

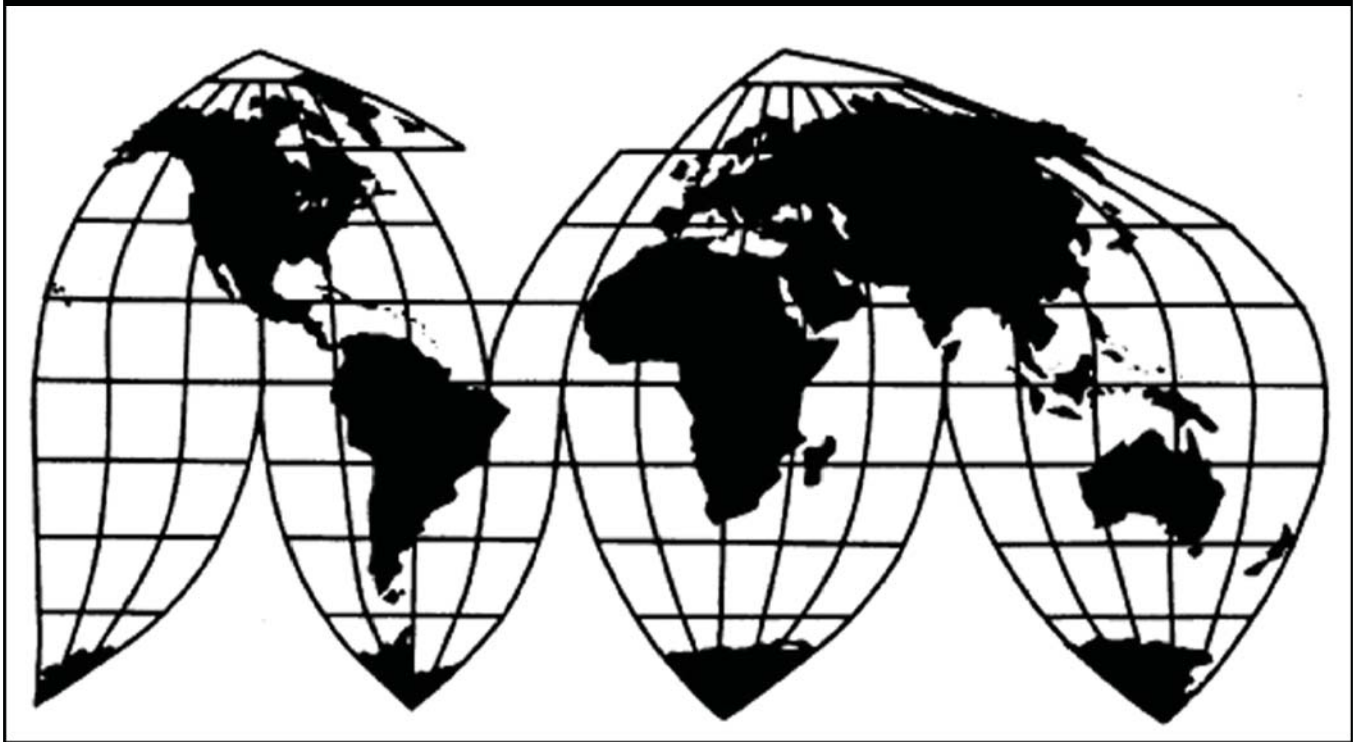
# Pressure Sensitive Plastic Tape from Italy

Investigation No. AA1921-167 (Third Review)

Publication 4128

March 2010

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. AA1921-167 (Third Review)

## PRESSURE SENSITIVE PLASTIC TAPE FROM ITALY

### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty finding on pressure sensitive plastic tape from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>2</sup>

### BACKGROUND

The Commission instituted this review on May 1, 2009 (74 F.R. 20340) and determined on August 4, 2009, that it would conduct a full review (74 F.R. 40845, August 13, 2009). Notice of the scheduling of the Commission's review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on August 26, 2009 (74 F.R. 43155). The hearing was held in Washington, DC, on January 14, 2010, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

<sup>2</sup> Chairman Shara L. Aranoff, Vice Chairman Daniel R. Pearson, and Commissioner Deanna Tanner Okun dissenting.





## 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 Act”), that revocation of the antidumping duty finding on pressure sensitive plastic tape (“PSP tape”) from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1</sup>

### I. BACKGROUND

#### A. The Original Determination

In August 1977, the Commission determined that an industry in the United States was being or was likely to be injured by reason of imports of PSP tape from Italy sold at less than fair value pursuant to Section 201 of the Antidumping Act of 1921 (“1921 Act”).<sup>2 3</sup> Subsequently, the U.S. Department of the Treasury issued an antidumping finding covering such imports.<sup>4</sup>

#### B. The Commission’s Five-Year Reviews

In February 1999, in an expedited first five-year review, the Commission determined that revocation of the finding on PSP tape from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>5</sup> As a result of the affirmative determinations in the five-year reviews by the U.S. Department of Commerce (“Commerce”) and the Commission, Commerce issued a continuation of the antidumping duty finding.<sup>6</sup>

In June 2004, in an expedited second five-year review, the Commission again determined that revocation of the finding on PSP tape from Italy would be likely to lead to continuation or recurrence of

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<sup>1</sup> Chairman Aranoff, Vice Chairman Pearson, and Commissioner Okun determine that revocation of the finding in this review would not be likely to lead to a continuation or recurrence of material injury to an industry in the United States. See their dissenting views. They join in Sections I-III, and IV. A and B of these views.

<sup>2</sup> This provision directed the Commission to determine “whether an industry in the United States is being or is likely to be injured, or is prevented from being established by reason of the importation of . . . merchandise into the United States” that the Secretary of the Treasury had determined is being or is likely to be sold in the United States at less than fair value. 19 U.S.C. § 160(a) (1977).

<sup>3</sup> Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167, USITC Pub. 830 (Aug. 1977) (“Original Determination”). Of the three Commissioners voting in the affirmative, two found present injury and one found a likelihood of injury to the domestic industry. Shortly after issuing its determination in the Italian case, the Commission made a negative injury determination in Pressure Sensitive Plastic Tape from Germany, Inv. No. AA1921-168, USITC Pub. 831 (September 1977). The staff report for both investigations is included in USITC Pub. 831. References to the Original Determination Staff Report are to USITC Pub. 831.

<sup>4</sup> 42 Fed. Reg. 56110 (October 21, 1977).

<sup>5</sup> Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Review), USITC Pub. 3157 (February 1999) (“First Five-Year Review”). Chairman Bragg and Commissioners Crawford and Askey dissented and made negative determinations.

<sup>6</sup> Continuation of Antidumping Finding: Pressure Sensitive Plastic Tape from Italy, 64 Fed. Reg. 51515 (September 23, 1999).

material injury to an industry in the United States within a reasonably foreseeable time.<sup>7</sup> Commerce again issued a continuation of the antidumping duty finding on imports of PSP tape from Italy.<sup>8</sup>

### C. The Current Review

The Commission instituted this five-year review on May 1, 2009.<sup>9</sup> The Commission received a joint response to the notice of institution from domestic producers 3M Company (“3M”), Intertape Polymer Group, Inc. (“Intertape”), and Shurtape Technologies, LLC (“Shurtape”) (collectively “Domestic Producers”). Although the Commission determined that the domestic interested party group response was adequate and that the respondent interested party group response was inadequate, the Commission found that other circumstances warranted conducting a full review in light of information regarding possible changes in the conditions of competition.<sup>10</sup>

Commerce expedited its five-year review and published its final affirmative review determination on August 13, 2009.<sup>11</sup>

In this review, the Domestic Producers submitted briefs and, along with representatives from the Pressure Sensitive Tape Council,<sup>12</sup> appeared at the Commission’s hearing. The Commission did not receive a brief from any subject foreign producer or importer, nor did any respondent interested party appear at the Commission’s hearing.

Five U.S. producers, accounting for approximately 70 percent of U.S. production of PSP tape in 2008, provided complete responses to the Commission’s questionnaire.<sup>13</sup> The Commission received usable questionnaire responses from 19 importers and 10 purchasers of PSP tape that accounted for the vast majority of total subject imports of PSP tape from Italy during 2008,<sup>14</sup> but a smaller share of the nonsubject imports.<sup>15</sup> The Commission also received two responses to foreign producer questionnaires

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<sup>7</sup> Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) (“Second Five-Year Review”). Vice Chairman Okun and Commissioners Lane and Pearson dissented and made negative determinations.

<sup>8</sup> Continuation of Antidumping Duty Findings: Prestressed Concrete Steel Wire Strand from Japan and Pressure Sensitive Plastic Tape from Italy, 69 Fed. Reg. 35548 (June 25, 2004).

<sup>9</sup> 74 Fed. Reg. 20340.

<sup>10</sup> Confidential Report (“CR”)/Public Report (“PR”) at Appendix A. Commissioners Pinkert and Williamson voted to conduct an expedited review. Id.

<sup>11</sup> Pressure Sensitive Plastic Tape from Italy: Final Results of Expedited Sunset Review, 74 Fed. Reg. 40811, 40812 (August 13, 2009).

<sup>12</sup> The Pressure Sensitive Tape Council is a trade association representing 23 tape manufacturers and 12 affiliate suppliers. CR at I-26 n.67, PR at I-19 n.67.

<sup>13</sup> CR at I-25 - I-26, PR at I-19. \*\*\*. The Commission also received questionnaire responses from domestic producers Berry Plastics Corporation (“Berry”) and Canadian Technical Tape, Ltd. (“Cantech”). Responses submitted by \*\*\*, which each accounted for a very small portion of the domestic PSP tape industry, contained incomplete data. The Commission also received information from Tesa Tape, Inc. (“Tesa”) reporting that it was a \*\*\* producer of PSP tape in the United States. Tesa, however, did not subsequently submit a response to the Commission’s producer questionnaire. CR at I-25, n.66, PR at I-19, n.66.

<sup>14</sup> CR at I-5 and I-30, PR at I-4 and I-21.

<sup>15</sup> Imports, predominantly from nonsubject sources, may account for approximately one-quarter of the U.S. market, given their presence in the acrylic and natural rubber portions of the market. In contrast, data from questionnaire responses suggest import market shares of 18.5 percent in 2008 and 20.6 percent in January-September (continued...)

from PSP tape producers in Italy that accounted for \*\*\* percent of Italian production of the subject merchandise in 2008.<sup>16</sup>

In the 33 years since the U.S. Department of the Treasury issued its 1977 finding, the Commission has conducted two expedited reviews and now one full review of the finding. In this review, unlike in the previous expedited reviews, the Commission has available to it quantitative and qualitative data from questionnaires covering the most recent three full years and the January-June 2009 period, although it received only limited responses from subject producers and importers of nonsubject imports. The Commission was also able to evaluate testimony presented at a public hearing, although only supporters of continuing the finding appeared and filed briefs. Thus, the record in this review, while limited, is more detailed than in the prior two reviews.

## II. DOMESTIC LIKE PRODUCT

In making its determination under section 751(c) of the Act, the Commission defines “the domestic like product” and the “industry.”<sup>17</sup> The Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>18</sup> The Commission’s practice in five-year reviews is to look to the like product definition from the original determination and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.<sup>19</sup>

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<sup>15</sup> (...continued)  
2009. CR/PR at Table IV-8.

<sup>16</sup> CR at I-11, PR at I-10; CR at IV-7, PR at IV-4; and CR/PR at Table IV-3. The Commission received usable data from subject Italian producers 3M Italia, an Italian subsidiary of 3M, and Sicad, S.p.A. (“Sicad”), as well as from one firm, Plasturopa-SIPA S.a.S. (“Plasturopa”), that has never been subject to the antidumping duty finding. Another Italian firm, \*\*\*, submitted a questionnaire response, but did not provide usable data. \*\*\*. CR at IV-7 and n.15, PR at IV-4 and n.15

<sup>17</sup> 19 U.S.C. § 1677(4)(A).

<sup>18</sup> 19 U.S.C. § 1677(10); see, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>19</sup> See, e.g., Internal Combustion Industrial Forklift Trucks From Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (December 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 (February 2003).

## A. Product Description

In its third five-year review, Commerce defined the subject merchandise as “PSP tape measuring over one and three-eighths inches in width and not exceeding four mi[ls] in thickness.”<sup>20</sup>

PSP tape is a plastic film-backed tape with an adhesive on one side that remains permanently tacky at room temperatures. The product adheres to a variety of surfaces (including paper, film, wood, and metal) upon contact with minimal application of pressure, and it requires no activation by water, solvent, or heat to generate its adhesive holding force. PSP tape consists of at least two layers, a plastic film backing and a layer of pressure sensitive adhesive.<sup>21</sup>

The pressure sensitive adhesive types used include hot melt, vinyl, and synthetic or natural rubber adhesives. Hot melt adhesives are used in high-speed sealing lines that apply heat to the tape to quickly make a strong seal, as well as in cold application machines or in hand sealing applications. Vinyl (acrylic) adhesives are used in lesser quality box sealing tapes. The rubber-based adhesives are favored for sealing where the sealing surfaces may be dusty, dirty, greasy, or irregular. The holding power (*i.e.*, adhesion, tack, and shear strength) of hot melt adhesives is superior to acrylic, and the hot melt tapes can be applied more quickly.<sup>22</sup> The manufacturing cost of PSP tape depends on the cost of the plastic film backing, the cost of the adhesive applied, the converting cost, and the capital intensity and productivity of the manufacturing equipment employed. Solution (natural rubber) is generally the most costly adhesive, followed by (in descending order) hot melt and acrylic.<sup>23</sup>

The principal application of PSP tape is to seal corrugated paper shipping cartons. Although PSP tape is used for hand-sealing cartons, most higher volume applications involve highly automated sealing lines. In addition, converter rolls can be slit and rewound as narrower tapes in varying length for various consumer and office tape applications. Finally, PSP tape is used in certain lower-volume or more specialized applications such as labels, label protection, color coding, and tabbing.<sup>24</sup>

## B. The Commission’s Original Determination and Prior Reviews

The definition of the subject merchandise has not changed since the original Treasury finding.<sup>25</sup> The Antidumping Act of 1921 did not contain a “like product” provision, and thus the Commission did not make a like product finding *per se* in its original determination.<sup>26</sup> In its first and second five-year

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<sup>20</sup> CR/PR at I-3 n.8. In the notice announcing the final results, Commerce incorrectly described the subject merchandise as PSP tape “not exceeding four millimeters in thickness.” 74 Fed. Reg. at 40812 (“Scope of Review”) (emphasis added). Commerce subsequently filed a memorandum acknowledging the error in the scope language and stating that all future actions regarding the antidumping finding on PSP tape from Italy would include the correct description. See Commerce Memorandum re: Corrections to Scope Language, dated October 26, 2009.

<sup>21</sup> CR at I-18, PR at I-15.

<sup>22</sup> Hearing Transcript at 23 (Helton) and at 21 (Anderson).

<sup>23</sup> CR at I-19, PR at I-15.

<sup>24</sup> CR at I-20, PR at I-16. Examples of such applications range from diaper tabs - an application that reportedly is diminishing in favor of clipping devices - to 3M’s *Post It* ® flags. CR at I-20 n.40, PR at I-16 n.40.

<sup>25</sup> See 42 Fed. Reg. 56110 (October 21, 1977).

<sup>26</sup> Original Determination at 4. The staff report accompanying the Original Determination notes that domestic producers took the position that the relevant industry consisted of the facilities in the United States producing carton sealing tape, while respondents argued that the relevant industry consisted of U.S. facilities manufacturing all pressure sensitive tape products. USITC Pub. 831 at A-11.

reviews, the Commission defined the domestic like product consistently with Commerce's scope, that is, all PSP tape measuring over one and three-eighths inches in width and not exceeding four mils in thickness.<sup>27</sup>

### C. Analysis and Conclusion

No new facts have been presented to warrant a conclusion regarding the domestic like product different from that in the Commission's past determinations. Moreover, no party raised any objections to the Commission's proposed definition of the domestic like product.<sup>28</sup>

Therefore, we define the domestic like product to be PSP tape measuring over one and three-eighths inches in width and not exceeding four mils in thickness, coextensive with the scope of Commerce's review.

## III. DOMESTIC INDUSTRY

Section 771(4)(A) of the Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."<sup>29</sup> In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In its original determination, the Commission defined the domestic industry as "the facilities in the United States devoted to the production of PSP tape."<sup>30</sup> In its first and second five-year reviews, the Commission defined the domestic industry as all U.S. producers of PSP tape.<sup>31</sup>

No new facts have been presented to warrant a different domestic industry definition than the one used in the original determination and the first and second five-year reviews.<sup>32</sup> Therefore, based on our

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<sup>27</sup> First Five-Year Review at 4 and Second Five-Year Review at 6.

<sup>28</sup> See Domestic Producers Response and Supplemental Response to Notice of Institution; and Prehearing and Posthearing briefs.

