an important factor in purchasing decisions.

The record in this expedited review does not contain new product-specific pricing information. Based on the available information, including the substitutability between the domestic like product and the importance of price in purchasing decisions, we find that, if the order were revoked, significant volumes of subject imports would likely undersell the domestic like product, as they did in the original investigation. Absent the discipline of the order, significant volumes of low-priced subject imports would likely take sales and market share from

¹¹⁶ *Original Determination*, USITC Pub. 3480 at 13.

¹¹⁷ *First Review*, USITC Pub. 3917 at 12; *Second Review*, USITC Pub. 4365 at 13.

¹¹⁸ *Third Review*, USITC Pub. 4800 at 17.

domestic producers and/or force the domestic industry to cut prices or forego price increases necessary to cover increasing costs. Consequently, we find that if the order were revoked, subject imports would likely have significant price effects.

E. Likely Impact

1. The Original Investigation and Prior Five-Year Reviews

In the original investigation, 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.¹¹⁹ In addition, the domestic industry's production and capacity decreased steadily during this period, although capacity utilization remained relatively steady. Further, subject imports negatively affected the industry's financial indicators, including gross profits, operating income, and operating income margins, as well as other key indicators, such as employment, wages, productivity, unit labor costs, and capital expenditures.¹²⁰ 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.¹²¹ As a result of these findings, the Commission concluded that subject imports were having a significant impact on the domestic FGB industry.¹²²

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.¹²³ 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.¹²⁴ 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

¹¹⁹ *Original Determination*, USITC Pub. 3480 at 14.

¹²⁰ *Original Determination*, USITC Pub. 3480 at 14.

¹²¹ *Original Determination*, USITC Pub. 3480 at 15.

¹²² *Original Determination*, USITC Pub. 3480 at 15.

¹²³ *First Review*, USITC Pub. 3917 at 14-15.

¹²⁴ *First Review*, USITC Pub. 3917 at 15.

revocation of the order.¹²⁵ 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.¹²⁶

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.¹²⁷ 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.¹²⁸ 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.¹²⁹

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.¹³⁰ It found that although demand was substantially lower in the second review compared to the original investigation and prior review, subject imports were still able to increase their presence and market penetration, despite the existing antidumping duty order.¹³¹ 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.¹³² 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.¹³³

In the third five-year review, the Commission found the limited information on the record insufficient for purposes of making a vulnerability finding.¹³⁴ The Commission concluded that the significant volume of subject imports that was likely after revocation, and the resulting increase in subject import competition, would likely have an adverse impact on the domestic

¹²⁵ *First Review*, USITC Pub. 3917 at 15.

¹²⁶ *First Review*, USITC Pub. 3917 at 15.

¹²⁷ *Second Review*, USITC Pub. 4365 at 14.

¹²⁸ *Second Review*, USITC Pub. 4365 at 14.

¹²⁹ *Second Review*, USITC Pub. 4365 at 15.

¹³⁰ *Second Review*, USITC Pub. 4365 at 15.

¹³¹ *Second Review*, USITC Pub. 4365 at 15.

¹³² *Second Review*, USITC Pub. 4365 at 15.

¹³³ *Second Review*, USITC Pub. 4365 at 16.

¹³⁴ *Third Review Confidential Opinion* at 28.

industry.¹³⁵ The Commission acknowledged the substantial presence of nonsubject imports in the U.S. market, noting that imports from nonsubject Chinese producer Max Fortune and producers in other countries accounted for *** percent of the U.S. market by value, but found that there was no evidence that nonsubject imports would prevent subject imports from entering the U.S. market at injurious volumes after revocation.¹³⁶

2. Current Review¹³⁷

The record in this expedited review contains limited information concerning the domestic industry's performance since the prior proceedings.

The sole known domestic producer, Hallmark, only commenced FGB production in May 2023, and reported limited trade information on behalf of *** for 2021 and 2022.¹³⁸ The information available indicates that the domestic industry had a capacity of *** packages in 2022, which was lower than in any of the prior proceedings, but the information available indicates that it produced no FGBs that year.¹³⁹ In 2021, the domestic industry's capacity, at *** packages was lower than in 2017, but its production and capacity utilization, at *** packages and *** percent, respectively, were higher.¹⁴⁰ The record contains no information on the domestic industry's U.S. shipments or financial performance in 2021 and 2022.¹⁴¹ The domestic industry currently possesses a capacity of *** packages, which is lower than in any of the prior proceedings.¹⁴²

¹³⁵ *Third Review*, USITC Pub. 4800 at 15.

¹³⁶ *Third Review Confidential Opinion* at 18.

¹³⁷ In its expedited review, Commerce determined that revocation of the order would result in the continuation or recurrence of dumping, with margins up to 164.75 percent. *Certain Folding Gift Boxes from the People's Republic of China: Final Results of the Expedited Sunset Review of the Antidumping Duty Order*, 88 Fed. Reg. 69133 (Oct. 5, 2023).

¹³⁸ CR/PR at Table I-2.

¹³⁹ CR/PR at Table I-4. Because P.S. Greetings, the sole known U.S. producer in 2022, ceased FGB production in May 2022, the domestic industry's 2022 capacity is estimated to be five-twelfths of annual machine capacity that P.S. Greetings sold to Hallmark in June 2022, which was *** packages. CR/PR at I-10. By comparison, the domestic industry's capacity was *** packages in 2017, *** packages in 2011, *** in 2005, and 338.9 million pieces in 2000. *Id.* at Table I-4 & Note.

¹⁴⁰ CR/PR at Table I-5. In 2017, the domestic industry's capacity was *** packages, its production was *** packages, and its capacity utilization was *** percent.

¹⁴¹ Hallmark reports that it is unaware of whether P.S. Greetings sold its remaining FGB inventory in the domestic market in 2022. CR/PR at I-10.