<sup>29</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>30</sup> Original Determination at 4.

<sup>31</sup> First Five-Year Review at 5; Second Five-Year Review at 7. In the first five-year review, the Commission noted that 3M imported the subject merchandise from Italy, but found that appropriate circumstances did not exist to exclude 3M as a related party. First Five-Year Review at 5. In the second five-year review, the Commission noted that 3M reported that a domestic producer, Tyco Adhesives ("Tyco"), may have been a related party because Tyco owned an Italian producer of PSP tape, Tyco Adhesives Italia S.p.A. The Commission did not find appropriate circumstances to exclude Tyco due to a lack of information regarding the company on the record. Second Five-Year Review Confidential Views at 7 n.17.

<sup>32</sup> Section 771(4)(B) of the Act allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise, or which are themselves importers. The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party are as follows:

- (1) the percentage of domestic production attributable to the importing producer;

(continued...)

definition of the domestic like product, we define the domestic industry to include all producers of the domestic like product.

#### **IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY FINDING IS REVOKED**

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

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

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<sup>32</sup> (...continued)

(2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and

(3) the position of the related producer vis-à-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int’l Trade 1992), aff’d without opinion, 991 F.2d 809 (Fed. Cir. 1993).

In this review, \*\*\* of the domestic producers, \*\*\*, reported either owning a subject producer or importing subject merchandise during the period of review. Although each of these producers qualifies as a related party under the statute, we find that appropriate circumstances do not exist to warrant excluding any of these producers from the definition of the domestic industry. The record indicates that the ratio of imports to U.S. production for each was \*\*\*. In 2008, \*\*\*. CR/PR at Table I-5. The ratio of subject imports to domestic production for these producers ranged from \*\*\* percent to \*\*\* percent during the period examined in this review. CR/PR at Table III-6. \*\*\*. CR/PR at Table III-6 nn. 1, 4-6. \*\*\* of these producers has stated that it supports revocation of the finding. CR/PR at Table I-5. \*\*\* expressed support for continuation of the finding; \*\*\* on the continuation of the finding. CR/PR at Table I-5.

<sup>33</sup> 19 U.S.C. § 1675a(a).

<sup>34</sup> 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.

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

“likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>36 37 38</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>39</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>40</sup>

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>41</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>42</sup> The statute further provides that the presence or absence of any factor that the

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<sup>36</sup> See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d mem., 140 Fed. Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>37</sup> For a complete statement of Commissioner Okun’s interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From Argentina, Brazil, Germany, and Italy, Invs. Nos. 701-TA-362 (Review) and 731-TA-707 to 710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

<sup>38</sup> Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape From Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of International Trade’s interpretation of “likely,” but she will apply the Court’s standard in these reviews and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

<sup>39</sup> 19 U.S.C. § 1675a(a)(5).

<sup>40</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” Id.

<sup>41</sup> 19 U.S.C. § 1675a(a)(1).

<sup>42</sup> 19 U.S.C. § 1675a(a)(1). We note that no duty absorption findings have been made by Commerce.

Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.<sup>43</sup>

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and the suspended investigations are terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>44</sup> In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>45</sup>

In evaluating the likely price effects of subject imports if the orders and finding under review were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>46</sup>

In evaluating the likely impact of imports of subject merchandise if the orders and finding under review are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>47</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders were revoked.<sup>48</sup>

As discussed above, the Commission received a limited number of foreign producer questionnaire responses. Accordingly, when appropriate in this review, we have relied on the facts

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<sup>43</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>44</sup> 19 U.S.C. § 1675a(a)(2).

<sup>45</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>46</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

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

<sup>48</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.



otherwise available, which consist of information from the original investigation and the first and second five-year reviews, as well as information submitted in this review, including information provided by the domestic industry, questionnaire responses, and information available from published sources.<sup>49 50</sup>

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

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>51</sup>

### **1. The Commission’s Original Determination and Prior Reviews**

The Commission did not discuss conditions of competition in its original injury determination,<sup>52</sup> but the staff report in that investigation observed that both the number of manufacturers producing PSP tape and the demand for PSP tape products had grown dramatically since the early 1970s. The report attributed this growth to changing market conditions that had caused consumers to shift from traditional methods of sealing cartons and boxes (*i.e.*, gummed paper tape and staples) to PSP tape.<sup>53</sup>

In its first five-year review, the Commission identified several conditions of competition pertinent to its analysis of the PSP tape market. The Commission observed that the domestic industry had become \*\*\* since the time of the original investigation. At the time of the original investigation, four producers accounted for at least 80 percent of domestic production, and 3M was by far the largest producer. By the time of the first five-year review, 3M’s share of domestic production had \*\*\*.<sup>54</sup>

The Commission also found that the U.S. market for PSP tape had grown significantly since the original finding in 1977. Apparent U.S. consumption had increased from \*\*\* square yards in 1976 to \*\*\* square yards in 1997. At the same time, the market share of imports had declined from \*\*\* percent

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<sup>49</sup> 19 U.S.C. § 1677e(a) authorizes the Commission to “use the facts otherwise available” in reaching a determination when (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to 19 U.S.C. § 1677m(i). The verification requirements in 19 U.S.C. § 1677m(i) are applicable only to Commerce. See Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 765 (Ct. Int’l Trade 2002) (“the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of Commission investigations.”).

<sup>50</sup> Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” SAA at 869.

<sup>51</sup> 19 U.S.C. § 1675a(a)(4).

<sup>52</sup> See Original Determination at 3-8.

<sup>53</sup> USITC Pub. 831 at A-12.

<sup>54</sup> First Five-Year Review Confidential Views at 9-10.

in 1976 to \*\*\* percent in 1997. The Commission noted that the demand for PSP tape was derived from demand for cartons and boxes and that demand for PSP tape appeared to be inelastic. The Commission further observed that PSP tape appeared to be a commodity-like product, with a high degree of substitutability between imported and domestic PSP tape.<sup>55</sup>

In the second five-year review, the Commission found that there was no new information indicating that the conditions of competition had changed since the first five-year review, with one exception. The Commission noted that, according to 3M, there had been substantial consolidation due to acquisitions in both the U.S. and worldwide PSP tape industries since the Commission's first five-year review. In addition, the Commission noted 3M's argument that this consolidation gave the acquiring firms, including PSP tape producers in Italy, an enhanced distribution system and allowed them to source their products from multiple countries, depending on cost and availability.<sup>56</sup>

## 2. The Current Review

There were substantial changes in the conditions of competition after the Commission's original antidumping duty finding in 1977. Those changed conditions have remained in place, and some additional changes have occurred since the Commission's last five-year review in 2004. We find the following conditions of competition relevant to our determination.

### a. Demand

Demand for PSP tape is derived from the demand for boxes and other products on which its use is required. Because there are no good commercial substitutes for PSP tape in these applications and because PSP tape accounts for a small share of total costs of the products and applications in which it is used, demand for PSP tape is not elastic.<sup>57</sup> Market participants provided mixed responses when asked whether demand had increased, decreased, fluctuated, or remained the same, but frequently cited the U.S. economy as a factor affecting demand.<sup>58</sup> The demand for PSP tape as measured by apparent U.S. consumption<sup>59</sup> declined slightly from 2.65 billion square yards in 2006 to 2.55 billion square yards in 2008. Apparent U.S. consumption was 1.96 billion square yards in January-September 2008 and 1.68

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<sup>55</sup> First Five-Year Review Confidential Views at 10.

<sup>56</sup> Second Five-Year Review Confidential Views at 10.

<sup>57</sup> CR at II-6, II-7, and II-14, PR at II-5 and II-11.

<sup>58</sup> CR at II-6, PR at II-5.

<sup>59</sup> The data on apparent U.S. consumption are believed to be understated due to the incomplete information available for nonsubject imports. CR at II-6 n.7, PR at II-4 n.7. In this review, we have relied on importer questionnaires for import data because PSP tape, as defined by Commerce, falls into a broad "basket category" of the Harmonized Tariff Schedule (HTS) of the United States that includes products that do not conform to the characteristics (e.g., adhesive on one side) or dimensional specifications (e.g., greater than 1 3/8 inches in width and no greater than 4 mils in thickness) included in the scope language. As a result, Commerce's official statistics likely overstate imports of PSP tape. Our coverage of imports, however, is incomplete, and the data likely understate the volume of nonsubject imports. CR at I-5 and n.17, PR at I-4 and n.17. In the prior expedited five-year reviews, the Commission relied upon estimates based on extrapolation or acknowledged the absence of meaningful data in discussing import volumes. See First Five-Year Review at 8 and Second Five-Year Review at 9 and n.38.

billion square yards in January-September 2009.<sup>60</sup> Although there was significant growth in the PSP tape market from the time of the original investigation until the late 1990s, current market estimates and projections indicate that the United States is a large, but relatively slow growing, market.<sup>61</sup> The main factors contributing to the growth in carton sealing pressure sensitive tapes are \*\*\*.<sup>62</sup>

As noted in the product description, PSP tapes are distinguished by the types of adhesives that are applied to the tape backing, with the three main forms being acrylic, hot melt (synthetic rubber), and natural rubber.<sup>63</sup> Hot melt PSP tapes account for the largest portion of the carton sealing tape market in the United States, approximately \*\*\* percent.<sup>64</sup> Hot melt tapes have better adhesion than acrylic tapes and are more suitable for automated closing and bundling systems.<sup>65</sup> Acrylic tapes tend to be used in the less sophisticated hand application process and are believed to account for approximately 20 percent of the U.S. market for carton sealing tape.<sup>66</sup> Natural rubber PSP tapes account for only a small percentage of the U.S. market.<sup>67</sup>

## b. Supply

The U.S. industry has focused increasingly on the production of hot melt PSP tape, while nonsubject suppliers, primarily acrylic PSP tape producers in China, Taiwan, and Indonesia, have made inroads in the U.S. market.<sup>68</sup> Significant increases in imports of acrylic PSP tape from Asian producers have resulted in declines in the U.S. production of acrylic PSP tape.<sup>69</sup>

The domestic industry's capacity decreased slightly from 2.98 billion square yards in 2006 to 2.96 billion square yards in 2008. Its capacity was 2.22 billion square yards in January-September 2008 and 2.95 billion square yards in 2009.<sup>70</sup> There are currently eight domestic producers of PSP tape.<sup>71</sup>

Subject imports from Italy declined to vastly reduced levels in the U.S. market after imposition of the antidumping duty finding in 1977 and have maintained those reduced levels during the period for which data were collected. Nonsubject imports of PSP tape, particularly from producers in China,

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<sup>60</sup> CR/PR at Table C-1.

<sup>61</sup> CR at IV-16, PR at IV-7.

<sup>62</sup> CR at IV-16, PR at IV-7; and World Pressure Sensitive Tapes, Industry Study 2451, The Freedonia Group, Inc. (February 2009) ("Freedonia Study") at 43.

<sup>63</sup> CR at III-5, PR at III-3; Hearing Transcript at 10 (Anderson).

<sup>64</sup> CR at III-5 and n.8, PR at III-3 and n.8.

<sup>65</sup> Hearing Transcript at 22 (Helton).

<sup>66</sup> Domestic Producers Posthearing Brief at 4; Hearing Transcript at 70 (Anderson).

<sup>67</sup> Based on estimates from \*\*\*, natural rubber adhesive tapes account for between \*\*\* percent of the U.S. market. CR at III-5 and n.9, PR at III-3 and n.9.

<sup>68</sup> CR/PR at IV-1.

<sup>69</sup> CR at II-3, PR at II-3. In response to the increasing demand for acrylic PSP tapes, both 3M and Intertape have increased their production of these tapes in the United States, which they had historically imported from Asian suppliers. CR at III-6, PR at III-3; Hearing transcript at 30 (Martin).

<sup>70</sup> CR/PR at Table C-1.

<sup>71</sup> CR/PR at Table I-5. The eight confirmed producers are 3M, Avery Dennison, Berry, Cantech, Intertape, Shurtape, STA, and Tesa.

Taiwan, and Indonesia, however, have increased over the period.<sup>72</sup> By 2008, nonsubject imports of PSP tape accounted for 17.6 percent of apparent U.S. consumption.<sup>73</sup>

### **c. Other Conditions**

U.S. and Italian PSP tape are highly interchangeable with each other, and price is an important consideration in purchasing decisions. Purchasers listed availability, reliability of supply, quality, price, and product consistency as the most important factors affecting their PSP tape purchasing decisions.<sup>74</sup>

Raw material costs account for a substantial share of the cost of goods sold (“COGS”) for PSP tape. Raw material costs ranged from 61.1 percent of COGS in 2006 to 61.6 percent in 2008. During January-September 2009, raw material costs accounted for 55.1 percent of COGS. Major raw materials are (1) the plastic polymer films used as mechanical backing for PSP tape and (2) adhesives.<sup>75</sup> Costs of oil and natural gas feedstocks used in the production of plastics and adhesives have a major influence on raw material costs.<sup>76</sup> Monthly prices of both oil and natural gas increased irregularly from January 2006 through June 2008, and then generally declined during the remainder of 2008. The price of oil recovered somewhat in 2009, while the price of natural gas generally continued to decrease.<sup>77 78</sup>

## **C. Likely Volume of Subject Imports**

### **1. The Commission’s Original Determination and Prior Reviews**

In its original determination, the Commission found that the volume of U.S. imports of PSP tape from Italy more than tripled in 1976 and that the subject Italian producers doubled their share of the U.S. market that year compared to 1975. The Commission found that the Italian producers had obtained about

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<sup>72</sup> CR/PR at Table C-1.

<sup>73</sup> CR/PR at Table C-1. As discussed earlier, the data on the record likely understate the volume of nonsubject imports. According to the available data, nonsubject imports’ share of apparent U.S. consumption increased from 15.3 percent in 2006 to 18.2 percent in 2007 and then decreased to 17.6 percent in 2008. Nonsubject imports’ share of apparent U.S. consumption was 18.2 percent in January-September 2008 and 20.1 percent in January-September 2009.

<sup>74</sup> CR/PR at Tables II-2 and II-3.

<sup>75</sup> Based on questionnaire responses, the vast majority of U.S. producers reported that polypropylene was the most commonly used tape backing material, representing 96.6 percent of U.S. shipments of PSP tape in 2008 and 97.0 percent in January-September 2009. \*\*\* Producer Questionnaire Responses at Question II-5. This shift is noteworthy because during the original investigation in 1977, polyester PSP tape constituted by far the largest share of domestic PSP tape production and shipments. The shift away from polyester PSP tape and toward polypropylene PSP tape began in 1974. CR at III-7, PR at III-4. Polypropylene-backed tape is cost-efficient and possesses a number of positive properties that make it the most popular type of tape backing. Hearing Transcript at 84 (Anderson).

<sup>76</sup> CR/PR at V-1 and n.1.

<sup>77</sup> CR/PR at V-1 and Figure V-1.

<sup>78</sup> Chairman Aranoff, Vice Chairman Pearson, and Commissioner Okun do not join the remainder of these views.

one quarter of the total U.S. market for PSP tape and had increased their market share by approximately two-thirds in January-May 1977 compared to the corresponding period in 1976.<sup>79</sup>

In its first five-year review, the Commission found that the subject import volume would likely increase significantly and be significant if the finding were revoked. That conclusion was based on the limited facts available, largely on the record from the original investigation and information submitted by the domestic industry. The Commission recognized that subject imports were then at relatively low levels, but it attributed that to the restraining effects of the antidumping finding. Nevertheless, it noted that the record from the original investigation indicated that Italian producers had the ability and willingness to establish a significant presence in the United States. The Commission also relied on the Italian industry's substantial excess capacity and the fact that PSP tape is a commodity product that competes on the basis of price.<sup>80</sup>

In the second five-year review, the Commission concluded, again from the limited facts available, that subject import volume was likely to increase significantly and would be significant if the finding is revoked. The Commission again attributed the low market share of subject imports, in part, to the restraining effects of the Treasury finding, rather than to the Italian producers' inability or unwillingness to ship significant volumes to the U.S. market given the demonstrated ability of these producers to increase shipments and gain market share in the original investigation. In addition, the Commission found that the Italian producers had substantial unused production capacity (\*\*\*) and only a \*\*\* percent capacity utilization rate in 2003. The Commission concluded, given the commodity nature of PSP tape, the substantial growth of demand for PSP tape in the U.S. market, the substantial excess capacity in Italy, and the high degree of substitutability between domestic and Italian PSP tape, and in the absence of evidence to the contrary, that the likely volume of subject imports would be significant if the finding were revoked.<sup>81</sup>

## 2. The Current Review

Several factors support the conclusion that the subject import volume is likely to be significant in the event of revocation.

First, there is considerable production capacity in Italy, and a significant portion of this capacity is unused.<sup>82</sup> Italy has the second largest PSP tape industry in the world.<sup>83</sup> There are approximately 30 pressure sensitive adhesive ("PSA") tape producers in Italy; of these, the nine leading producers are

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<sup>79</sup> Original Determination at 5 (Vice Chairman Parker and Commissioner Moore) and 7 (Commissioner Ablondi).

<sup>80</sup> First Five-Year Review at 11-14.

<sup>81</sup> Second Five-Year Review at 12-13.

<sup>82</sup> Although the record contains only limited data coverage for the Italian PSP tape industry because of the failure of many subject producers to respond to the Commission's questionnaires in this review, the record contains a number of industry studies on the PSP tape industries in both Italy and globally. We find that the data and analysis contained in the studies that reference the Italian PSP industry are corroborated by the data provided by the Italian producers. Therefore, in making our determination in this review, the Commission has relied on the questionnaire responses from the Italian producers that have participated in this review, as well as the studies of the Italian and global tape industries provided by the domestic industry, in addition to information from the original investigation, the prior five-year reviews, and data collected by the staff.

<sup>83</sup> CR at IV-12, PR at IV-5; Freedonia Study at 110.

NAR, Sicad, Evotape, Vibac, Syrom, MAGRI, FABO, IRPLAST and TESA.<sup>84</sup> These firms are estimated to have a combined production capacity of about 5 billion square meters.<sup>85</sup> Because of the failure of many subject producers to respond to the Commission's questionnaires, we are unable to quantify precisely the unused production capacity of the subject producers. The Italian industry's capacity utilization rate, however, is estimated to be between 55 and 60 percent, leaving at least two billion square meters of excess capacity available for export to the United States.<sup>86</sup> Although the capacity utilization rates for the two responding Italian producers ranged from \*\*\* percent from 2006 to 2008, there was \*\*\* percent in January-September 2009.<sup>87</sup> This same trend appears in the case of the nonsubject Italian producer, which had a capacity utilization rate ranging from \*\*\* percent from 2006 to 2008 that subsequently \*\*\* percent in January-September 2009.<sup>88</sup> We find that the capacity utilization rates for these Italian producers during January-September 2009 generally corroborate the capacity utilization rate of 55 to 60 percent estimated for the Italian PSP tape industry.

Second, PSP tape manufacturing is highly capital-intensive.<sup>89</sup> The automated adhesive coating lines, slitters and spoolers, and film-making lines used in the production of PSP tape are all highly specialized industrial process machines produced by small Italian manufacturers and sold to only a few buyers in the industry in limited volumes.<sup>90</sup> Moreover, producers need to apply innovations designed to increase productivity, improve quality, or reduce waste, which requires that the production machines be replaced long before they reach the end of their useful lives if the tape manufacturer is to remain competitive.<sup>91</sup> Therefore, Italian producers have an interest in covering their fixed costs in this capital intensive industry, and this provides a strong incentive for the Italian producers to increase production and capacity utilization by directing additional shipments of PSP tape to the United States if the finding were revoked.<sup>92</sup>

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<sup>84</sup> CR at IV-12, PR at IV-5. The data provided in the Freedonia Study cover all pressure sensitive adhesive tapes, which is a much larger aggregation than the PSP tape covered in this review. CR at IV-18, PR at IV-7.

<sup>85</sup> CR at IV-12 and n.18, PR at IV-5 and n.18.

<sup>86</sup> These figures are based on methodologies using three sources of data and analysis. The first methodology is based on the capacity and production data from an Exxon/Mobil 2007 study. The second methodology estimates production capacity based on 3M Italia's production experience and its knowledge of the Italian tape industry. The third methodology is based on another Exxon/Mobil study (October 2009). CR at IV-12 and n.18, PR at IV-5, and n.18; see also Domestic Producers Posthearing Brief at 2-3 and Exhibits 1 and 2.

<sup>87</sup> CR/PR at Table IV-3. The capacity utilization rate for \*\*\* over the period and was \*\*\* percent in 2006, \*\*\* percent in 2007, and \*\*\* percent in 2009. It was \*\*\* percent in January-September 2008 and \*\*\* percent in January-September 2009. Id.

<sup>88</sup> CR/PR at Table IV-4. The capacity utilization rate \*\*\* was in \*\*\* percent in 2006, \*\*\* percent in 2007, and \*\*\* percent in 2008. It was \*\*\* percent in January-September 2008 and \*\*\* percent in January-September 2009. Id.

<sup>89</sup> Hearing Transcript at 24-25 (Helton); Domestic Producers Posthearing Brief at 10.

<sup>90</sup> Hearing Transcript at 59-60 (Anderson). Prominent Italian manufacturers of PSA tape converting equipment include Sicad (also a major PSA tape manufacturer, "Eurocel"), Guzzetti, and Bobst. CR at I-23 and n.51, PR at I-17 and n.51; Hearing Transcript at 24 (Helton).

<sup>91</sup> Hearing Transcript at 60 (Serra); at 59-60 (Anderson); and at 60 (Serra).

<sup>92</sup> The high capital intensity required at the high end of the hot melt PSP tape market -- a market segment the domestic producers share with the large Italian PSP tape producers -- appears to be unsustainable for the Italian producers if production capacity utilization remains in the 55-60 percent range for an extended period. Hearing Transcript at 55 (Anderson); at 69 (Anderson); and at 63-64 (Helton).

Third, the Italian PSP tape industry is highly export-oriented.<sup>93</sup> Exports comprise the vast majority of Italian PSP tape shipments, accounting for \*\*\* percent of total shipments in 2007.<sup>94</sup> Italy possesses the \*\*\* largest trade surplus in pressure sensitive tapes in the world.<sup>95</sup> Information from the original investigation also shows that the Italian industry was highly export-oriented.<sup>96</sup>

Finally, the United States is an attractive market for the Italian producers because of its size. The United States was the world's second largest consumer of PSP tape in 2007 and, despite slow growth in demand, is projected to remain one of the top PSP tape markets through 2017.<sup>97</sup> Hot melt rubber-based PSP tape accounts for the vast majority of the U.S. market, and 72 percent of Italian production capacity is in rubber-based technology, which amounts to 3.3 billion square meters of PSP tape.<sup>98</sup> Although the European Union is currently the main market for Italian PSP tape exports, Italian producers have substantial excess capacity and face competition in this market from other European PSP tape producers.<sup>99</sup>

In making our determination, we are mindful that three Italian producers of PSP tape have been excluded from the antidumping finding.<sup>100</sup> These three producers have not shipped significant quantities of PSP tape to the United States during the period reviewed. This does not indicate, however, that other Italian producers would not be interested in exporting to the U.S. market if the finding were revoked. Each of these three Italian producers has reasons, other than a lack of interest in the U.S. market, for not exporting significantly to the United States.<sup>101</sup> Therefore, we find that the low volume of subject imports from January 2006 to September 2009 may be attributed to the restraining effects of the finding and that the small volumes of imports from nonsubject Italian producers do not detract from our finding that the subject Italian producers will likely perceive the U.S. market to be attractive.<sup>102</sup>

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<sup>93</sup> CR at IV-13, PR at IV-5; and CR/PR at Table IV-6.

<sup>94</sup> CR at IV-13, PR at IV-5.

<sup>95</sup> CR at IV-12, PR at IV-5.

<sup>96</sup> Original Determination at 5 and 7 (Italian imports of PSP tape tripled in 1976, resulting in \*\*\*, and Italian imports were 66 percent higher in interim 1977 than in interim 1976).

<sup>97</sup> CR/PR at Table IV-7. The Freedonia Study also indicates that Latin America, Eastern Europe, and Africa/Mideast are fast growing markets, but much smaller than the United States. CR at IV-16, PR at IV-7; Freedonia Study at 43.

<sup>98</sup> CR at III-5 and n.8, PR at III-3 and n.8; Hearing Transcript at 68-69 (Serra).

<sup>99</sup> CR at IV-13, PR at IV-7.

<sup>100</sup> These three Italian producers are Plasturopa, Autoadesivitalia, S.p.A. ("Autoadesivi"), and Boston, S.p.A. ("Boston"). CR/PR at Table I-2 (tabular note).

<sup>101</sup> CR at IV-2 and n.3., PR at IV-2 and n.3. Autoadesivi was acquired by 3M Italia in 1985 and has concentrated on different markets and specialty products so as not to compete with 3M's U.S. production. Domestic Producers Posthearing Brief, Response to Questions of Chairman Aranoff. Boston and Plasturopa produce specialty PSP tape that is largely outside the scope of this review. Hearing Transcript at 40-41 (Neeley and Anderson).

<sup>102</sup> We have also considered the other economic factors enumerated in the statute that relate to our analysis of the likely volume. The evidence in the record with respect to existing inventories of the subject merchandise, or likely increases in inventories, is incomplete (due to lack of data from many foreign producers) or inconclusive. See CR/PR at Tables IV-2, IV-3, and IV-4. There are no reported third country barriers to entry, and the limited information available about the Italian industry does not permit us to make a finding whether product shifting is likely.

Accordingly, based on the demonstrated ability of Italian PSP tape producers to increase imports into the U.S. market rapidly, their substantial production capacity and unused capacity, their export orientation, and the attractiveness of the U.S. market, we find that the likely volume of subject imports, both in absolute terms and as a share of the U.S. market, would be significant in the event of revocation.

## **D. Likely Price Effects of Subject Imports**

### **1. The Commission's Original Determination and Prior Reviews**

In the original investigation, the Commission found that subject imports consistently undersold the domestic product for most of the period examined, resulting in lost sales and price depression.<sup>103</sup> The Commission found that domestic producers' prices for PSP tape declined in the last three quarters of 1975 and the first half of 1976 because of continuing price reductions for subject imports. The Commission found that the underselling by Italian imports of PSP tape had caused price depression, that prices had remained at depressed levels since mid-1976, and that the price reductions that had taken place since early 1975 occurred despite substantial increases in unit production costs incurred by the domestic producers. Finally, the Commission found evidence of significant sales lost by domestic producers due to subject imports.<sup>104</sup>

In its first five-year review, the Commission found that revocation of the antidumping duty finding would be likely to lead to significant price effects, including significant underselling and significant price suppression and depression.<sup>105</sup>

In the second five-year review, the Commission noted that PSP tape was a commodity product for which purchasing decisions appeared to be based largely on price. It found that subject imports would likely be sold at attractively low prices to U.S. purchasers in order to gain market share and that the substantial excess capacity available to the Italian producers provided a strong incentive to price aggressively. Consequently, the Commission concluded that prices for domestically produced PSP tape in the United States would likely decline to a significant degree due to the effects of increased volumes of highly substitutable subject imports offered at lower prices. As a result, the Commission found that revocation would lead to significant price effects, including significant underselling by subject imports and significant price suppression and depression, in the reasonably foreseeable future.<sup>106</sup>

### **2. The Current Review**

Price remains an important factor in the purchase of PSP tape, with nearly all purchasers reporting that price is "very important" to their purchasing decisions.<sup>107</sup> As noted above, the domestic like product and the subject imports are highly interchangeable.

The pricing data in this review indicate that, even under the discipline of the Treasury finding, subject imports have continued to undersell domestically produced PSP tape in the majority of

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<sup>103</sup> Original Determination at 6.

<sup>104</sup> Original Determination at 5-6 (Vice Chairman Parker and Commissioner Moore) and 7-8 (Commissioner Ablondi).

<sup>105</sup> First Five-Year Review at 14-15.

<sup>106</sup> Second Five-Year Review at 14.

<sup>107</sup> CR/PR at Table II-3.



comparisons. The Commission collected pricing data on four products.<sup>108</sup> These products accounted for 49.2 percent of U.S. producers' shipments and \*\*\* of U.S. commercial shipments of subject imports from Italy during January 2008-September 2009.<sup>109</sup> The data indicate that the subject imports undersold the domestic like product in 18 of 31 quarterly comparisons, with margins of underselling ranging from \*\*\*.<sup>110</sup>

Quarterly prices for U.S.-produced PSP tape were fairly stable from January 2006 to September 2009. The limited price data for subject imports from Italy indicate that such prices often fluctuated wildly over the same period.<sup>111</sup>

In view of the factors, discussed above, that will likely motivate producers of the subject merchandise to increase shipments to the United States (i.e., unused subject capacity, export orientation of the Italian producers, capital intensity of the PSP tape industry, and the size of the U.S. market) and the degree of substitutability between subject and domestic PSP tape, subject producers in Italy are likely to aggressively undersell to increase market share in the United States. This underselling is likely to result in significant price effects in the event of revocation. Thus, given the likely significant volume of subject imports, the importance of price in the PSP tape market, the interchangeability of subject imports and the domestic like product, the adverse price effects of low-priced imports evident in the original investigation,<sup>112</sup> and the underselling that occurred during the period of this review even with the finding in place, we conclude that, if the Treasury finding under review were revoked, significant volumes of subject imports from Italy likely would significantly undersell the domestic like product to gain market share and likely would have significant depressing or suppressing effects on the prices of the domestic like product.

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<sup>108</sup> CR at V-5 to V-6, PR at V-4.

<sup>109</sup> CR at at V-6, PR at V-4.

<sup>110</sup> CR at V-15, PR at V-6.

<sup>111</sup> CR at V-6, PR at V-5; and CR/PR at Tables V-1 through V-4 and Figure V-2.

<sup>112</sup> Original Determination at 6.

## **E. Likely Impact of Subject Imports<sup>113</sup>**

### **1. The Commission's Original Determination and Prior Reviews**

In its original determination, the Commission found that the effect of the subject imports in causing depressed prices and lost sales was reflected in the financial experience of the domestic industry. Specifically, the Commission found that the net operating results of the domestic industry had fallen continuously from a substantial profit in 1974 to a substantial loss in 1976. The Commission also found that the ratio of net operating profit to net sales \*\*\*. Consequently, the Commission concluded that the domestic industry was being injured by reason of subject imports of PSP tape from Italy.<sup>114</sup>

In its first five-year review, the Commission explained that, in the absence of contrary evidence or argument, it agreed with 3M's argument that subject imports would have a significant adverse impact on the domestic industry if the finding were revoked. The Commission further noted that, because PSP tape accounts for only a small share of the value of the cartons and boxes that it is used to seal, decreased prices for PSP tape would not stimulate additional demand, but rather would result in a shift to lower-priced imports. This would result in lower market share for the domestic industry and a consequent erosion in other financial, production and employment indicators.<sup>115</sup>

In its second five-year review, the Commission noted that there was little new information on the condition of the domestic industry. 3M did not argue that the domestic industry was in poor condition or that it faced difficulty from other sources. Nevertheless, the Commission agreed with 3M's contention, in the absence of contrary evidence or argument, that subject imports would have a significant adverse impact on the domestic industry if the finding were revoked and that material injury would be likely to recur. Specifically, the Commission found that decreased prices for PSP tape would not stimulate additional demand because most PSP tape is used to seal cartons and boxes and the tape represents only a small share of the value of the carton or box. Thus, even if imports from Italy gained some market share at the expense of fairly traded imports and not the domestic product, a significant portion of the lost sales nevertheless would be incurred by the domestic industry. The loss of this market share would likely adversely impact the domestic industry's revenues, production capacity utilization, and employment and result in significant adverse effects on the industry's financial condition. As a result, the Commission

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<sup>113</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885, 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Tariff Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

In its expedited sunset review of the antidumping finding on PSP tape from Italy, Commerce found likely antidumping duty margins of 10 percent for Comet SARA, S.p.A., Tyco Adhesives Italia, S.p.A., and all others. 74 Fed. Reg. at 40812. Italian producers Plasturopa, Autoadesivi, and Boston are excluded from the antidumping finding on PSP tape from Italy. CR at Table I-2 (tabular note).

<sup>114</sup> Original Determination at 6 (Vice Chairman Parker and Commissioner Moore) and 8 (Commissioner Ablondi).

<sup>115</sup> First Five-Year Review at 17.

concluded that subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time if the antidumping duty finding were revoked.<sup>116</sup>

## 2. The Current Review

The condition of the domestic industry generally declined from 2006 to 2008 before improving slightly in January-September 2009. U.S. production of PSP tape decreased from 2.30 billion square yards in 2006 to 2.27 billion square yards in 2007 and 2.14 billion square yards in 2008. It was 1.68 billion square yards in January-September 2008 and 1.40 billion square yards in January-September 2009.<sup>117</sup> The domestic industry's production capacity increased from 2.98 billion square yards in 2006 to 3.22 billion square yards in 2007, before decreasing to 2.96 billion square yards in 2008. It was 2.22 billion square yards in January-September 2008 and 2.30 billion square yards in January-September 2009. Capacity utilization decreased from 77.0 percent in 2006 to 70.5 percent in 2007, before increasing to 72.3 percent in 2008. It was 75.8 percent in January-September 2008 and 61.1 percent in January-September 2009.<sup>118</sup>

U.S. shipments decreased from 2.23 billion square yards in 2006 to 2.12 billion square yards in 2007 and 2.08 billion square yards in 2008. Shipments were 1.58 billion square yards in January-September 2008 and 1.33 billion square yards in January-September 2009. Net sales decreased from 2.35 billion square yards in 2006 to 2.26 billion square yards in 2007 and 2.23 billion square yards in 2008, and were 1.69 billion square yards in January-September 2008 and 1.40 billion square yards in January-September 2009.