¹⁴² CR/PR at Table I-4.

Based on the information available in this expedited review (covering the sole known producer of FGBs in 2023), Commissioners Kearns and Karpel find that the domestic industry is vulnerable to dumped imports. Specifically, they observe that Harvard Folding Box (original petitioner) ceased FGB operations between 2018 and 2022, while P.S. Greetings, the remaining producer, shut down its FGB operations in 2022 before it was purchased by Hallmark. Further, the domestic industry reported no production in 2022 (garnering no market share) and its capacity utilization ratio was *** percent in 2021; the domestic industry's reported capacity and production in 2021 were also *** lower than in any terminal year of the prior proceedings.¹⁴³ Finally, the domestic industry's market share has declined significantly from the original investigation; it was *** percent in 2000 compared to *** in 2022 (though it is unknown whether P.S. Greetings continued to sell its FGB inventory in the domestic market in 2022).¹⁴⁴ While data in expedited reviews is limited and can make it difficult to make a finding on vulnerability, Commissioners Kearns and Karpel find that the limited data in this case demonstrate that the recently re-established domestic industry is vulnerable to injury and the effects of any decline in demand would exacerbate that injury if the order were revoked.

Chairman Johanson and Commissioner Schmidlein find that the limited information is insufficient to make a finding as to whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

Based on the information available on the record, we find that revocation of the order would likely result in a significant volume of subject imports that would likely undersell the domestic like product to a significant degree. Given the substitutability between the domestic like product and subject imports and the importance of price in purchasing decisions, significant volumes of low-priced subject imports would likely capture sales and market share from the domestic industry and/or significantly depress or suppress prices for the domestic like product. The likely significant volume of low-priced subject imports and their adverse price effects would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry, which, in turn, would have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments.¹⁴⁵ We thus conclude that, if the order were revoked,

¹⁴³ CR/PR at Table I-4.

¹⁴⁴ CR/PR at I-6, as revised.

¹⁴⁵ Hallmark argues that because it is the only known domestic producer of FGBs and recently began production, the revocation of the order and the likely resulting adverse effects could lead to the collapse of the domestic industry. *See Domestic Response* at 20-21.

subject imports from China would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

We have also considered the role of factors other than subject imports. As noted above, the U.S. FGB market is currently supplied by both nonsubject Chinese producer Max Fortune and by nonsubject producers from other countries. Nonsubject imports maintained a substantial and increasing presence in the U.S. market during the period of review, accounting for an estimated *** percent of apparent U.S. consumption by value in 2022.¹⁴⁶

Nevertheless, the record provides no indication that the presence of nonsubject imports would prevent the volume of subject imports from China from being significant after revocation, given the subject industry's ability to export large volumes of subject merchandise and the relative attractiveness of the U.S. market. In light of the substitutability between subject imports and the domestic like product and the importance of price to purchasers, the significant volume of low-priced subject imports that we have found likely after revocation would likely take market share from the domestic industry, at least in part, as well as from nonsubject imports, and/or force domestic producers to either lower prices or forgo price increases to retain market share. Consequently, we find that any future effects of nonsubject imports would be distinct from the likely effects attributable to subject imports, and nonsubject imports would not prevent subject imports from having a significant impact on the domestic industry.

IV. Conclusion

For the foregoing reasons, we determine that revocation of the antidumping duty order on 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.

¹⁴⁶ CR/PR at Table I-6, as amended. Nonsubject imports from China accounted for an estimated *** percent of apparent U.S. consumption in 2022. *Id.*

Information obtained in this review

Background

On June 1, 2023, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted a review to determine whether revocation of the antidumping duty order on folding gift boxes (“FGBs”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.² All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.³ ⁴ Table I-1 presents information relating to the background and schedule of this proceeding:

Table I-1
FGBs: Information relating to the background and schedule of this proceeding

Effective date	Action
June 1, 2023	Notice of initiation by Commerce (88 FR 35832, June 1, 2023)
June 1, 2023	Notice of institution by Commission (88 FR 35917, June 1, 2023)
September 5, 2023	Commission’s vote on adequacy
October 5, 2023	Commerce’s results of its expedited review (88 FR 69133, October 5, 2023)
November 3, 2023	Commission’s determination and views

¹ 19 U.S.C. 1675(c).

² 88 FR 35917, June 1, 2023. 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. 88 FR 35832, June 1, 2023. Pertinent Federal Register notices are referenced in app. A, and may be found at the Commission’s website (www.usitc.gov).

³ As part of their response to the notice of institution, interested parties were requested to provide company-specific information for the year 2022. That information is presented in app. B. Summary data compiled in the original investigation are presented in app. C.

⁴ Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the domestic like product and the subject merchandise. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in this proceeding.

Responses to the Commission’s notice of institution

Individual responses

The Commission received one submission in response to its notice of institution in the subject review. It was filed on behalf of the domestic interested party, Hallmark Cards, Inc. (“Hallmark”), a domestic producer of FGBs.

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 or explain deficiencies in their responses and to provide clarifying details where appropriate. A summary of the number of responses and estimates of coverage for each is shown in table I-2.⁵

Table I-2
FGBs: Summary of responses to the Commission’s notice of institution

Interested party	Type	Number of firms	Coverage
U.S. producer	Domestic	1	0%

Note: The U.S. producer coverage figure presented is Hallmark’s share of total U.S. production of FGBs during 2022, which is zero because it did not start producing FGBs until May 2023. However, Hallmark currently accounts for all known domestic production of FGBs. P.S. Greetings, Inc. d.b.a. Fantus Paper Products (“P.S. Greetings”), the sole known domestic producer of FGBs in 2022, shut down its FGB operations by May 2022 and sold its manufacturing equipment to Hallmark in June 2022. Hallmark notes that P.S. Greetings shut down its production before the traditional start of annual production, so it assumes that P.S. Greetings’ 2022 production was minimal. Domestic interested party’s response to the notice of institution, July 3, 2023, p. 9; domestic interested party’s supplemental response, July 20, 2023, pp. 2 and 5-6.