Domestic producers' inventories declined from 259 million square yards in 2006 to 257 million square yards in 2007 and 220 million square yards in 2008. Inventories were 240 million square yards in January-September 2008 and 212 million square yards in January-September 2009.<sup>119</sup>

The domestic industry's employment-related indicators showed a similar pattern of decline. The industry's production and related workers (PRWs) declined from 623 in 2007 to 611 in 2008 and 596 in 2008. The number of PRWs was 596 in January-September 2008 and 555 in January-September 2009. The number of hours worked decreased from 1.12 million in 2006 to 1.08 million in 2008. The hours worked were 810,000 in January-September 2008 and 720,000 in January-September 2009.<sup>120</sup>

The domestic industry's financial performance followed a similar pattern, with declines that preceded the economic downturn. The industry's operating income increased from \$53 million in 2006

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<sup>116</sup> Second Five-Year Review at 16-17.

<sup>117</sup> CR/PR at Table C-1.

<sup>118</sup> CR/PR at Table C-1.

<sup>119</sup> CR/PR at Table III-5. The ratio of domestic producers' inventories to U.S. shipments increased from \*\*\* percent in 2006 to \*\*\* percent in 2007, before decreasing to \*\*\* percent in 2008. It was \*\*\* percent in January-September 2008 and \*\*\* percent in January-September 2009. Id.

In the original investigation, the ratio of inventories to U.S. shipments was markedly higher than the ratio reported during the period for which data were collected in the current review. The ratio of inventories to total shipments in the original investigation was \*\*\* percent in 1973, \*\*\* percent in 1974, \*\*\* percent in 1975, and \*\*\* percent in 1976. USITC Pub. 830 at A-18.

The decline in inventories over the period in this review is attributable to increased efficiencies in the distribution processes and just-in-time delivery practices implemented by the domestic producers. For example, \*\*\*, CR at III-8, PR at III-5.

<sup>120</sup> CR/PR at Table C-1. Productivity (square yards/hour) increased from 2,039 in 2006 to 2,097 in 2007, before declining to 1,988 in 2008. It was 2,081 in January-September 2008 and 1,946 January-September 2009. Id.

to \$56 million in 2007, before declining to \$38 million in 2008. Operating income was \$35 million in January-September 2008 and \$55 million in January-September 2009.<sup>121</sup> The industry's operating income margin increased from 11.0 percent in 2006 to 11.9 percent in 2007, before declining to 8.2 percent in 2009. It was 9.7 percent in January-September 2008 and 17.3 percent in January-September 2009.<sup>122 123</sup>

Based on the record in these reviews, we conclude that revocation of the finding would likely lead to a significant increase in subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices. Most PSP tape sold in the U.S. market is used to seal cartons and boxes, and the tape represents only a small share of the value of the cartons and boxes. Therefore, decreased prices for PSP tape would not stimulate additional demand, but would likely cause purchasers to switch to lower-priced subject imports. A significant portion of any gain in market share by the subject imports after revocation would likely come at the domestic industry's expense. Thus, we find that the volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. Declines in these indicators of industry performance would have a direct adverse impact on the industry's profitability and employment as well as its ability to raise capital and to make and maintain the capital investments that are essential for this capital-intensive industry.<sup>124</sup> Accordingly, we conclude that, if the antidumping duty

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<sup>121</sup> The industry's capital expenditures \*\*\* from \$\*\*\* in 2006 to \$\*\*\* in 2007 and \$\*\*\* in 2009. Capital expenditures were \$\*\*\* in January-September 2008 and \$\*\*\* in January-September 2009. CR/PR at Table C-1.

<sup>122</sup> The significant declines in raw material costs associated with low oil and natural gas prices were a substantial factor in the improvement in the domestic industry's financial performance in the January-September 2009 period. CR at III-15, PR at III-8. Similar conditions in the energy market favorable to the domestic industry are not likely to recur in the reasonably foreseeable future.

<sup>123</sup> Based on these trends, we do not find that the domestic industry is in a weakened state despite some declining performance and increased competition from nonsubject imports during the period. We therefore do not find that the domestic industry is vulnerable to the likely volume and price effects of the subject imports.

<sup>124</sup> Commissioner Lane notes that the Commission was able to obtain information regarding the estimated impact of revocation of the finding from the domestic industry. 3M estimated that revocation would result in a volume impact of minus \*\*\* percent and a price impact of minus \*\*\* percent. Applying these percentages to its revenue, and considering the fixed and variable nature of its operating costs, 3M further estimated that these potential results of revocation would have reduced its operating income from \$\*\*\* in January-September 2009 to \*\*\*. For January-September 2008, 3M estimated that these potential results of revocation would have reduced its operating income from \$\*\*\* to \*\*\*. Applying 3M's estimated volume and price impacts and estimated cost effects to the entire industry would result in similar movement of net operating income to a net loss.

These estimates are affected by 3M's assumptions which hold other factory costs and SG&A expenses fixed. It could be argued that these assumptions overstate the negative impacts calculated by 3M. However, even if extreme assumptions in the other direction were made, that other factory costs and SG&A expenses varied directly with sales volumes, the calculations would still show a significant negative impact on 3M's net operating results. Assuming that other factory expenses and SG&A expenses would have varied directly with sales volumes and recalculating 3M's schedule accordingly, 3M's operating income in January-September 2009 would have dropped from \$\*\*\* to \$\*\*\*, a decrease of \*\*\* percent. Similarly, 3M's operating income in January-September 2008 would have dropped from \$\*\*\* to \*\*\*.

Commissioner Lane further notes that 3M indicated that it may ameliorate the negative impact on its operating income by \*\*\* in the face of a \*\*\* percent drop in sales. Commissioner Lane finds that offsetting the negative impact of revocation on the producers' operating income by reducing work force or labor costs does not alter the potential negative impacts on the domestic industry as a whole. Such labor impacts would simply transfer a  
(continued...)

finding were revoked, subject imports from Italy would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

We have considered the likely effects of nonsubject imports in the U.S. market. The U.S. market share of nonsubject imports, by volume, rose from 15.3 percent in 2006 to 18.2 percent in 2007, before declining to 17.6 percent in 2008. It was 18.2 percent in January-September 2008 and 20.1 percent in January-September 2009.<sup>125</sup> These nonsubject imports are primarily acrylic PSP tape and have come mainly from China, Taiwan, and Indonesia.<sup>126</sup> We find that the increasing presence of these nonsubject imports has heightened price sensitivity in the PSP tape market. In addition, given the size of the U.S. market, the presence of significant nonsubject imports from Asian producers does not diminish the attractiveness of the U.S. market to Italian PSP tape producers. Moreover, the impact of increased subject imports will likely fall disproportionately on the domestic industry because both the Italian and U.S. producers focus on hot melt products, while the nonsubject imports from Asia are largely acrylic products.<sup>127</sup> Accordingly, we find that subject imports of PSP tape from Italy are likely to have a significant adverse impact on the domestic industry in the event of revocation of the antidumping duty finding, notwithstanding the presence of nonsubject imports in the U.S. market.

## CONCLUSION

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

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<sup>124</sup> (...continued)

portion of the negative impact on the producers' income to a negative impact on domestic workers.

Commissioner Lane notes that 3M's estimate that the subject imports could capture \*\*\* percent of the domestic industry's market is consistent with the market share levels achieved by the subject imports prior to the imposition of the antidumping finding. If the subject imports captured \*\*\* percent of domestic deliveries and nonsubject imports, along with their current levels, subject imports would achieve an approximate \*\*\* percent market share. This is consistent with the market shares of \*\*\* percent achieved by subject imports during the original period of investigation. Such a level of market share is also a reasonable estimate, considering the capacity of the Italian producers.

<sup>125</sup> CR/PR at Table C-1.

<sup>126</sup> CR at IV-17, PR at IV-7.

<sup>127</sup> CR at III-5, III-6, IV-12 and IV-17, PR at III-3, IV-5, and IV-7.



**DISSENTING VIEWS OF CHAIRMAN SHARA L. ARANOFF, VICE CHAIRMAN DANIEL R. PEARSON AND COMMISSIONER DEANNA TANNER OKUN**

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended, that revocation of the antidumping duty finding on pressure sensitive plastic tape (“PSP tape”) from Italy would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

We join the Views of the Commission concerning background, domestic like product, domestic industry, the legal standard governing five-year reviews, and conditions of competition. We write separately, however, with respect to our analysis and determination that revocation of the antidumping duty finding regarding subject imports from Italy would not be likely to lead to continuation or recurrence of material injury to the domestic PSP tape industry.

**I. Revocation of the Antidumping Duty Finding on Subject Imports from Italy Is Not Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry**

The conditions of competition for the U.S. PSP tape industry today are dramatically different from those that existed 33 years ago when the original antidumping finding was made in 1977. During the period of the original investigation, the U.S. PSP tape industry was relatively small and less established than the larger Italian PSP tape industry.<sup>1</sup> Demand for PSP tape during the 1973-1976 period was beginning to build in the United States<sup>2</sup> and the established Italian PSP tape industry gained an increasing share of the developing U.S. PSP tape market.<sup>3</sup>

Between the original antidumping duty finding in 1977 and the time of the first and second five-year reviews in 1999 and 2004, respectively, substantial changes occurred in the conditions of competition in the U.S. and world markets. Demand in the U.S. market for PSP tape escalated and the U.S. PSP tape industry significantly increased its share of the burgeoning U.S. market at the expense of

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<sup>1</sup> The U.S. PSP tape industry’s production was only \*\*\* square yards in 1973 increasing to \*\*\* square yards in 1976. CR/PR at Table I-1. Subject imports from Italy were 8.6 million square yards in 1973 increasing to 30.6 million square yards in 1976. *Id.* The PSP tape industry in Europe (Italy and West Germany) was developed in the early 1960’s to replace gummed paper tape, which was becoming increasingly difficult and expensive to produce since the basic raw materials for paper tape (wood pulp and kraft paper) had to be imported from timber-rich countries (e.g., the United States and Canada) and the cost of this raw material was steadily increasing. Since plastic film was readily available in Europe, its use and acceptance increased rapidly, and it virtually replaced gummed paper sealing tape in European markets. *Pressure Sensitive Plastic Tape from West Germany*, Inv. No. AA1921-168, USITC Pub. 831 at A-36 (Sept. 1977) (Shortly after issuing its determination in the Italian case, the Commission made a negative determination regarding subject imports from West Germany; the staff report for both investigations is included in USITC Pub. 831). Although U.S. firms had produced PSP tape for many years, several large domestic producers increased their production of PSP tape in the early 1970s and began selling it primarily to the carton-sealing market. The rising demand for PSP tape in the U.S. market during the period of the original investigation was primarily the result of changing market conditions which caused consumers to switch from the traditional methods of sealing cartons (i.e., gummed paper tape and staples) to PSP tape. USITC Pub. 831 at A-12.

<sup>2</sup> Apparent U.S. consumption increased from \*\*\* square yards in 1973 to \*\*\* square yards in 1976. CR/PR at Table I-1.

<sup>3</sup> The U.S. market share held by the subject imports from Italy was: \*\*\* in 1973, \*\*\* in 1974, \*\*\* in 1975, and \*\*\* in 1976. CR/PR at Table I-1. The domestic producers’ U.S. market share was: \*\*\* in 1973, \*\*\* in 1974, \*\*\* in 1975, and \*\*\* in 1976. *Id.*

both the subject and nonsubject imports.<sup>4</sup> Thus, the U.S. PSP tape industry is in a very different position today than it was at the time of the original antidumping duty finding in 1977. The U.S. industry is large, holds a dominant share of the U.S. market, uses state of the art production technology, has been profitable, and makes substantial investments to maintain its competitive position.

While many of the changes in the conditions of competition occurred between the original investigation and the first or second five-year reviews, the relevant conditions in the second review,<sup>5</sup> as also discussed in the sections that we join in the majority opinion, have remained the same during the period covered by this third five-year review: domestic producers' dominance of the U.S. market, consolidation of U.S. production, and increased significance of nonsubject imports as a share of total imports in the U.S. market. Thus, in this review, when we consider the conditions of competition, we find that the U.S. PSP tape industry starts from a position of strength compared to what it faced during the period of the original investigation.

Domestic producers consistently held about an 80 percent share of the U.S. market during the period examined in the third review, in sharp contrast to the \*\*\* share of the U.S. market that they held during the original period of investigation.<sup>6</sup> Four domestic producers accounted for about \*\*\* of U.S. production of PSP tape in 2008, with production concentrated in \*\*\*.<sup>7</sup> While domestic producers' original increase in market share was at the expense of both subject and nonsubject imports, nonsubject imports have continued to maintain a significant presence in the U.S. market during the period examined in this review.<sup>8</sup>

During this review, there also have been some changes in the conditions of competition involving demand and shifts in product mix and supply sources in the U.S. market. The primary use for PSP tape – to seal cartons or corrugated boxes – has remained the same.<sup>9</sup> However, after the 30-fold increase in

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<sup>4</sup> In 1997, apparent U.S. consumption of PSP tape had increased 30-fold to \*\*\* square yards. CR/PR at Table I-1.

<sup>5</sup> Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 at 13-23 (June 2004) (“Second Five-Year Review”). Vice Chairman Pearson and Commissioner Okun did not participate in the original PSP tape investigations or first five-year review. Chairman Aranoff did not participate in the original PSP tape investigations or the subsequent first and second five-year reviews.

In the second five-year review, Vice Chairman Pearson and Commissioner Okun determined that revocation of the finding on PSP tape from Italy would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. In doing so, they found that the PSP tape market had changed both from the original investigation and since the first five-year review. These substantial changes in the market, including changes with regard to the number and composition of firms, concentration of production, domestic producers' significant increase in share of the U.S. market, subject imports decreased significance relative to total imports, and the substantial growth in demand for PSP tape, made the domestic industry less susceptible to injury if the finding was revoked. USITC Pub. 3698 at 17-19.

<sup>6</sup> CR/PR at Table I-1 and C-1. The domestic industry's U.S. market share was: 84.2 percent in 2006, 80.6 percent in 2007, 81.5 percent in 2008, 80.8 percent in interim 2008, and 79.4 percent in interim 2009. Id.

<sup>7</sup> CR at I-25-26 and Table I-5. The share of reported U.S. production for these four firms is: \*\*\*. Id.

<sup>8</sup> CR at Table I-1.

<sup>9</sup> CR at I-19 and II-6; PR at I-16 and II-4.



apparent U.S. consumption between the original investigation and the first review, apparent U.S. consumption was stable from 2006 to 2008, and market estimates and projections in the record of this review consider the U.S. market to be large, but relatively slow growing.<sup>10</sup>

PSP tapes are distinguished by the types of adhesives – hot melt, acrylic, or natural rubber – applied to the tape backing.<sup>11</sup> Hot melt PSP tapes, which account for the largest share of the U.S. carton sealing tape market, are more expensive to produce and generally sell at higher prices than acrylic tapes.<sup>12</sup> As some consumers have been willing to trade off some of the better qualities of hot-melt PSP tape for less expensive acrylic tape, the market share for hot-melt tape is decreasing with corresponding increases in the market share of acrylic tape.<sup>13</sup> Until recently, the U.S. PSP tape industry has focused on the production of hot melt PSP tape while nonsubject suppliers, primarily acrylic PSP tape producers in China, Taiwan, and Indonesia, have made inroads in the U.S. market.<sup>14</sup> In response to the increasing demand for acrylic PSP tapes, both 3M and Intertape have resumed production of this tape in the United States, which they had historically imported from Asian suppliers.<sup>15</sup> Similar to the U.S. industry, PSP tape production in Italy reportedly is focused largely in the hot-melt segment.<sup>16</sup>

We find that these conditions in the PSP tape market are likely to persist in the reasonably foreseeable future and have taken them into consideration in our analysis. For the reasons discussed below, we determine that revocation of the antidumping duty finding on subject imports from Italy would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

#### **A. Likely Volume of Subject Imports**

The Commission is to consider whether the likely volume of subject imports would be significant either in absolute terms or relative to production or consumption in the United States if the finding under review were revoked. In so doing, the Commission shall consider “all relevant economic factors,” including four enumerated in the statute: (1) any likely increase in production capacity or existing unused

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<sup>10</sup> CR at II-6, IV-16, and Tables I-8 and IV-7; PR at II-4, IV-7, and Tables I-8 and IV-7. We note that apparent U.S. consumption is understated in this review due to the incomplete information on nonsubject imports. CR at II-6, n. 7; PR at II-4, n. 7.