Party comments on adequacy

The Commission received party comments on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews from the domestic interested party. Hallmark requests that the Commission conduct an expedited review of the antidumping order on FGBs.⁶

⁵ Hallmark’s company-specific trade and financial data for 2022 were ***, as it did not begin producing FGBs until May 2023. Hallmark provided limited trade information on behalf of ***, the ***. Domestic interested party’s supplemental response, July 20, 2023, pp. 1-4; domestic interested party’s supplemental response, July 28, 2023, p. 5.

⁶ Domestic interested party’s comments on adequacy, August 10, 2023, p. 2.

The original investigation

The original investigation resulted from a petition filed on February 20, 2001, with Commerce and the Commission by Harvard Folding Box Company, Inc. (“Harvard Folding Box”), Lynn, Massachusetts, and Field Container Company, L.P., Elk Grove, Illinois.⁷ On November 20, 2001, Commerce determined that imports of FGBs from China were being sold at less than fair value (“LTFV”).⁸ The Commission determined on December 21, 2001, that the domestic industry was materially injured by reason of LTFV imports of FGBs from China.⁹ On January 8, 2002, Commerce issued its antidumping duty order with the final weighted-average dumping margins ranging from 1.67 to 164.75.¹⁰

The first five-year review

On March 6, 2007, the Commission determined that it would conduct an expedited review of the antidumping duty order on FGBs from China.¹¹ On April 5, 2007, Commerce determined that revocation of the antidumping duty order on FGBs from China would be likely to lead to continuation or recurrence of dumping.¹² On May 7, 2007, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.¹³ Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective May 18, 2007, Commerce issued a continuation of the antidumping duty order on imports of FGBs from China.¹⁴

The second five-year review

On July 6, 2012, the Commission determined that it would conduct an expedited review of the antidumping duty order on FGBs from China.¹⁵ On December 10, 2012, the Commission

⁷ Folding Gift Boxes from China, Inv. Nos. 731-TA-921 (Final), USITC Publication 3480, December 2001 (“Original publication”), p. v.

⁸ 66 FR 58115, November 20, 2001.

⁹ 66 FR 67547, December 31, 2001.

¹⁰ 67 FR 864, January 8, 2002. Due to a de minimis margin, Max Fortune Industrial Ltd. is excluded from the subject order.

¹¹ 72 FR 13512, March 22, 2007.

¹² 72 FR 16765, April 5, 2007.

¹³ 72 FR 25777, May 7, 2007.

¹⁴ 72 FR 28025, May 18, 2007.

¹⁵ 77 FR 42762, July 20, 2012.

determined that material injury would be likely to continue or recur within a reasonably foreseeable time.¹⁶ Effective March 5, 2013, Commerce determined that revocation of the antidumping duty order on FGBs from China would be likely to lead to continuation or recurrence of dumping and issued a continuation of the antidumping duty order on imports of FGBs from China.¹⁷

The third five-year review

On May 7, 2018, the Commission determined that it would conduct an expedited review of the antidumping duty order on FGBs from China.¹⁸ On June 7, 2018, Commerce determined that revocation of the antidumping duty order on FGBs from China would be likely to lead to continuation or recurrence of dumping.¹⁹ On July 2, 2018, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.²⁰ Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective July 11, 2018, Commerce issued a continuation of the antidumping duty order on imports of FGBs from China.²¹

Previous and related investigations

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

Commerce's five-year review

Commerce announced that it would conduct an expedited review with respect to the antidumping duty order on imports of FGBs from China with the intent of issuing the final results of this review based on the facts available not later than September 29, 2023.²² Commerce publishes its Issues and Decision Memoranda and its final results concurrently,

¹⁶ 77 FR 74513, December 14, 2012.

¹⁷ 78 FR 14269, March 5, 2013.

¹⁸ 83 FR 24341, May 25, 2018.

¹⁹ 83 FR 26414, June 7, 2018.

²⁰ 83 FR 30777, June 29, 2018.

²¹ 83 FR 32073, July 11, 2018.

²² Letter from Alex Villanueva, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Nannette Christ, Director of Investigations, July 25, 2023.

accessible upon publication at <https://access.trade.gov/public/FRNoticesListLayout.aspx>. Issues and Decision Memoranda contain complete and up-to-date information regarding the background and history of the order, including scope rulings, duty absorption, changed circumstances reviews, and anticircumvention, as well as any decisions that may have been pending at the issuance of this report. Any foreign producers/exporters that are not currently subject to the antidumping duty order on imports of FGBs from China are noted in the sections titled “The original investigation” and “U.S. imports.”

The product

Commerce’s scope

Commerce has defined the scope as follows:

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

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

packaging materials, in single or multi-box packs for sale to the retail customer. The scope excludes folding gift boxes that have a retailer's name, logo, trademark or similar company information printed prominently on the box's top exterior (such folding gift boxes are often known as "not-for-resale" gift boxes or "giveaway" gift boxes and may be provided by department and specialty stores at no charge to their retail customers). The scope of the Order also excludes 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.²³

U.S. tariff treatment

Harmonized Tariff Schedule of the United States ("HTS") subheading 4819.20.00 covers folding cartons, boxes and cases, of non-corrugated paper or paperboard. Subheading 4819.50.40 covers a range of products not named in other provisions; it is a residual or "basket" provision of subheading 4819.50 (which covers nonenumerated packing containers of paper, paperboard, and certain other materials and includes, among other goods, rigid boxes and cartons, fiber drums and other packing containers). FGBs, specifically, are currently imported under HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060.²⁴ The general rate of duty is "free" for subheadings 4819.20.00 and 4819.50.40.²⁵ Products described in HTS subheadings 4819.20.00 and 4819.50.40 (including statistical reporting numbers 4819.20.0040 and 4819.50.4060), originating in China are subject to an additional 25 percent ad valorem duty under Section 301 of the Trade Act of 1974.²⁶ Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

²³ 83 FR 32073, July 11, 2018.