<sup>11</sup> CR at III-5; PR at III-2.

<sup>12</sup> CR at III-5 and n. 8; PR at III-3 and n. 8. Hot melt tape accounts for approximately \*\*\* of the U.S. market. *Id.*

<sup>13</sup> CR at III-6; PR at III-3; Hearing Tr. at 10, 70 (“And the hot-melt is declining. . . because of the acrylic taking over and more on the lower end coming in.”), and 82 (acrylics were “very small, one or two percent, so they’ve grown very steadily over the last 10 to 15 years to the point where they’re nearly 20 percent.”).

<sup>14</sup> CR at III-5 and III-6; PR at III-3.

<sup>15</sup> CR at III-6; PR at III-3; Hearing Tr. at 10-11 (“For many years, 3M has not been a significant producer of acrylic tape because the Asian competitors from China, Indonesia and Taiwan have such low prices we concluded that competition was not feasible, so for that generally low end of the market all domestic companies have been hit hard by Asian competition.”), 12 (“Finally, we decided to bring some of the production of acrylic products back to the United States from Asia. We did so despite the fact that the cost of producing product in the United States is actually higher than purchasing from Asia. . . . But Asian producers still remain a major factor in the acrylic end of the market. The U.S. industry has largely been driven out of this segment of the market, and we do not see the Asians going away. Instead, we think that this side of the market will continue to be very competitive and we’ll have to fight hard to maintain our production in the United States.”), 30 (“IPG decided to move our acrylic tape production back here to the United States from China again to help cover our fixed costs for capacity utilization.”), and 67.

<sup>16</sup> *See, e.g.*, Hearing Tr. at 12 and 24.

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 in countries other than the United States; and (4) the potential for product shifting if the production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>17</sup>

Our focus in this review is whether subject import volume is likely to be significant in the reasonably foreseeable future if the antidumping duty finding is revoked.<sup>18</sup> In performing our analysis, we have taken into account the Commission's previous volume findings with respect to the subject imports from Italy. In the original determination, the Commission found that subject imports from Italy had increased 169 percent from 1975 to 1976, from 11.4 million square yards in 1975 to 30.6 million square yards in 1976. It further found that the U.S. market share held by subject imports from Italy rose from \*\*\* in 1975 to \*\*\* in 1976, by quantity. By the time of the first and second reviews, imports from Italy accounted for only approximately \*\*\* of apparent U.S. consumption in 1997 and 2003, respectively.<sup>19</sup> In the second review, Vice Chairman Pearson and Commissioner Okun recognized the significant increases in production capacity in Italy since the original investigation. However, they found that events between the original finding in 1977 and the second review in 2004, including the focus of the Italian producers on the expanded European Union market,<sup>20</sup> as well as the evidence that nonsubject Italian imports have been virtually absent from the U.S. market even after the findings were revoked for two Italian producers (in 1988 and 1990), indicated that imports from Italy would not reenter the U.S. market in significant volumes if the remaining findings were revoked.<sup>21</sup>

The U.S. and worldwide PSP tape markets have changed substantially in the 33 years since the original antidumping duty finding. We recognize that the Italian PSP tape industry is large, sophisticated, and has excess capacity.<sup>22</sup> However, there is no indication that subject producers intend to, or even have the ability to, reenter the U.S. market in significant volumes. Specifically, we do not find that the Italian PSP tape producers have an export incentive to reduce their excess capacity at any cost. Italian producers attempting to increase imports into the U.S. market will face a dominant, more competitive U.S. industry and a far different U.S. market than the one that existed in the 1970s when the Italian imports were able to undercut the developing U.S. industry. Italian imports, primarily in the hot-melt segment, would also be

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<sup>17</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>18</sup> 19 U.S.C. § 1675a(a)(2).

<sup>19</sup> Subject imports were estimated in the first review to account for \*\*\* of apparent U.S. consumption. CR/PR at Table I-1. The record in the second review indicated that total imports from Italy accounted for approximately 1 percent of apparent U.S. consumption in 2003, based on estimates provided by 3M (3M Submission at 3), with imports subject to the finding likely accounting for less than 1 percent. USITC Pub. 3698 at 20.

<sup>20</sup> As discussed further below, at the time of the original investigation in 1977, the European Union – the unified European market for 27 member states – did not exist.

<sup>21</sup> USITC Pub. 3698 at 19-21.

<sup>22</sup> According to a 2009 industry study, Italy is the dominant European supplier of corrugated case sealing tapes and the \*\*\* largest tape producer behind China and the United States, with Taiwan estimated to overtake Italy for the world's \*\*\* position by 2012. CR at IV-12; PR at IV-5, citing *World Pressure Sensitive Tapes*, Industry Study 2451, The Freedonia Group, Inc. February 2009 at 110 and 112 (“Freedonia Study”). This industry study includes a wide range of pressure sensitive tapes that are outside the narrow scope of this review. Despite being the \*\*\* largest worldwide supplier of corrugated case sealing tapes, \*\*\* pressure sensitive adhesive tape (a larger aggregation than carton sealing tapes and the subject product of this review) producers by worldwide sales. CR/PR at Table IV-8.

confronted with competition with the expanding market for acrylic PSP tape supplied primarily by nonsubject imports and the disadvantages of selling in the U.S. market with the euro currency at historically high levels.<sup>23</sup>

The precise size of the PSP tape industry in Italy and the extent of its excess capacity is not clear. Using industry studies involving a wider range of pressure sensitive tapes, domestic producers estimate that the Italian production capacity is about 5 billion square meters, production of PSP tape is 3 billion square meters, with a capacity utilization rate of 55 to 60 percent and thus there is excess capacity of at least 2 billion square meters.<sup>24</sup> They contend that the Italian producers would likely export about one-quarter of that excess capacity, or about 500 million square meters annually, to the U.S. market if the finding is revoked.<sup>25</sup> Italian producers of subject product, however, reported substantially higher capacity utilization levels for PSP tape producers in questionnaire responses submitted to the Commission. The reported capacity utilization levels from subject producers on the narrowly defined product subject to this review ranged from a low of \*\*\*, which suggest that there is substantially less excess capacity for PSP tape production in Italy than the Domestic Producers' estimate.<sup>26</sup> These questionnaire responses also reported that the Italian market constitutes the largest market share for PSP tape produced in Italy, accounting for no less than \*\*\* of all shipments, followed closely by the EU market, which represented no less than \*\*\* during the period examined.<sup>27</sup>

The record does not indicate that Italy's current or potential production would be directed to the United States instead of its home market and other EU member country markets. In fact, domestic producers' assertions that subject imports likely would increase focus primarily on their estimated level of excess capacity and alleged need to improve variable costs rather than alleging that Italian producers would shift exports from other markets to the U.S. market.<sup>28</sup> According to domestic producers, the Italian

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<sup>23</sup> CR/PR at Figure V-2.

<sup>24</sup> Domestic Producers' Posthearing Brief at 2-3. In the second review, 3M estimated that the Italian industry had significantly increased production from an estimated \*\*\* square meters in 1997 to an estimated 3.6 billion square meters in 2003, and that estimated Italian capacity utilization stood at 60 percent in 2003, with production capacity about 6 billion square meters. USITC Pub. 3698 at Table I-5. If the Domestic Producers' estimate here is compared to 3M's estimate in the second review, Italian production capacity is 1 billion square meters less in 2009 than 3M estimated it to be in 2003.

<sup>25</sup> Domestic Producers' Posthearing Brief at 3; see also Hearing Tr. at 41 ("Out of the 30 roughly PSA tape manufacturers in Italy, there's probably 10 that would be the most critical that have the highest level of capacity. As I look at these, there's at least four that have very large amounts of capacity and would have a great deal of capacity available.").

<sup>26</sup> CR at II-5 and Table IV-3; PR at II-3 and Table IV-3. Responding subject Italian producers reported a capacity utilization rate of \*\*\* in interim 2008 and \*\*\* in interim 2009. Id. Nonsubject Italian producer, Plasturopa, reported \*\*\* capacity utilization levels, ranging from a low of \*\*\* in 2006 to a high of \*\*\* in 2008; its capacity utilization rate was \*\*\* in interim 2008 and \*\*\* in interim 2009. CR/PR at Table IV-4. These questionnaire responses, based on Domestic Producers' estimates for total Italian capacity, accounted for about \*\*\* of Italian production capacity.

<sup>27</sup> CR at IV-7 and Table IV-3; PR at IV-4 and Table IV-3. Data for nonsubject Italian producer, Plasturopa, similarly reflect a \*\*\* of sales to the EU market. Id. at Table IV-4. According to the Freedomia Study, \*\*\* of Italian pressure sensitive tape shipments were to its home market in 2007, and roughly \*\*\* of its export shipments (\*\*\* of its total shipments) were to \*\*\* European countries – \*\*\*, with the European market as the largest destination for Italian tapes. CR at IV-13 and Table IV-6; PR at IV-5-6 and Table IV-6.

<sup>28</sup> Hearing Tr. at 50-51 (in response to a question asking if their argument was not that any product from Italy that currently is being sold in Europe would be likely to be shifted to the U.S. market but that their argument specifically involved excess capacity, the response was: "That's right.").

producers have every incentive to sell their product in the United States at extremely low prices in order to gain market share in the United States and reduce their excess capacity to improve their profit and loss statements.<sup>29</sup>

First, we find the certified questionnaire responses from Italian PSP tape producers credible and therefore are not persuaded by Domestic Producers' estimates as to the Italian industry's capacity utilization levels. Even if we accept that certain of the responding Italian producers are atypical of the Italian industry as a whole with regards to product mix, there is no evidence on the record to suggest that 3M Italia is in any way not representative of the overall Italian industry in product mix, nor is there anything on the record to indicate that 3M Italia's high capacity utilization levels are in any way non-representative or atypical of overall Italian industry capacity utilization levels. Moreover, we find that Domestic Producers have not provided any basis for us to consider as not credible the capacity data provided by \*\*\* on its PSP tape production operations and see no reason to replace it with their estimate of \*\*\* based on broader market intelligence.<sup>30</sup>

Second, we are not persuaded by Domestic Producers' contention that the Italian firms would have an export incentive to reduce excess capacity and sell at low prices to cover total variable costs rather than maximize profits in the same manner as the U.S. PSP tape producers operate.<sup>31</sup> The domestic and Italian producers of PSP tape are operating with the same technology, the same globally traded input costs, and very similar product mixes. The domestic industry has operated profitably at a level of capacity utilization lower than the level that Domestic Producers argue the Italian industry would be compelled to increase production and sell at variable costs to achieve.<sup>32</sup> In fact, upon questioning by the Commission, Domestic Producers acknowledged that the Italian producers would not "need to be at 100 percent" capacity utilization, but rather "will attempt to sell enough to get into a 65% or greater level to optimize P&L's compared to current."<sup>33</sup> Thus, the evidence does not support the Domestic Producers'

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<sup>29</sup> Domestic Producers' Posthearing Brief at 9-11 ("As Mr. Helton testified, it 'would make perfect sense for them to increase production and then sell the product at their total variable cost plus a slight contribution to the fixed cost absorption.'" *Id.* at 10.). Domestic producers argue that the "similarity of the U.S. and Italian markets, and the underutilization of capacity in Italy, makes it compelling for Italian producers to target the U.S. market, in the absence of the antidumping order." They maintain that "the European market is not sufficiently large to absorb all of Italy's capacity, especially considering that Italy faces competition in the European market from other E.U. producers, including producers in Germany and France." Domestic Producers' Posthearing Brief at 4.

<sup>30</sup> Hearing Tr. at 124-125 ("they're utterly and completely different. Absolutely, they're not even close. Can I explain that? No."); Domestic Producers' Posthearing Brief, Answers to Chairman Aranoff Question 3.

<sup>31</sup> *See, e.g.*, Hearing Tr. at 24-25 ("Italian producers are only at 55 to 60 percent capacity utilization . . . It would make perfect sense for them to increase production and then sell the product at their total variable cost plus a slight contribution to the fixed cost absorption. . . .so they can improve their P&L by selling into the U.S. at less than total factory cost and forego a typical gross margin contribution. Italian producers therefore have an incentive to sell at low prices in order to increase their capacity utilization and move toward running their equipment in a more efficient way of 24 hours a day, seven days a week.").

<sup>32</sup> The domestic industry's capacity utilization rate was 77.0 percent in 2006, 70.5 percent in 2007, 72.3 percent in 2008, 75.8 percent in interim 2008, and 61.1 percent in interim 2009. The industry's operating income margin ranged from a low of 8.2 percent in 2008 to a high of 17.3 percent in interim 2009. CR/PR at Table C-1.

<sup>33</sup> Hearing Tr. at 95; Domestic Producers' Posthearing Brief, Answers to Chairman Aranoff Question 1 ("The Italian companies are in the 55% utilization zone which is probably cash flow acceptable; but not in a healthy sustainable zone. Hence the concern that they will attempt to sell enough to get into a 65% or greater level to optimize P&L's compared to current."). Domestic Producers acknowledged that capacity utilization levels of 65 percent would ensure profitability and argued that "around the mid-80 % area to yield profitability that would spur true growth." *Id.*

contentions that the Italian PSP tape producers have an incentive to export to the U.S. market at variable costs in order to reduce any excess capacity.

The evidence in the record of this review also demonstrates that imports from Italy would be faced with a very different U.S. market than existed in the 1970s and would have to compete with a dominant, well-established, and profitable U.S. PSP tape industry as well as nonsubject suppliers in the expanding acrylic segment of the market. Thus, we find that the significant changes in both the U.S. market and subject producers' home market indicate that subject imports would not be likely to increase in significant volumes if the finding is revoked. The original antidumping finding appears to have had a significant impact on the level of imports, and thus the market share of PSP tape from Italy. During the period examined in this review, subject import volume fluctuated, and accounted for at most 1.2 percent of the U.S. market.<sup>34</sup> Thus, the record indicates that subject imports from Italy continue to constitute a small portion of the U.S. market, particularly in comparison to the dominant share maintained by domestic producers and the increases in market presence of nonsubject imports during the period examined. The domestic industry had reaped significant benefits from the explosive growth in domestic consumption between the original investigation and first review, and gained substantial market share at the expense of subject and nonsubject imports. The U.S. market, since the period of the original investigation, has consistently been dominated by domestic producers and, to a lesser extent, nonsubject suppliers that combined held almost \*\*\* of apparent U.S. consumption during the period of this review; this is in stark contrast to the situation in 1976 during the original investigation when U.S. producers and subject imports held \*\*\* share of apparent U.S. consumption.<sup>35</sup> The U.S. industry's extensive, and consistently maintained, share in the large U.S. market signifies that imports from Italy are likely to face strong competition from U.S. and nonsubject suppliers, and are not likely to increase to significant levels nor lead to any adverse effect if the finding is revoked.<sup>36</sup>

As discussed above, the acrylic segment of the U.S. PSP tape market, which generally has been supplied by nonsubject sources, is increasing. Similar to the U.S. industry, PSP tape production in Italy reportedly is focused largely in the hot-melt segment and Italian exports would have to contend with the increasing willingness of customers to consider purchasing more product at the lower end of the market.<sup>37</sup> Italian imports also would have the extra burden of competing in the U.S. market with the euro at historically high levels relative to the U.S. dollar. We consider the current high level of the euro to be an

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<sup>34</sup> During the period examined in this review, subject imports' share of the U.S. market was: 0.5 percent in 2006, 1.2 percent in 2007, and 0.8 percent in 2008. CR/PR at Table I-1.

<sup>35</sup> CR/PR at Table I-1. Domestic Producers' share of the U.S. market was: \*\*\* in 1976, \*\*\* in 1997, and 81.5 percent in 2008. Subject imports' share of the U.S. market was: \*\*\* in 1976, \*\*\* in 1997, and 0.8 percent in 2008. Nonsubject import's share of the U.S. market was: \*\*\* in 1976, \*\*\* in 1997, and \*\*\* in 2008. Id.

<sup>36</sup> Another deterrent to entry of Italian-produced PSP tape into the U.S. market in the reasonably foreseeable future are qualification requirements by domestic purchasers. Six of the ten responding purchaser questionnaires stated that they required certification or prequalification of the PSP tape they bought. CR at II-9; PR at II-7; see also Hearing Tr. at 44 (Domestic Producers indicated that their industrial customers "very much look at the specifications and do testing . . ."). Combined with the relatively smaller size of the private label segment in which Domestic Producers assert the Italian producers will be competing, these qualification requirements indicate that any increase in Italian imports likely would be much smaller than Domestic Producers' estimates.