²⁴ These subheadings each include products that are outside the scope of these investigations.

²⁵ See HTS (2023) Revision 9, Publication 5445, June 2023, p. 48-23.

²⁶ The U.S. Trade Representative imposed the tariffs under Section 301 of the Trade Act of 1974 after determining that certain acts, policies, and practices of China are unreasonable or discriminatory and burden or restrict U.S. commerce (82 FR 40213, August 24, 2017 and 83 FR 14906, April 6, 2018). The products included in the third enumeration ("Tranche 3") of goods produced in China are subject to additional Section 301 duties. Tranche 3 tariffs with a duty rate of 10 percent were put in place September 24, 2018 (83 FR 47974, September 21, 2018). On May 10, 2019, tranche 3 tariffs were increased to 25 percent ad valorem (84 FR 20459, May 9, 2019). If a Tranche 3 good was exported from China to the United States prior to May 10, 2019, and entered the United States prior to June 1, 2019, it
(continued...)

Description and uses²⁷

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 process²⁸

The manufacturing process begins with the selected design being printed on paperboard using either a flexographic or a lithographic printer.²⁹ The printed paperboard sheets are fed through a die cutter, which cuts the material to shape and creates creases, scores, or perforations, and are then fed through gluing machines that apply glue and fold the boxes. Because manufacturers of FGBs offer many different designs, collating equipment is necessary where tops with different designs will be included in a single pack. This equipment also adds the appropriate number of tops and bottoms to each pack. Once properly assembled, the packs of boxes are compressed, sometimes shrink-wrapped, and are then packed in cartons for shipment.

(...continued)

was not subject to the escalated 25 percent duty (84 FR 21892, May 15, 2019). See HTS heading 9903.88.03 and U.S. notes 20 (e) and (f) to subchapter III of chapter 99 and related tariff provisions for this duty treatment. USITC, HTS (2023) Revision 9, Publication 5445, June 2023, pp. 99-III-27, 99-III-28, and 99-III-41.

²⁷ Unless otherwise noted, this information is based on Folding Gift Boxes from China, Inv. No. 731-TA-921 (Third Review), USITC Publication 4800, July 2018, (“Third review publication”) p. I-6.

²⁸ Unless otherwise noted, this information is based on the third review publication, pp. I-6 – I-7.

²⁹ 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.

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: Field Container Co. (“Field”), Harvard Folding Box, St. Joseph Packaging, Inc. (“St. Joseph”), and Superior Packaging, Inc. (“Superior”). These responding firms accounted for a major proportion of total domestic production of the like product in 2000.³⁰ During the first five-year review, the domestic interested party provided a list of three known and currently operating U.S. producers of FGBs: Field (Altivity), Harvard Folding Box, and St. Joseph. The one responding firm accounted for approximately *** percent of production of FGBs in the United States during 2005.³¹ During the second five-year review, the domestic interested parties provided a list of two known and currently operating U.S. producers of FGBs: Harvard Folding Box and Graphic Packaging. These two responding firms accounted for all known production of FGBs in the United States during 2011.³² During the third five-year review, the domestic interested parties provided a list of two known and currently operating U.S. producers of FGBs: Harvard Folding Box and P.S. Greetings. These two responding firms accounted for all known production of FGBs in the United States during 2017.³³

In response to the Commission’s notice of institution in this current review, Hallmark reported that, to the best of its knowledge, it is the only known and currently operating domestic producer of FGBs. Hallmark reported that the two known U.S. producers of FGBs as of the last review have since ceased production. It reported that P.S. Greetings shut down its FGB operations in May 2022 and sold all of its FGB manufacturing equipment to Hallmark on June 24, 2022, and believes Harvard Folding Box exited the FGB market some time before 2022. The equipment purchased from P.S. Greetings was moved to Hallmark’s manufacturing facilities in August and September of 2022, after the production season for 2022 was already complete. As

³⁰ Original publication, p. 13, fn. 81, and p. III-1.

³¹ Investigation No. 731-TA-921 (First Review): Folding Gift Boxes from China, Confidential Report, INV-EE-036, April 3, 2007 (“First review confidential report”), pp. I-10—I-11 and table I-4.

³² Folding Gift Boxes from China, Investigation No. 731-TA-921 (Second Review), USITC Publication 4365, November 2012 (“Second review publication”), p. I-8 and table I-3.

³³ Third review publication, pp. I-2 and I-8.

a result, Hallmark did not manufacture any FGBs in 2022, and thus, accounted for zero percent of production of FGBs in the United States during 2022.³⁴

Recent developments

Table I-3 presents events in the U.S. industry since the Commission’s last five-year reviews.³⁵

Table I-3
FGBs: Developments in the U.S. industry

Item	Firm	Event
Closure	Harvard Folding Box	Harvard Folding Box ceased all FGB operations (Lynn, MA) on an undisclosed date (after 2018 and before 2022).
Closure	P.S. Greetings	P.S. Greetings shut down its U.S. FGB operations by May 2022 and sold its manufacturing equipment to Hallmark (Skokie, IL).
Plant opening	Hallmark	Hallmark purchased P.S. Greetings’ manufacturing equipment on June 24, 2022, and moved it to its manufacturing facilities in August/September 2022. Hallmark began production of FGBs in May 2023 (Leavenworth, KS).

Source: Domestic interested party’s response to the notice of institution, July 3, 2023, p. 9; domestic interested party’s supplemental response, July 20, 2023, pp. 2 and 6.

U.S. producers’ trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution in the current five-year review. Because Hallmark only began producing FGBs in May 2023, it reported that its production, commercial shipments, and estimated share of total U.S. production was zero in 2022. It also reported that its current annual machine capacity is *** packages.³⁶ Table I-4 presents a compilation of the trade and financial data submitted from all responding U.S. producers in the original investigation and previous five-year reviews and data based on the limited information provided by Hallmark concerning P.S. Greetings’ FGB operations for this current review.

Given that P.S. Greetings, the sole known U.S. producer in 2022, ceased FGB production in May 2022, prior to the start of the traditional production season, and Hallmark did not start

³⁴ Domestic interested party’s response to the notice of institution, July 3, 2023, p. 9; domestic interested party’s supplemental response, July 20, 2023, pp. 2 and 5-6.

³⁵ For recent developments, if any, in tariff treatment, please see “U.S. tariff treatment” section.

³⁶ Domestic interested party’s response to the notice of institution, July 3, 2023, p. 22.

FGB production until 2023, staff assumes that, in 2022, domestic production was zero and capacity was five-twelfths of the annual machine capacity (***) of the equipment that P.S. Greetings sold to Hallmark in June 2022.³⁷ Hallmark does not know if P.S. Greetings continued to sell its FGB inventory in the domestic market in 2022, so shipment and financial data for 2022 are not available.³⁸

In 2021, Hallmark reported that P.S. Greetings' U.S. production of FGBs was approximately *** packages. While Hallmark does not know when Harvard Folding Box exited the FGB market, it believes Harvard Folding Box's production in 2021, if any, was likely negligible,³⁹ so P.S. Greetings likely accounted for virtually all U.S. production of FGBs in 2021. Hallmark purchased P.S. Greetings' manufacturing equipment in 2022, which has a machine capacity of *** packages annually, so presumably P.S. Greetings had this same capacity figure in 2021.

Hallmark reported that P.S. Greetings produced *** packages in 2020.⁴⁰ Hallmark did not provide any information on the 2020 production of the other known U.S. producer at the time, Harvard Folding Box, so P.S. Greetings' share of 2020 U.S. production is not known.

³⁷ FGB capacity from June to December of 2022 was zero given that P.S. Greeting ceased production in May 2022, the equipment P.S. Greetings sold to Hallmark was not transferred to Hallmark's production facility until August/September 2022, and Hallmark did not yet have employees hired and trained in the fourth quarter to begin FGB production. Domestic interested party's response, July 3, 2023, pp. 9 and 23.

³⁸ Hallmark did note that it purchased some of P.S. Greetings' paper raw material inventory in 2022. Domestic interested party's supplemental response, July 20, 2023, p. 2.

³⁹ Ibid., p. 4.

⁴⁰ Staff notes that P.S. Greetings' 2020 and 2021 U.S. production were both higher than 2017 U.S. production reported for P.S. Greetings and Harvard, combined (***) packages). Investigation No. 731-TA-921 (Third Review): Folding Gift Boxes from China, Confidential Report, INV-QQ-045, April 25, 2018 ("Third review confidential report"), appendix B.

Table I-4
FGBs: Trade and financial data submitted by U.S. producers, by period

Value in 1,000 dollars; ratio is in percent

Item	Measure	2000	2005	2011	2017	2020	2021	2022
Capacity	Quantity	338,895	***	***	***	NA	***	***
Production	Quantity	255,334	***	***	***	***	***	---
Capacity utilization	Ratio	75.3	***	***	***	NA	***	***
U.S. shipments	Quantity	255,222	***	***	***	NA	NA	NA
U.S. shipments	Value	43,272	***	***	***	NA	NA	NA
U.S. shipments	Unit value	0.17	***	***	***	NA	NA	NA
Net sales	Value	43,525	NA	***	***	NA	NA	NA
COGS	Value	41,614	NA	***	***	NA	NA	NA
COGS to net sales	Ratio	95.6	NA	***	***	NA	NA	NA
Gross profit or (loss)	Value	1,911	NA	***	***	NA	NA	NA
SG&A expenses	Value	4,869	NA	***	***	NA	NA	NA
Operating income or (loss)	Value	(2,958)	NA	***	***	NA	NA	NA
Operating income or (loss) to net sales	Ratio	-6.8	NA	***	***	NA	NA	NA

Source: For the years 2000, 2005, 2011 and 2017, data are compiled using data submitted in the Commission's original staff report and subsequent five-year reviews. For the years 2020, 2021, and 2022, data are compiled based on information submitted by Hallmark. Domestic interested party's response to the notice of institution, July 3, 2023, pp. 9, 11, and 22; domestic interested party's supplemental response, July 20, 2023, pp. 2-4; and domestic interested party's supplemental response, July 28, 2023, p. 5.

Note: Quantity in the year 2000 is in 1,000 pieces, while quantity for the years 2005, 2011, 2017, and 2020-22 is in 1,000 packages. For the year 2000, unit value represents dollars per piece and for the years 2005, 2011, and 2017, unit value represents dollars per package. "NA" denotes items for which data are not available and zeroes are suppressed and shown as "---".

Note: For a discussion of data coverage for data presented from the original investigation and previous reviews, please see "U.S. producers" section.

Definitions of the domestic like product and domestic industry

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a U.S. producer from the domestic industry for purposes of its injury determination if “appropriate circumstances” exist.⁴¹

In its original determination and its expedited first, second, and third five-year review determinations, the Commission defined the Domestic Like Product as certain folding gift boxes for resale, coextensive with Commerce’s scope. In its original determination and its expedited first, second, and third five-year review determinations, the Commission defined the Domestic Industry as all domestic producers of certain folding gift boxes.⁴²

U.S. importers

During the final phase of the original investigation, the Commission received U.S. importer questionnaires from 23 firms. An estimate of the percentage of subject imports these 23 firms accounted for was not provided.⁴³ Import data presented in the original investigation are based on questionnaire responses.