<sup>37</sup> See, e.g., Hearing Tr. at 12 and 24; see also Id. at 50 (majority of Italian produced products are "high end type products produced in Italy that would go to other markets outside of that.").

added deterrent to Italian exports to the U.S. market,<sup>38</sup> rather than the incentive to export at dumped prices, as the Domestic Producers have alleged.<sup>39</sup>

Domestic Producers proposed that the channel of entry for Italian PSP tape imports if the finding was revoked would be to "go to the private labels first and foremost."<sup>40</sup> The private label segment of the U.S. market is estimated by Domestic Producers to be about 25 percent of the total market.<sup>41</sup> Thus, the Domestic Producers' projected market dynamic relies on the Italian PSP tape imports entering the smaller segment of the U.S. market, which likely would make achieving Domestic Producers' projected levels of imports difficult to realize in the reasonably foreseeable future.

Moreover, the Italian share of the U.S. market has remained insignificant notwithstanding Commerce's revocation of the finding on two Italian companies, Autoadesivi, S.p.A. in 1988 and Boston S.p.A. in 1990,<sup>42</sup> and the relatively low dumping margins for all Italian producers and exporters since the original finding in 1977.<sup>43</sup> We recognize that Domestic Producers contend that these Italian producers are atypical because they may focus on specialized products or no longer produce substantial volumes of

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<sup>38</sup> Hearing Tr. at 60 ("if people were profit maximizing, if that was what they were trying to do, then certainly a strong currency in Europe, a high euro, would work against selling to the United States. . . .The question I think that you have ask yourself is are they really profit maximizing in the sense of per unit profit or are the Italians likely to do what our witnesses testified to, which is to try to cover their fixed costs, some of their fixed costs, cover their variable costs and makes some contribution to fixed costs, which is a rational business decision which maximizes profits overall for the corporation without necessarily and probably won't maximize per unit profits. Because we don't think that's what they're trying to do. Sure it works against them to have a high euro. They'd like to have it lower in terms of maximizing profitability, but we don't think that's what it's about.") and 62 ("We agree there's less incentive, but we still think there's plenty of incentive even with a high euro I guess is what we're saying.")

<sup>39</sup> Domestic Producers contend that "[t]o sell in the U.S. market with a strong euro, they inevitably will dump their product." Domestic Producers' Prehearing Brief at 19.

<sup>40</sup> Domestic Producers' Posthearing Brief at 9 (citing Hearing Tr. at 106) (Domestic Producers state that large U.S. distributors "want more private label business now . . .") and n. 19 (citing Hearing Tr. at 108) (The best Italian "marketing strategy," according to the Domestic Producers, "would be first the distribution private label programs, industrial distribution . . ."); see also Hearing Tr. at 107 (The Italian producers, according to the Domestic Producers, would "go to the private label and plant to establish private label sales, and that's where the industrial customers, the buyers themselves would see that." They admit that for the Italian producers to reach the retail market in the United States, it "would probably take a little bit longer for them . . ."). The Domestic Producers envision that the Italians would first use "large distributors such as Horizon and ATP, as well as Xpedx and Uline" and "big box stores and private label sales" to swiftly reestablish a significant presence in the U.S. market. Domestic Producers' Posthearing Brief at 8-9 (citing Tr. at 13).

<sup>41</sup> Hearing Tr. at 106 ("I would guess it's probably 75/25 branded versus private labels. . . . That's fair.").

<sup>42</sup> CR at I-3 and I-4; PR at I-2 and I-3.

<sup>43</sup> In the original antidumping duty findings, the U.S. Department of Treasury ("Treasury") found weighed average margins of: 9.9 percent for Manuli Tapes S.p.A., 9 percent for Boston Tapes S.p.A., and 11 percent for Comet S.p.A.. Treasury also excluded Plasturopa-SIPA S.A.S ("Plasturopa") from its antidumping duty finding. CR at I-3; PR at I-2. During administrative reviews, conducted between 1980 and 1999, the U.S. Department of Commerce ("Commerce") has calculated dumping margins ranging from 0.0 percent to 12.66 percent. CR/PR at Table I-2. In its first, second, and third five-year reviews, Commerce calculated all dumping margin as 10 percent. Id. at Table I-3.

subject imports.<sup>44</sup> However, we are not persuaded by the Domestic Producers' arguments that Italian imports are likely to enter the U.S. market at low prices. The record shows that Italian imports have not reentered the U.S. market even as demand in United States increased substantially, despite being subject to relatively low dumping margins since the original findings. We find that the fact that Italian imports have not returned to any significant degree to the U.S. market in the 33 years since the original antidumping duty finding provides additional evidence that the U. S. market is not, nor likely would be, a primary export market for Italian PSP tape in the reasonably foreseeable future if the finding is revoked.

Many shifts in global trade patterns have occurred since the original investigation and most important, regarding Italian PSP tape, is the major political and economic development that changed the character and composition of the European market after 1976. Specifically, since the original investigation, the European Union has grown from nine member states to 27 member states. Moreover, the EU further integrated the economies by beginning to circulate a common currency, the euro, on January 1, 2002.<sup>45</sup> This expansion represented a massive new market potential for Italian PSP tape producers. In essence, European demand for Italian PSP tape had increased simply through the expansion of the EU. Italy's primary market is the EU, and the EU is likely to remain the primary market of Italian PSP tape producers, given the duty-free advantages it provides. Evidence in the record of this review, moreover, demonstrates that large global suppliers tend to regionally source in the market where the operations are located.<sup>46</sup>

Because the domestic market is dominated by U.S. producers and by nonsubject suppliers, and because the record demonstrates that at least some Italian suppliers are focused on the EU market, we find that revocation of the antidumping finding is not likely to lead to an increase in the volume of subject imports such that the likely volume of subject imports would be significant. For all of these reasons, and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we do not find it likely that the volume of imports of subject PSP tape from Italy would be significant, in absolute terms or relative to production or consumption in the United States, within a reasonably foreseeable time in the event of revocation of the antidumping duty finding.

## **B. Likely Price Effects of Subject Imports**

In evaluating the likely price effects of subject imports if the antidumping duty finding is revoked, the Commission considers 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

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<sup>44</sup> See, e.g., Hearing Tr. at 18 (“Boston Tapes is primarily a producer of protective tape and has very little capacity or production of the subject merchandise. In addition, Autoadesivi is part of 3M Italy and has been for several years. I think that these facts explain why these companies have not been selling to the United States in the absence of an order. Their experience is in no way typical of that of other Italian producers, which we have listed in our capacity figures.”), 41 (“Boston Tapes was purchased by a Canadian company . . . who is a manufacturer of specialty protective film, so I do not believe they still have the capacity to make the packaging tape that is shipped.”).

<sup>45</sup> See, e.g., CR at IV-7 and IV-8, PR at IV-4.

<sup>46</sup> Hearing Tr. at 52 (“I know from our standpoint the large global suppliers that we deal with, the large global channel customers don't buy products in the U.S. and then ship it to Europe, for example, or Asia. They tend to regionally source. So if a large – you can pick your name – customer has operations in China, for example, they'll source locally. If they have operations here they'll source locally typically, once again primarily speaking because of capacity issues.”).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.<sup>47</sup>

In performing our analysis, we have taken into account the Commission's previous price findings. In the original determination, the Commission found price, while not the most important factor in purchasing decisions, to be a significant factor. The Commission indicated that the record showed consistent underselling and that prices of both domestic products and subject imports exhibited downward and flat trends. Consequently, the Commission found that imports depressed domestic prices.<sup>48</sup> No pricing data were available on the record in the first and second reviews. Therefore, Vice Chairman Pearson and Commissioner Okun's conclusions in the second review that revocation of the finding is not likely to lead to any significant price effects was drawn largely from their conclusions on likely subject volumes.<sup>49</sup>

The record in this review indicates that price, along with availability and quality, remains an important consideration in purchasing decisions.<sup>50</sup> PSP tape of the same characteristics and requirements for a specific application or end use is always or frequently interchangeable whether it is domestically produced or imported.<sup>51</sup> Most sales of PSP tape are made through distributors, on a spot and nationwide basis.<sup>52</sup>

While the Commission collected pricing data on four products,<sup>53</sup> the pricing data specific to subject PSP tape from Italy available to compare to the domestic like product is limited in volume and frequency.<sup>54</sup> Prices of subject imports fluctuated widely, due in large part to the very small quantities reported for these price comparisons.<sup>55</sup> In contrast, the data show that U.S. producer prices were fairly stable over the period examined and did not reflect increases in raw material costs from 2006 to 2008, or the lower raw material costs in interim 2009 compared to interim 2008.<sup>56</sup> This is demonstrated by the trend in the industry's ratio of cost of goods sold ("COGS") to sales which increased from 2006 to 2008, indicating that costs rose faster than sales values, and a lower ratio in interim 2009, as costs declined more than sales values.<sup>57</sup>

As discussed above, U.S. customers have increasingly shifted purchases to lower priced acrylic PSP tape, supplied primarily by nonsubject Asian suppliers, rather than higher priced hot-melt PSP tape

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<sup>47</sup> 19 U.S.C. § 1675(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

<sup>48</sup> Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167, USITC Pub. 830 at 5-6 (Aug. 1977) ("Original Determination"). Three Commissioners voted in the affirmative, and two Commissioners dissented and made negative determinations.

<sup>49</sup> USITC Pub. 3698 at 21-22.

<sup>50</sup> CR at II-8 and Tables II-2 and II-3; PR at II-6 and Tables II-2 and II-3.

<sup>51</sup> CR/PR at Table II-4.

<sup>52</sup> CR at II-1, II-2, V-5 and Table II-1; PR at II-1, II-2, V-4 and Table II-1.

<sup>53</sup> CR at V-5 and V-6; PR at V-4 and V-5.

<sup>54</sup> In this review, there were 31 price comparisons possible regarding the subject imports from Italy (18 instances of underselling and 13 instances of overselling); \*\*\* of the 18 instances of underselling were in product 4 which showed very small and highly variable import volumes. CR/PR at Tables V-1, V-2, V-4, and V-6.

<sup>55</sup> CR/PR at Tables V-1, V-2 and V-4, and Figure V-2.

<sup>56</sup> CR/PR at Tables III-10, V-1 - V-4, and Figure V-2.

<sup>57</sup> CR/PR at Tables III-8, III-10, and C-1.



whether from U.S. or Italian suppliers. The increased U.S. market for acrylic PSP tape reduces the incentive for the Italian product to lower prices and compete against the Asian suppliers of acrylic PSP tape, particularly with the disadvantages of the high euro rate.<sup>58</sup>

Given the likely small volume of subject imports from Italy in the event of revocation and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we find that revocation of the antidumping duty finding on subject imports of PSP tape from Italy would not be likely to lead to significant underselling by the subject imports as compared to the domestic like product, or to significant price depression or suppression within a reasonably foreseeable time. Therefore, we find that revocation of the antidumping duty finding is not likely to lead to any significant price effects.

### C. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the antidumping finding is revoked, the Commission considers all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including, but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>59</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.<sup>60</sup> 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 finding at issue and whether the industry is vulnerable to material injury if the finding is revoked.<sup>61</sup>

In the original determination the Commission found that the significant increase in less-than-fair value imports adversely affected the financial condition of the domestic industry. It found that the firms reporting financial data had gone from showing a substantial profit in 1974 to a substantial loss in 1976.<sup>62</sup> No updated data on the state of the domestic industry were available on the record in the first and second reviews. In the second review, Vice Chairman Pearson and Commissioner Okun recognized that there

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<sup>58</sup> See, e.g., Hearing Tr. at 84 (“I think it would be tougher for the Italians to compete in the acrylic markets with the Asians, but it’s possible.”); see also CR at IV-20, n.31; PR at IV-8, n. 31.

<sup>59</sup> 19 U.S.C. § 1675(a)(4).

<sup>60</sup> 19 U.S.C. § 1675(a)(4). Section 752(a)(6) of the Tariff Act states that “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

In its expedited sunset review of the antidumping finding on PSP tape from Italy, Commerce found likely antidumping duty margins of 10 percent for Comet SARA, S.p.A., Tyco Adhesives Italia, S.p.A., and all others. 74 Fed. Reg. at 40812. Italian producers Plasturopa, Autoadesivitalia, S.p.A., and Boston are excluded from the antidumping finding on PSP tape from Italy. CR/PR at Table I-2 (tabular note).

<sup>61</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the finding is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>62</sup> Original Determination at 6.

had been significant changes in the U.S. industry in the 27 years since the original investigation, such as massive growth in consumption, production, and increases in U.S. market share, as well as new entrants and therefore additional investment in the U.S. market.<sup>63</sup> Therefore based largely on these changes and their conclusions on likely subject imports, they found that subject imports would not be likely to have a significant adverse impact on the domestic PSP tape industry if the finding was revoked.<sup>64</sup>

In this third review period, the domestic PSP tape industry has experienced some declines, but has generated positive operating and financial performance throughout the period examined, particularly in 2008 and interim 2009, even with lower apparent U.S. consumption. The domestic industry's capacity fluctuated between years but remained relatively stable from 2006 to 2008, and was slightly higher in interim 2009 compared to interim 2008.<sup>65</sup> Production and shipment trends followed declines in apparent U.S. consumption.<sup>66</sup> The domestic industry's capacity utilization rate declined from 77.0 percent in 2006 to 70.5 percent in 2007, but increased to 72.3 percent in 2008.<sup>67</sup> Its capacity utilization rate was lower in interim 2009 (61.1 percent) than in interim 2008 (75.8 percent). The number of workers, wages paid, hours worked, and productivity generally declined from 2006 to 2008, and were lower in interim 2009 compared to interim 2008.<sup>68</sup>

The financial performance of the domestic industry experienced declines from 2006 to 2008 but remained positive in each period and saw some improvement in interim 2009 compared to interim 2008. The domestic industry's net sales by quantity and by value declined from 2006 to 2008 and were lower in interim 2009 compared with interim 2008.<sup>69</sup> However, average unit sales values increased each year and were at their highest level (\$0.23) in interim 2009.<sup>70</sup> At the same time, the domestic industry's operating income fluctuated between years and declined by 28.8 percent from 2006 to 2008, but was 56.5 percent higher in interim 2009 compared with interim 2008.<sup>71</sup> Similarly, the domestic industry's operating income margin increased from 11.0 percent in 2006 to 11.9 percent in 2007, and declined to 8.2 percent in 2008; the industry's operating income margin was 9.7 percent in interim 2008 and 17.3 percent in interim 2009.<sup>72</sup> Capital expenditures increased from 2006 to 2008, although they were lower in interim 2009 compared to interim 2008.<sup>73</sup> Given the industry's generally positive performance throughout the

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<sup>63</sup> USITC Pub. 3698 at 22-23.

<sup>64</sup> USITC Pub. 3698 at 22-23.

<sup>65</sup> CR/PR at Tables III-3 and C-1. The domestic industry's capacity was: 2.98 billion square yards in 2006, 3.22 billion square yards in 2007, 2.96 billion square yards in 2008, 2.22 billion square yards in interim 2008, and 2.30 billion square yards in interim 2009. *Id.*

<sup>66</sup> CR/PR at Tables III-3, III-4, and C-1. The domestic industry's production was: 2.30 billion square yards in 2006, 2.27 billion square yards in 2007, 2.14 billion square yards in 2008, 1.68 billion square yards in interim 2008, and 1.40 billion square yards in interim 2009. CR/PR at Tables III-3 and C-1. The domestic industry's U.S. shipments were: 2.23 billion square yards in 2006, 2.12 billion square yards in 2007, 2.08 billion square yards in 2008, 1.58 billion square yards in interim 2008, and 1.33 billion square yards in interim 2009. CR/PR at Tables III-4 and C-1.

<sup>67</sup> CR/PR at Table C-1.

<sup>68</sup> CR/PR at Table C-1.

<sup>69</sup> CR/PR at Table C-1.

<sup>70</sup> CR/PR at Table C-1.

<sup>71</sup> CR/PR at Table C-1. The domestic industry's operating income increased from \$53.5 million in 2006 to \$56.1 million in 2007, and declined to \$38.1 million in 2008; the domestic industry's operating income was \$35.1 million in interim 2008 and \$55.0 million in interim 2009. *Id.*

<sup>72</sup> CR/PR at Table C-1.

<sup>73</sup> CR/PR at Table III-12.

period of review and improvements in 2009 despite the general economic recession, we have not found that the domestic industry currently is in a vulnerable or weakened state as contemplated by the statute.