The Commission did not receive responses from any respondent interested parties in its first five-year review, second five-year review, or third five-year review.⁴⁴ In all three expedited reviews, the domestic interested parties provided the list of 32 potential importers that were identified in the petition, stating that, to the best of their knowledge, the identity of U.S. importers of subject merchandise is the same as, or similar to, the importers listed in the

⁴¹ Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B). Hallmark does not qualify for possible exclusion under the related parties provision, as it has neither affiliations with a subject producer in China nor imports FGBs from China. Domestic interested party’s response to the notice of institution, July 3, 2023, p. 36 and domestic interested party’s supplemental response, July 20, 2023, p. 2.

⁴² 88 FR 35917, June 1, 2023.

⁴³ Original publication, p. IV-1.

⁴⁴ Third review publication, p. I-11.

petition.⁴⁵ Import data presented in the first, second, and third reviews are based on limited information provided by domestic interested parties.

Although the Commission did not receive responses from any respondent interested parties in this five-year review, Hallmark provided the same list of 32 potential U.S. importers of FGBs from China that were identified in the petition.⁴⁶

U.S. imports

China was the primary source of U.S. imports of FGBs during 1998-2000.⁴⁷ During that period, the value of U.S. shipments of subject imports from China nearly doubled, increasing from \$*** in 1998 to \$*** in 2000.⁴⁸ The value of U.S. shipments of nonsubject imports increased from \$*** in 1998 to \$*** in 2000.⁴⁹

Import and apparent consumption data presented in all previous reviews have relied on the domestic interested parties' estimates of the size of the domestic market, import volumes, and/or import shares for the terminal year of a given review.⁵⁰ For example, according to the domestic interested parties during the third review, the value of subject imports from China *** since the prior five-year review, and was approximately \$*** in 2017, or *** percent of the market, and was ***. The domestic interested parties also estimated that nonsubject imports

⁴⁵ Domestic interested party's response to the notice of institution, January 22, 2007, exh. 4; domestic interested parties' response to the notice of institution, May 3, 2012, exh. 6; and Third review publication, p. I-11.

⁴⁶ Domestic interested party's response to the notice of institution, July 3, 2023, exh. 1, pp. 12-13.

⁴⁷ 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 FGBs are contained in various packs did not enable staff to readily convert the number of packs to the number of pieces. Original publication, p. 10, fn. 59.

⁴⁸ Second review publication, p. I-6.

⁴⁹ Original publication, 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.

⁵⁰ First review confidential report, pp. I-13 – I-14; Investigation No. 731-TA-921 (Second Review): Folding Gift Boxes from China, Confidential Report, INV-KK-106, November 6, 2012 ("Second review confidential report"), p. I-14; and third review confidential report, p. I-15. Official import statistics were not used in any of the reviews, as the vast majority of merchandise entering under the relevant HTS statistical reporting numbers are out of scope.

from China (i.e., from Max Fortune, the only Chinese producer that is excluded from the order) accounted for ***.⁵¹

For this current review, Hallmark did not provide estimates of the size of the U.S. market or import volumes of FGBs entering the United States, as domestic interested parties had done in previous reviews. As such, import data presented in table I-5 are based on adjusted official import statistics.⁵² The domestic interested party during the third review estimated the 2017 subject import value from China to be \$*** and the nonsubject import value from China to be \$***, which account for *** percent and *** percent, respectively, of import value from China entered under HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060 in 2017. The domestic interested party during the third review also estimated 2017 import value from all other sources to be \$***, which accounts for *** percent of import value from all other sources entered under the relevant HTS statistical reporting numbers in 2017. Assuming these same percentages entered under the relevant HTS statistical reporting numbers during 2018-22, table I-5 presents official import statistics by value, adjusted by these percentages (*** percent for subject imports from China, *** percent for nonsubject imports from China, and *** percent for imports from all other sources).

Table I-5
FGBs: U.S. imports, by source and period

Value in 1,000 dollars

U.S. imports from	Measure	2018	2019	2020	2021	2022
China-subject	Value	***	***	***	***	***
China-nonsubject	Value	***	***	***	***	***
China-total	Value	***	***	***	***	***
All other sources	Value	***	***	***	***	***
All import sources	Value	***	***	***	***	***

Source: Compiled from official Commerce statistics for HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060, accessed June 29, 2023, adjusted based on data presented in the third review confidential report.

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

Note: Imports from China may include nonsubject imports, as Chinese producer Max Fortune is excluded from the order. In 2017, the domestic interested party estimated that Max Fortune accounted for *** percent of imports from China.

⁵¹ Third review confidential report, p. I-15.

⁵² Non-adjusted official import statistics for HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060 are presented in table E-1 in appendix E.

Apparent U.S. consumption and market shares

Table I-6 presents data on U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares.

Table I-6
FGBs: Apparent U.S. consumption and market shares, by source and period

Value in 1,000 dollars; shares in percent

Source	Measure	2000	2005	2011	2017	2021	2022
U.S. producers	Value	43,272	***	***	***	***	---
China - subject	Value	***	NA	***	***	***	***
China - nonsubject	Value	***	NA	NA	***	***	***
China - total	Value	***	NA	NA	***	***	***
All other sources	Value	***	NA	***	***	***	***
Total nonsubject	Value	***	NA	***	***	***	***
All import sources	Value	***	***	***	***	***	***
Apparent U.S. consumption	Value	***	***	***	***	***	***
U.S. producers	Share of value	***	***	***	***	***	---
China - subject	Share of value	***	NA	***	***	***	***
China - nonsubject	Share of value	***	NA	NA	***	***	***
China - total	Share of value	***	NA	NA	***	***	***
All other sources	Share of value	***	NA	NA	***	***	***
Total nonsubject	Share of value	***	NA	***	***	***	***
All import sources	Share of value	***	***	***	***	***	***

Source: For the years 2000, 2005, 2011, and 2017, data are compiled using data submitted in the Commission's original investigations and subsequent five-year reviews. For the years 2021 and 2022, U.S. producers' U.S. shipments are based on information provided by Hallmark's response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060, accessed June 29, 2023, adjusted based on data presented in the third review confidential report.

Note: "China-nonsubject" represents imports from Max Fortune, a Chinese producer that is excluded from the order.

Note: U.S. producers' U.S. shipment values are not available for 2021 and 2022. Staff assume that U.S. producers' 2021 and 2022 U.S. shipments are equal to U.S. production as presented in table I-4. To calculate the corresponding values presented in this table, staff assumed a unit value of *** per package, the average unit value of U.S. producers' U.S. shipments in 2017.

Note: During the original investigation, there were two major importers of FGBs, ***, whose data were not included in the staff report due to data issues. Adding these two firms' 2000 import data would increase the value of subject imports in 2000 to \$***, the value of apparent consumption in 2000 to \$***, and the subject import market share, by value, to *** percent. Original confidential views, p. 14, fn. 60 and p. 16, fn. 73.

Note: Share of value is the share of apparent U.S. consumption by value in percent.

Note: For 2000, apparent U.S. consumption is derived from U.S. shipments of imports, rather than U.S. imports.

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

The industry in China

Producers in China

During the final phase of the original investigation, the Commission received foreign producer/exporter questionnaires from two firms, one of which reported that it accounted for approximately *** percent of production of FGBs in China during 2000, and approximately *** percent of FGBs exports from China to the United States during 2000. The other firm reported that *** percent of its FGBs were sold to factories in China for packaging their end products.⁵³

Although the Commission did not receive responses from any respondent interested parties in its first five-year review, the domestic interested party provided a list of 35 Chinese printers that it believed either exported or have the ability to export to the United States.⁵⁴

Although the Commission did not receive responses from any respondent interested parties in its second five-year review, the domestic interested party provided a list of 45 possible producers of FGBs in China in that proceeding.⁵⁵

Although the Commission did not receive responses from any respondent interested parties in its third five-year review, the domestic interested party provided a list of 45 possible producers of FGBs in China in that proceeding.⁵⁶

Although the Commission did not receive responses from any respondent interested parties in this five-year review, Hallmark provided the same list of 45 possible producers of FGBs in China that was submitted during the third sunset review.⁵⁷

⁵³ Investigation No. 731-TA-921 (Final): Folding Gift Boxes from China, Confidential Report, INV-Y-240, December 3, 2001 (“Original confidential report”), pp. VII-2 and VII-6.

⁵⁴ Domestic interested party’s response to the first review notice of institution, p. 16 and exh. 3.

⁵⁵ Domestic interested party’s response to the second review notice of institution, exh. 7.

⁵⁶ Domestic interested party’s response to the notice of institution, July 3, 2023, exh. 1, p. 13.

⁵⁷ Ibid.

Recent developments

There were no major developments in the Chinese industry since the continuation of the order identified by Hallmark in this review and no relevant information from outside sources was found.

Exports

Tables I-7 and I-8 present export data for HS subheadings 4819.20 and 4819.50, a category that includes FGBs and out-of-scope products, from China (by export destination in descending order of quantity and value, respectively, for 2022).⁵⁸

Table I-7
Packing containers: Quantity of exports from China, by destination and period

Quantity in 1,000 kilograms

Destination market	2018	2019	2020	2021	2022
United States	86,980	70,410	74,934	94,588	95,127
Hong Kong	47,536	41,652	35,240	40,412	31,747
Australia	18,201	20,534	25,001	30,552	31,559
United Kingdom	25,082	25,945	23,295	31,221	24,424
Vietnam	12,970	16,428	24,478	30,106	23,448
United Arab Emirates	11,288	12,291	11,890	12,207	18,818
South Korea	8,987	8,898	8,459	12,068	17,983
France	12,153	13,547	11,039	14,538	16,512
Malaysia	7,686	12,278	11,789	14,691	16,043
Thailand	6,315	6,992	9,716	11,450	13,806
All other markets	172,934	196,729	187,655	213,016	237,901
All markets	410,131	425,704	423,496	504,850	527,367

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 accessed July 17, 2023. These data may be overstated as these HS subheadings may contain products outside the scope of this review.

⁵⁸ The HS subheadings 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-8
Packing containers: Value of exports from China, by destination and period

Value in 1,000 dollars

Destination market	2018	2019	2020	2021	2022
United States	425,512	411,096	496,583	800,322	762,988
Australia	73,020	80,115	118,960	162,603	179,042
Singapore	75,958	110,237	119,149	73,767	168,646
United Kingdom	125,971	156,989	144,000	201,187	167,197
Vietnam	53,023	70,575	142,352	190,562	162,589
Hong Kong	210,935	177,891	145,826	186,883	155,460
Malaysia	55,177	111,748	93,555	114,007	144,712
France	76,323	95,323	81,207	120,574	137,654
Thailand	28,394	31,610	61,783	88,089	117,668
South Korea	47,051	51,025	63,404	94,554	109,919
All other markets	835,313	999,788	1,096,262	1,399,415	1,535,788
All markets	2,006,678	2,296,397	2,563,080	3,431,964	3,641,662

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 accessed July 17, 2023. These data may be overstated as these HS subheadings may contain products outside the scope of this review.

Third-country trade actions

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

From 2018 to 2022, global export volume for HS subheadings 4819.20 and 4819.50 increased by 7.3 percent while the value of such exports increased by 28.1 percent. In contrast, global gift box consumption was adversely affected by the COVID-19 pandemic during the 2020-2021 period as shutdowns and supply chain issues impacted the global economy, followed by an uneven recovery in 2022.