Subject imports are not likely to have a significant adverse impact on the domestic PSP tape industry if the finding is revoked. Subject imports have accounted for an insignificant share of apparent U.S. consumption during the period examined in this review.<sup>74</sup> The domestic industry is well established and dominated the U.S. market with a substantial market share of about 80 percent throughout the period examined.<sup>75</sup> Nonsubject suppliers accounted for the difference, holding a low of 15.3 percent of the U.S. market in 2006 and a high of 20.1 percent in interim 2009.<sup>76</sup> As discussed above, nonsubject imports of acrylic PSP tape from Asia have aggressively made inroads into the U.S. market and resulted in declines in U.S. producers' sales of hot-melt PSP tape. Subject imports would have to increase substantially to have a likely adverse effect on volume or prices. We have determined that subject producers' lack an incentive to gain substantial additional U.S. market share and thus subject imports are not likely to increase to significant levels or to have a significant adverse impact on domestic prices, production, shipments, sales, market share, and revenues. We therefore find that revocation of the antidumping duty finding on subject imports from Italy would not be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

## **II. Conclusion**

For the above stated reasons, we determine that revocation of the antidumping duty finding on PSP tape from Italy would not be likely to lead to the continuation or recurrence of material injury to the domestic PSP tape industry within a reasonably foreseeable time.

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<sup>74</sup> CR/PR at Tables I-1 and C-1.

<sup>75</sup> CR/PR at Table I-1 and C-1. The domestic industry's U.S. market share was: 84.2 percent in 2006, 80.6 percent in 2007, 81.5 percent in 2008, 80.8 percent in interim 2008, and 79.4 percent in interim 2009. *Id.*

<sup>76</sup> CR/PR at Table I-8.



## PART I: INTRODUCTION AND OVERVIEW

### BACKGROUND

On May 1, 2009, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of the antidumping duty finding on pressure sensitive plastic tape (“PSP tape”) from Italy would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2 3</sup> On August 4, 2009, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.<sup>4</sup> Selected information relating to the schedule of this proceeding appears in the following tabulation:<sup>5</sup>

| Effective date    | Action  |
|-------------------|---|
| October 21, 1977  | Department of Treasury’s antidumping duty finding (42 FR 56110)   |
| September 1, 1998 | Commission’s institution (63 FR 46475) and Commerce’s initiation (63 FR 46410) of first review                |
| January 6, 1999   | Commerce’s final results of expedited first review (64 FR 853)  |
| February 10, 1999 | Commission’s expedited first review determination (64 FR 6681)  |
| February 17, 1999 | Commerce’s first continuation order concerning the antidumping duty finding (64 FR 51515, September 23, 1999) |

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

<sup>2</sup> All interested parties were requested to respond to this notice by submitting the information requested by the Commission. *Pressure Sensitive Tape from Italy*, 74 FR 20340, May 1, 2009. The Commission received one submission in response to its notice of institution for the subject review. It was filed on behalf of 3M Company (formerly known as Minnesota Mining and Manufacturing Company), a U.S. producer of PSP tape and the petitioner in the original investigation, with the support of Intertape Polymer Group, Inc. (“Intertape”) and Shurtape Technologies, Inc. (“Shurtape”). Domestic interested parties’ response to the notice of institution, June 1, 2009.

<sup>3</sup> In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty finding concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 74 FR 20286, May 1, 2009.

<sup>4</sup> The Commission found that the domestic interested party group response to its notice of institution (74 FR 20340, May 1, 2009) was adequate, but that the respondent interested party group response was inadequate. Notwithstanding the Commission’s determination that the respondent interested party group response was inadequate, the Commission determined to conduct a full review in light of information regarding possible changes in conditions of competition. These include trends in U.S. demand; the nature of U.S. supply, particularly concerning the presence in the U.S. market of nonsubject imports from China and Taiwan; and the structure and market orientation of the Italian pressure sensitive plastic tape industry. Commissioners Irving A. Williamson and Dean A. Pinkert dissented, citing both the lack of adequate respondent participation and their finding that the record in the adequacy phase did not indicate sufficient changes in the conditions of competition since the original investigation and the first and second five-year reviews to warrant conducting a full review. *Explanation of Commission Determination on Adequacy*.

<sup>5</sup> The Commission’s notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy appear in appendix A and may also be found at the Commission’s web site (internet address [www.usitc.gov](http://www.usitc.gov)). Commissioners’ votes on whether to conduct an expedited or a full review may also be found at the web site.

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| January 2, 2004  | Commission's institution (69 FR 101) and Commerce's initiation (69 FR 50) of second review     |
| May 11, 2004   | Commerce's final results of expedited second review (69 FR 26068)                              |
| June 14, 2004  | Commission's expedited second review determination (69 FR 33070)                               |
| June 25, 2004  | Commerce's second continuation order concerning the antidumping duty finding (69 FR 35584)     |
| May 1, 2009  | Commission's institution (74 FR 20340) and Commerce's initiation (74 FR 20286) of third review |
| August 4, 2009   | Commission's determination to conduct a full review (74 FR 40845, August 13, 2009)             |
| August 13, 2009  | Commerce's final results of expedited third review (74 FR 40811)                               |
| August 20, 2009  | Commission's scheduling of the review (74 FR 43155, August 26, 2009)                           |
| January 14, 2010   | Commission's hearing <sup>1</sup>  |
| February 26, 2010  | Commission's vote  |
| March 11, 2010   | Commission's determinations transmitted to Commerce  |
| <sup>1</sup> The list of hearing witnesses is presented in app. B. |  |

## THE ORIGINAL INVESTIGATION AND SUBSEQUENT FIVE-YEAR REVIEWS

The Commission instituted an antidumping duty investigation concerning PSP tape from Italy (Inv. No. AA1921-167) on June 3, 1977, following notification from the Department of Treasury ("Treasury") on May 31, 1977, that PSP tape was being, or was likely to be, sold in the United States at less-than-fair-value ("LTFV") within the meaning of the Antidumping Act, 1921, as amended.<sup>6</sup> The original investigation resulted from complaints filed by Minnesota Mining & Manufacturing Co. of St. Paul, MN, on April 8, 1976, alleging sales at LTFV of "box sealing tape" from Italy and West Germany. In September 1977, the Commission determined that an industry in the United States was not being, and was not likely to be, injured by imports of PSP tape from West Germany sold, or likely to be sold at LTFV.<sup>7</sup> The Commission did, however, determine that an industry in the United States was being injured by imports of PSP tape from Italy sold, or likely to be, sold at LTFV. After receipt of the Commission's determination, the Department of Treasury ("Treasury") issued an antidumping duty finding on imports of PSP tape from Italy. The weighted average margins for the three Italian manufacturers found by Treasury to have made LTFV sales of the subject merchandise were 9.9 percent for Manuli Tapes S.p.A ("Manuli"), 9 percent for Boston Tapes S.p.A. ("Boston"), and 11 percent for Comet S.p.A. ("Comet"). Treasury excluded one Italian firm producing and exporting PSP tape, Plasturopa-SIPA S.A.S. ("Plasturopa"), from its antidumping duty finding.<sup>8 9</sup> In 1988, Commerce revoked the antidumping duty

<sup>6</sup> 19 U.S.C. 160(a).

<sup>7</sup> *Pressure Sensitive Plastic Tape from West Germany, Investigation No. AA1921-168*, USITC Publication 831, September 1977, p. A-1. Information obtained in the two separate investigations was presented together by the Commission in USITC Publication 831.

<sup>8</sup> Treasury found no LTFV margin for sales of PSP tape by Plasturopa, and excluded the company from the finding. *Antidumping—Pressure Sensitive Plastic Tape Measuring Over One and Three-Eighths Inches in Width and* (continued...)

finding on PSP tape produced by Autoadesivitalia, S.p.A (“Autoadesivi”).<sup>10</sup> In 1990, Commerce revoked the antidumping duty finding on PSP tape produced by Boston.<sup>11</sup>

In February 1999, the Commission completed an expedited first five-year review of the antidumping duty finding on PSP tape from Italy and determined that revocation of the finding on PSP tape from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>12</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective February 17, 1999, Commerce issued a continuation of the antidumping duty finding on imports of PSP tape from Italy.<sup>13</sup>

In June 2004, the Commission completed a second expedited five-year review of the antidumping duty finding on PSP tape from Italy and determined that revocation of the finding would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably

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<sup>8</sup> (...continued)

*Not Exceeding Four Millimeters in Thickness From Italy*, 42 FR 56100, October 21, 1977. Treasury issued a correction notice (*Antidumping—Pressure Sensitive Plastic Tape Measuring Over One and Three-Eighths Inches in Width and Not Exceeding Four Mils in Thickness from Italy; Correction*, 42 FR 245, December 21, 1977) noting that “Not Exceeding Four Millimeters in Thickness” should read “Not Exceeding Four Mils in Thickness”, wherever it appears. On October 14, 2009, Commission staff notified Commerce that the same clerical error appeared in Commerce’s scope language contained in Commerce’s notice announcing the final results of its expedited third review (*Pressure Sensitive Plastic Tape from Italy: Final Results of Expedited Review*, 74 FR 40811, August 13, 2009) and Commerce’s notice announcing the initiation of an antidumping duty changed circumstances review of the finding (*Pressure Sensitive Plastic Tape from Italy: Notice of Initiation of Antidumping Duty Changed Circumstances Review*, 74 FR 47555, September 16, 2009). On October 26, 2009, Commerce filed a memorandum acknowledging the errors in the scope language and noted that all subsequent actions regarding the PSP tape finding from Italy will contain the word mils, not millimeters. Commerce Memorandum re: Corrections to Scope Language, October 26, 2009.

<sup>9</sup> According to the domestic interested parties, Plasturopa is primarily a small producer of PVC tapes that are overwhelmingly nonsubject merchandise. Furthermore, they maintain that PVC subject merchandise is generally too expensive to compete in the U.S. market. Posthearing brief of 3M, Intertape, and Shurtape, Response to questions of Chairman Aranoff regarding the status of Autoadesivi and Plasturopa.

<sup>10</sup> *Pressure Sensitive Plastic Tape From Italy; Final Results of Antidumping Duty Administrative Review and Revocation in Part*, 53 FR 16444, May 9, 1988. According to the domestic interested parties, 3M Italia acquired Autoadesivi in 1985 and decided to obtain the revocation of the finding so that it would have options to sell in the U.S. in the future. The domestic interested parties maintain that the production capacity of Autoadesivi at that time was devoted primarily to nonsubject filament tape and that subject merchandise was a minor part of its product line. The domestic interested parties argue that since 3M Italia owns Autoadesivi and does not wish to compete with 3M U.S. production, Autoadesivi has concentrated on different markets and specialty products since that time. Posthearing brief of 3M, Intertape, and Shurtape, Response to questions of Chairman Aranoff regarding the status of Autoadesivi and Plasturopa.

<sup>11</sup> *Final Results of Antidumping Duty; Administrative Review and Revocation in Part; Pressure Sensitive Plastic Tape from Italy*, 55 FR 6031, February 21, 1990. According to testimony presented at the hearing, Boston was purchased by a Canadian company and is operating in the United States under the management of Novacel, a manufacturer of special protective film with very little capacity or production of the subject merchandise. Hearing transcript, p.18 (Anderson) and p. 41 (Serra).

<sup>12</sup> *Pressure Sensitive Plastic Tape from Italy*, 64 FR 6681, February 10, 1999. Chairman Bragg and Commissioners Crawford and Askey made negative determinations. See their *Dissenting Views in Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Review)*, USITC Publication 3157, February 1999.

<sup>13</sup> *Continuation of Antidumping Duty Finding: Pressure Sensitive Plastic Tape from Italy*, 64 FR 51515, September 23, 1999.

foreseeable time.<sup>14</sup> Following affirmative determinations in the second five-year reviews by Commerce and the Commission, effective June 25, 2004, Commerce issued a continuation of the antidumping duty finding on imports of PSP tape from Italy.<sup>15</sup>

### SUMMARY DATA

Table I-1 presents a summary of data from the original investigation as well as the first, second, and current reviews. From 1973 to 1976, the period for which data were collected in the original investigation, the U.S. industry's production, shipments, and net sales increased markedly over the period. However, as costs and expenses increased, operating income turned negative. Capacity utilization of the U.S. industry was not calculated in the original investigation because machinery and equipment used in the production of PSP tape were also used in the production of other plastic tape products.<sup>16</sup> As noted in Table I-1, certain data, including U.S. production, shipments, and imports of PSP tape for the first and second five-year expedited reviews were based on estimates submitted by 3M's responses to the Commission's notice of institution in the respective reviews. U.S. import data and related information for the period since January 2006 are based on questionnaire responses of 19 U.S. importers of PSP tape that are believed to have accounted for the vast majority of the total subject U.S. imports from Italy during 2008, which domestic interested parties estimate to be \*\*\* percent of total U.S. imports of PSP tape. Given the large volume of the remaining imports from all other countries, staff believes that data for U.S. imports of PSP tape from nonsubject countries are under-represented.<sup>17</sup>

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<sup>14</sup> *Pressure Sensitive Plastic Tape from Italy*, 64 FR 33070, June 14, 2004. Chairman Okun and Commissioners Lane and Pearson made negative determinations. See their *Dissenting Views in Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Second Review)*, USITC Publication 3698, June 2004.

<sup>15</sup> *Continuation of Antidumping Duty Findings: Prestressed Concrete Wire Strand from Japan and Pressure Sensitive Plastic Tape from Italy*, 69 FR 35584, June 25, 2004.

<sup>16</sup> *Staff Report* of August 15, 1977, p. A-23

<sup>17</sup> PSP tape, as defined by Commerce, falls into a broad "basket category" of the Harmonized Tariff Schedule (HTS) of the United States, which includes products that do not conform to the characteristics (e.g., adhesive on one side) or dimensional specifications (e.g., greater than 1 3/8 inches in width and no greater than 4 mils in thickness) included in the scope language. As a result, Staff believes that official Commerce statistics overstate imports of PSP tape.



Table I-1

PSP tape: Summary data from the original investigation, first and second reviews, and current review, 1973-76, 1997, 2003, and 2006-08

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

| Item                           | 1973   | 1974   | 1975   | 1976   | 1997 <sup>2 3</sup> | 2003 <sup>2</sup> | 2006      | 2007      | 2008      |
|--------------------------------|--------|--------|--------|--------|---------------------|-------------------|-----------|-----------|-----------|
| U.S. consumption quantity:     |        |        |        |        |                     |                   |           |           |           |
| Amount                         | ***    | ***    | ***    | ***    | ***                 | N/A               | 2,646,891 | 2,635,666 | 2,554,033 |
| Producers' share <sup>1</sup>  | ***    | ***    | ***    | ***    | ***                 | N/A               | 84.2      | 80.6      | 81.5      |
| Importer's share: <sup>1</sup> |        |        |        |        |                     |                   |           |           |           |
| Italy (subject)                | ***    | ***    | ***    | ***    | ***                 | N/A               | 0.5       | 1.2       | 0.8       |
| Italy (nonsubject)             | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | ***       | ***       | ***       |
| All other countries            | ***    | ***    | ***    | ***    | ***                 | N/A               | ***       | ***       | ***       |
| Total imports                  | ***    | ***    | ***    | ***    | ***                 | N/A               | 15.8      | 19.4      | 18.5      |
| U.S. consumption value:        |        |        |        |        |                     |                   |           |           |           |
| Amount                         | ***    | ***    | ***    | ***    | ***                 | N/A               | 527,762   | 521,441   | 516,265   |
| Producers' share: <sup>1</sup> | ***    | ***    | ***    | ***    | ***                 | N/A               | 86.6      | 84.5      | 84.4      |
| Importer's share: <sup>1</sup> |        |        |        |        |                     |                   |           |           |           |
| Italy (subject)                | ***    | ***    | ***    | ***    | ***                 | N/A               | 1.0       | 1.2       | 0.9       |
| Italy (nonsubject)             | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | ***       | ***       | ***       |
| All other countries            | ***    | ***    | ***    | ***    | ***                 | N/A               | ***       | ***       | ***       |
| Total imports                  | ***    | ***    | ***    | ***    | ***                 | N/A               | 13.4      | 15.5      | 15.6      |
| U.S. imports from              |        |        |        |        |                     |                   |           |           |           |
| Italy (subject):               |        |        |        |        |                     |                   |           |           |           |
| Quantity                       | 8,618  | 8,391  | 11,396 | 30,615 | ***                 | N/A               | 11,851    | 38,234    | 16,874    |
| Value                          | 1,484  | 2,009  | 1,979  | 5,397  | N/A                 | N/A               | 4,600     | 7,040     | 3,870     |
| Unit value                     | 0.17   | 0.24   | 0.17   | 0.18   | N/A                 | N/A               | \$0.39    | \$0.18    | \$0.23    |
| Italy (nonsubject):            |        |        |        |        |                     |                   |           |           |           |
| Quantity                       | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | ***       | ***       | ***       |
| Value                          | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | ***       | ***       | ***       |
| Unit value                     | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | \$***     | \$***     | \$***     |
| All other countries:           |        |        |        |        |                     |                   |           |           |           |
| Quantity                       | 13,983 | 25,840 | 27,974 | 40,703 | ***                 | N/A               | ***       | ***       | ***       |
| Value                          | 2,957  | 5,653  | 5,370  | 8,007  | N/A                 | N/A               | ***       | ***       | ***       |
| Unit value                     | 0.21   | 0.22   | 0.19   | 0.20   | N/A                 | N/A               | \$***     | \$***     | \$***     |

Table continued on the following page.