During the COVID-19 pandemic period, consumers reevaluated their type and style of gift giving, as some reduced their purchases, some gave gift cards more frequently, and others stopped using gift boxes and other gift wrapping altogether. Broadly, consumer trends shifted away from in-person gift presentations with gift packaging and toward online purchases (some that included gift packaging).⁵⁹ A recent report indicates that the global gift box market (including FGBs) is expected to grow over the next several years, reflecting the increasing use of such boxes in gift-giving and online gift packaging of purchases.⁶⁰

Tables I-9 and I-10 present global export data for HS subheadings 4819.20 (Folding cartons, boxes and cases, of non-corrugated paper or paperboard) and 4819.50 (Other packing containers, including record sleeves), a category that includes FGBs and out-of-scope products, by source in descending order of quantity and value for 2022.⁶¹

⁵⁹ Marinho, Maria, "Gifting in a Pandemic: 3 Ways Giving has Changed Over the Last Year, ThinkWithGoogle, <https://www.thinkwithgoogle.com/consumer-insights/consumer-trends/pandemic-gift-giving-behavior/>, March 2021; Bhattarai, Abha, "The Pandemic Ended Big Gift Exchanges. Here's What We're Doing Instead," *Washington Post*, <https://www.washingtonpost.com/business/2021/12/20/holiday-gifts-pandemic-practical/>, December 20, 2021.

⁶⁰ The larger global gift box market also includes out-of-scope products, which are made from a variety of materials, including plastic and wood. Zion Market Research, "Unboxing opportunities: Global Gift Boxes Market Size Estimated to Reach \$2.6 Billion by 2023, At a CAGR of 6.5%," *GlobeNewswire*, June 15, 2023.

⁶¹ 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-9
Packing containers: Quantity of global exports by country and period

Quantity in 1,000 kilograms

Exporting country	2018	2019	2020	2021	2022
Germany	625,249	635,592	644,037	620,257	633,402
China	410,131	425,704	423,496	504,850	527,367
Netherlands	296,421	345,637	334,498	342,372	363,276
United States	226,731	220,644	207,344	236,849	243,721
Poland	167,699	186,403	200,030	209,855	218,442
Belgium	225,450	219,563	194,638	201,357	187,591
Canada	223,013	194,427	168,548	166,016	158,153
Austria	137,819	155,974	158,695	164,956	152,924
Italy	108,498	109,135	106,226	118,652	119,808
Czech Republic	65,295	50,000	91,549	125,206	117,589
All other exporters	1,105,329	1,124,150	1,116,805	1,263,055	1,132,233
All exporters	3,591,635	3,667,227	3,645,866	3,953,423	3,854,507

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 accessed July 17, 2023. These data may be overstated as these HS subheadings may contain products outside the scope of this review.

Table I-10
Packing containers: Value of global exports by country and period

Value in 1,000 dollars

Exporting country	2018	2019	2020	2021	2022
China	2,006,678	2,296,397	2,563,080	3,431,964	3,641,662
Germany	1,802,264	1,784,809	1,832,175	1,864,230	1,895,312
Netherlands	611,422	669,452	672,217	751,820	798,828
United States	631,754	625,211	580,773	695,939	731,623
Poland	474,295	470,054	518,445	582,865	656,900
Canada	566,761	536,486	506,718	535,031	581,310
Italy	390,605	383,366	365,255	445,292	499,140
Austria	397,357	406,265	401,959	437,247	436,858
Belgium	341,822	307,180	284,913	330,241	380,338
France	278,487	301,109	293,400	310,154	340,057
All other exporters	3,184,064	3,323,470	3,339,233	3,858,847	3,724,310
All exporters	10,685,509	11,103,799	11,358,167	13,243,629	13,686,338

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 accessed July 17, 2023. These data may be overstated as these HS subheadings may 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. 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
88 FR 35832, June 1, 2023	<i>Initiation of Five-Year (Sunset) Revision</i>	https://www.govinfo.gov/content/pkg/FR-2023-06-01/pdf/2023-11680.pdf#page=1
88 FR 35917, June 1, 2023	<i>Folding Gift Boxes from China; Institution of a Five-Year Review</i>	https://www.govinfo.gov/content/pkg/FR-2023-06-01/pdf/2023-11467.pdf#page=1

APPENDIX B
COMPANY-SPECIFIC DATA

* * * * *

APPENDIX C
SUMMARY DATA COMPILED IN PRIOR PROCEEDINGS

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 2000	January-June 2001	1998-2000	1998-1999	1999-2000	Jan.-June 2000-2001
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
China (non-subject)	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***
Importers' share (1):									
China	***	***	***	***	***	***	***	***	***
China (non-subject)	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. shipments of imports from:									
China:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
China (non-subject):									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers:									
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
U.S. shipments:									
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
Export shipments:									
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
Net sales:									
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	128.4	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.

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 provided contact information for the following four firms as top purchasers of folding gift boxes: ***. Purchaser questionnaires were sent to these four firms and two 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, 2018?

Purchaser	Yes / No	Changes that have occurred
***	***	***
***	***	***

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?

Purchaser	Yes / No	Anticipated changes
***	***	***
***	***	***

APPENDIX E

ALTERNATE IMPORT TABLE

Table E-1
FGBs: U.S. imports, by source and period

Value in 1,000 dollars

U.S. imports from	Measure	2018	2019	2020	2021	2022
China	Value	287,730	269,295	233,976	332,795	329,331
All other sources	Value	506,497	529,368	532,997	604,380	656,656
All import sources	Value	794,227	798,662	766,974	937,175	985,987

Source: Compiled from official Commerce statistics for HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060, accessed June 29, 2023. These data may be overstated as HTS statistical reporting numbers 4819.20.0040 and 4819.50.4060 contain products outside the scope of this review.

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