**Table I-1--Continued**

**PSP tape: Summary data from the original investigation, first and second reviews, and current review, 1973-76, 1997, 2003, and 2006-08**

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

| Item                                     | 1973   | 1974   | 1975   | 1976   | 1997 <sup>2 3</sup> | 2003 <sup>2</sup> | 2006      | 2007      | 2008      |
|--|--------|--------|--------|--------|---------------------|-------------------|-----------|-----------|-----------|
| All countries:                           |        |        |        |        |                     |                   |           |           |           |
| Quantity                                 | 22,601 | 34,231 | 39,370 | 71,318 | ***                 | N/A               | 460,036   | 514,427   | 466,052   |
| Value                                    | 4,441  | 7,662  | 7,349  | 13,404 | N/A                 | N/A               | 52,643    | 60,753    | 59,750    |
| Unit Value                               | \$0.20 | \$0.22 | \$0.19 | \$0.19 | N/A                 | N/A               | \$0.11    | \$0.12    | \$0.13    |
| U.S. producers'--                        |        |        |        |        |                     |                   |           |           |           |
| Capacity quantity                        | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | 2,982,863 | 3,220,949 | 2,963,683 |
| Production quantity                      | ***    | ***    | ***    | ***    | ***                 | ***               | 2,296,750 | 2,270,674 | 2,141,994 |
| Capacity utilization <sup>1</sup>        | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | 77.0      | 70.5      | 72.3      |
| U.S. shipments:                          |        |        |        |        |                     |                   |           |           |           |
| Quantity                                 | ***    | ***    | ***    | ***    | N/A                 | N/A               | 2,229,550 | 2,123,615 | 2,081,742 |
| Value                                    | ***    | ***    | ***    | ***    | N/A                 | N/A               | 456,880   | 440,417   | 435,653   |
| Unit value                               | \$***  | \$***  | \$***  | \$***  | N/A                 | N/A               | \$0.20    | \$0.21    | \$0.21    |
| Ending inventory quantity                | ***    | ***    | ***    | ***    | N/A                 | N/A               | 259,348   | 257,225   | 220,029   |
| Inventories/total shipments <sup>1</sup> | ***    | ***    | ***    | ***    | N/A                 | N/A               | 11.0      | 11.4      | 9.9       |
| Production workers                       | ***    | ***    | ***    | ***    | N/A                 | N/A               | 623       | 611       | 596       |
| Hours worked (1,000 hours)               | ***    | ***    | ***    | ***    | N/A                 | N/A               | 1,127     | 1,083     | 1,078     |
| Wages paid (1,000 dollars)               | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | 29,076    | 27,996    | 28,168    |
| Hourly wages                             | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | \$25.81   | \$25.85   | \$26.14   |
| Productivity<br>(square yards per hour)  | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | 2,039     | 2,097     | 1,988     |
| Net sales:                               |        |        |        |        |                     |                   |           |           |           |
| Quantity                                 | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | 2,353,660 | 2,255,585 | 2,226,699 |
| Value                                    | ***    | ***    | ***    | ***    | N/A                 | N/A               | 486,229   | 469,893   | 465,949   |
| Unit value                               | N/A    | N/A    | N/A    | N/A    | N/A                 | N/A               | \$0.21    | \$0.21    | \$0.21    |
| Cost of goods sold                       | ***    | ***    | ***    | ***    | N/A                 | N/A               | 371,123   | 355,660   | 372,250   |
| Gross profit or (loss)                   | ***    | ***    | ***    | ***    | N/A                 | N/A               | 115,106   | 114,233   | 93,699    |
| SG&A                                     | ***    | ***    | ***    | ***    | N/A                 | N/A               | 61,617    | 58,171    | 55,605    |
| Operating income or (loss)               | ***    | ***    | ***    | ***    | N/A                 | N/A               | 53,489    | 56,062    | 38,094    |

Table continued on the following page.

**Table I-1--Continued**

**PSP tape: Summary data from the original investigation, first and second reviews, and current review, 1973-76, 1997, 2003, and 2006-08**

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are *per square yard*)

| Item  | 1973 | 1974 | 1975 | 1976 | 1997 | 2003 | 2006   | 2007   | 2008   |
|---|------|------|------|------|------|------|--------|--------|--------|
| Unit cost of goods sold                             | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$0.16 | \$0.16 | \$0.17 |
| Unit operating income or (loss)                     | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | \$0.02 | \$0.02 | \$0.02 |
| Cost of goods sold/sales ( <i>percent</i> )         | ***  | ***  | ***  | ***  | N/A  | N/A  | 76.3   | 75.7   | 79.9   |
| Operating income or (loss)/sales ( <i>percent</i> ) | ***  | ***  | ***  | ***  | N/A  | N/A  | 11.0   | 11.9   | 8.2    |

Note. --In order to maintain consistency with the historical data series, import data are drawn from actual U.S. import entries, rather than U.S. shipments of imports; accordingly 2006-08 U.S. consumption data in this table do not reconcile with data presented in tables I-7, I-8, and C-1.

Note. --Based on the domestic interested parties' estimates, which are drawn from U.S. producer shipment data from questionnaire responses and official Commerce statistics, which include some nonsubject merchandise, total U.S. imports were approximately 1.69 billion square yards in 2008, with 37.6 percent of these imports coming from China, Indonesia, and Taiwan. Based on these estimates, apparent U.S. consumption for 2008 would be 4.49 billion square yards. Posthearing brief of 3M, Intertape, and Shurtape, Response to questions of Commissioner Okun regarding projections for Asian producers.

<sup>1</sup> In *percent*.

<sup>2</sup> Production data for 1997 and 2003 were calculated based on estimates provided by 3M in response to the Commission's notice of institution in the first and second five-year reviews. In 1997, 3M reported producing \*\*\* square yards of PSP tape, and estimated that it accounted for \*\*\* percent of total U.S. production. In 2003, 3M reported aggregate production of \*\*\* square yards of PSP tape for itself, Intertape, Shurtape, and STA, and estimated that they collectively accounted for 72 percent of total U.S. production in that year.

<sup>3</sup> Import data are based on 3M's estimates provided in its response to the Commission's 1998 notice of institution. 3M reported importing \*\*\* square yards of PSP tape from Italy into the United States in 1997. 3M estimated that its imports accounted for \*\*\* percent of all U.S. imports of PSP tape from Italy in 1997, and that imports from Italy represented 4 percent of U.S. imports of PSP tape from all sources.

Source: Compiled from information presented in the Original Staff Report, tables 3 and 7; Second Review Staff Report (INV-BB-057), tables I-1, I-3, and I-4; and from data submitted in response to Commission questionnaires (2006-08).

## STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

### Statutory Criteria

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

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

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

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

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

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

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

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

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

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

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

*(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*

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

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

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

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

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

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

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

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

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

### **Organization of the Report**

Information obtained during the course of the review that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for PSP tape as collected in the review is presented in appendix C. U.S. industry data are based on the questionnaire responses of five U.S. producers of PSP tape that are believed to have accounted for approximately 70 percent of domestic production of PSP tape in 2008.<sup>18</sup> U.S. import data and related information are based on questionnaire responses of 19 U.S. importers of PSP tape that are believed to have accounted for the vast majority of the total subject U.S. imports from Italy during 2008, which domestic interested parties estimate to be \*\*\* percent of total U.S. imports of PSP tape. Given the large volume of the remaining imports from all other countries, staff believes that data for U.S. imports of PSP tape from nonsubject countries are under-

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<sup>18</sup> This estimate is based on the domestic interested parties’ belief that 3M, Intertape, and Shurtape account for approximately \*\*\* percent of U.S. PSP tape production. \*\*\*. The Commission also received questionnaire responses from U.S. PSP tape producers Berry Plastics Corporation (“Berry”) and Canadian Technical Tape Ltd. (“Cantech”). Responses submitted by \*\*\*, which each accounted for a very small portion of the U.S. PSP tape industry, contained incomplete data and were not compiled in this report. The Commission also received confirmation from Tesa Tape, Inc. (“Tesa”) that it is a \*\*\* producer of PSP tape in the United States; however, Tesa did not submit a response to the Commission’s questionnaire.

represented.<sup>19</sup> Foreign industry data and related information are based on the questionnaire responses of two producers of PSP tape in Italy (3M Italia and Sicad S.p.A (“Sicad”)) accounting for an estimated \*\*\* percent of total PSP tape production.<sup>20</sup> Responses by U.S. producers, importers, purchasers, and foreign producers of PSP tape to a series of questions concerning the significance of the existing antidumping duty finding and the likely effects of revocation of the finding are presented in appendix D.

## COMMERCE’S REVIEWS

### Administrative Reviews<sup>21</sup>

Commerce has completed 12 administrative reviews of the antidumping duty finding on PSP tape from Italy as shown in table I-2.<sup>22</sup> On May 9, 1988, Commerce revoked the antidumping duty finding on PSP tape from Italy produced by Autoadesivi.<sup>23</sup> On February 21, 1990, Commerce revoked the antidumping duty finding on PSP tape from Italy produced by Boston.<sup>24</sup>

**Table I-2**

**PSP tape: Commerce’s administrative reviews of the antidumping duty finding concerning Italy**

| Date results published       | Producer or exporter       | Period of review  | Margin (percent)  |
|------------------------------|----------------------------|-------------------|-------------------|
| August 5, 1983 (48 FR 35686) | Autoadesivitalia, S.p.A    | 05/11/78-09/30/80 | 0.00              |
|                              | Boston, S.p.A.             | 01/01/79-09/30/80 | 8.53              |
|                              | Comet S.A.R.A., S.p.A.     | 07/01/78-09/30/80 | 2.79              |
|                              | Cosmonastri, S.p.A.        | 02/18/77-09/30/80 | 12.66             |
|                              | Manuli Autoadesivi, S.p.A. | 04/01/79-09/30/80 | 0.39 <sup>1</sup> |
|                              | Nazionale Imballaggi       | 02/18/77-09/30/80 | 12.66             |
|                              | S.M.A.C., S.p.A.           | 09/01/79-09/30/80 | 12.66             |

*Table continued on following page.*

<sup>19</sup> Staff received data from \*\*\* that are believed to be among the largest PSP tape producers in Asia. One firm, \*\*\* reported imports from its related PSP tape producers in China, Taiwan (where its parent company’s headquarters are located), and Malaysia. \*\*\*.

<sup>20</sup> The Commission also received a questionnaire response from Plasturopa, a producer of PSP tape in Italy that was excluded from the original antidumping duty finding. \*\*\*. Staff estimates that this company accounted for \*\*\* percent of total production of PSP tape in Italy in 2008.

<sup>21</sup> No duty absorption findings were made.

<sup>22</sup> For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

<sup>23</sup> *Pressure Sensitive Plastic Tape From Italy; Final Results of Antidumping Duty Administrative Review and Revocation in Part*, 53 FR 16444, May 9, 1988.

<sup>24</sup> *Final Results of Antidumping Duty; Administrative Review and Revocation in Part; Pressure Sensitive Plastic Tape from Italy*, 55 FR 6031, February 21, 1990.

**Table I-2--Continued**

**PSP tape: Commerce's administrative reviews of the antidumping duty finding concerning Italy**

| <b>Date results published</b>  | <b>Producer or exporter</b> | <b>Period of review</b> | <b>Margin (percent)</b> |
|--|-----------------------------|-------------------------|-------------------------|
| December 5, 1986 (51 FR 43955), corrected, March 10, 1987 (52 FR 7288) | Autoadesivitalia, S.p.A.    | 10/01/80-9/30/81        | 0.16                    |
|  |                             | 10/01/81-10/05/82       | 0.31                    |
|  | Boston, S.p.A.              | 10/01/80-09/30/81       | 8.67                    |
|  |                             | 10/01/80-08/30/83       | 8.67 <sup>2</sup>       |
|  | Comet S.A.R.A., S.p.A.      | 10/01/80-9/30/81        | 6.15                    |
|  |                             | 10/01/81-9/30/82        | 5.64                    |
|  |                             | 10/01/82-09/30/83       | 6.07                    |
|  | Irplastnastri               | 01/16/84-06/15/84       | 12.66                   |
|  | Manuli Autoadesivi, S.p.A.  | 02/18/77-3/31/78        | 2.06                    |
|  |                             | 04/01/78-03/31/79       | 1.35                    |
|  |                             | 10/01/80-09/30/81       | 1.19                    |
|  |                             | 10/01/81-09/30/82       | 0.03                    |
|  |                             | 10/01/82-09/30/83       | 2.19                    |
|  |                             | 10/01/83-09/30/84       | 0.97                    |
|  |                             | 10/01/84-09/30/85       | 0.00                    |
|  | N.A.R., S.p.A.              | 07/01/79-09/30/80       | 4.76                    |
|  |                             | 10/01/80-09/30/81       | 2.66                    |
|  |                             | 10/01/81-09/30/82       | 2.40                    |
|  |                             | 10/01/82-09/30/83       | 4.61                    |
|  |                             | 10/01/83-09/30/84       | 4.51                    |
| SICAD, S.p.A.  | 10/01/80-09/30/81           | 4.71                    |                         |
|  | 10/01/81-09/30/82           | 0.16                    |                         |
|  | 10/01/82-09/30/83           | 1.65                    |                         |
| SYROM  | 06/01/82-09/30/85           | 12.66                   |                         |
| May 9, 1988 (53 FR 16444)  | N.A.R., S.p.A.              | 10/01/85-09/30/86       | 6.39                    |
|  | Manuli Autoadesivi, S.p.A   | 10/01/85-09/30/85       | 0.00 <sup>2</sup>       |
| March 30, 1989 (54 FR 13091)   | Boston, S.p.A.              | 10/01/86-09/30/87       | 8.67 <sup>2</sup>       |
|  | Irplastnastri               | 10/01/86-09/30/87       | 12.66 <sup>2</sup>      |
|  | Manuli Autoadesivi, S.p.A.  | 10/01/86-09/30/87       | 0.00 <sup>2</sup>       |
|  | N.A.R., S.p.A.              | 10/01/86-09/30/87       | 1.40                    |
| February 21, 1990 (55 FR 6031) corrected, March 5, 1990 (55 FR 7867)   | Boston, S.p.A.              | 10/01/87-08/05/88       | 8.67 <sup>2</sup>       |
|  | Manuli Autoadesivi, S.p.A.  | 10/01/87-09/30/88       | 0.00 <sup>2</sup>       |
|  | N.A.R., S.p.A.              | 10/01/87-09/30/88       | 0.14 <sup>1</sup>       |

*Table continued on the following page.*

**Table I-2--Continued**

**PSP tape: Commerce's administrative reviews of the antidumping duty finding concerning Italy**

| <b>Date results published</b>  | <b>Producer or exporter</b> | <b>Period of review</b> | <b>Margin (percent)</b> |
|--|-----------------------------|-------------------------|-------------------------|
| November 30, 1990 (55 FR 49671)  | Manuli Autoadesivi, S.p.A.  | 10/01/88-09/30/89       | 0.00 <sup>2</sup>       |
|  | N.A.R., S.p.A.              | 10/01/88-09/30/89       | 4.76                    |
| November 6, 1991 (56 FR 56630)   | N.A.R., S.p.A.              | 10/01/89-09/30/90       | 1.24                    |
| October 4, 1993 (58 FR 51616)  | N.A.R., S.p.A.              | 10/01/91-09/30/92       | 1.24 <sup>2</sup>       |
| July 15, 1994 (59 FR 36162)  | N.A.R., S.p.A.              | 10/01/92-09/30/93       | 1.24 <sup>2</sup>       |
| October 31, 1995 (60 FR 55362)   | Autoadesivi Magri           | 10/01/93-09/30/94       | 12.66                   |
|  | N.A.R., S.p.A.              | 10/01/93-09/30/94       | 12.66                   |
| September 23, 1998 (63 FR 50882)   | N.A.R., S.p.A.              | 10/01/96-09/30/97       | 12.66                   |
| November 16, 1999 (64 FR 62175)  | Autoadesivi Magri           | 10/01/97-09/30/98       | 12.66                   |
| <sup>1</sup> Margins less than 0.5 percent were <i>de minimis</i> and liquidated without regard to antidumping duties.<br><sup>2</sup> No shipments during this period; margins from last review in which there were shipments.<br><br>Note.—The original antidumping duty order covered all Italian producers, except Plasturopa-SIPA S.a.S., Montemurlo (Florence), Italy. 42 FR 56110, October 21, 1977. Commerce partially revoked the antidumping duty order in 1988 (Autoadesivitalia, S.p.A.) (53 FR 16444, May 9, 1988) and 1990 (Boston, S.p.A.) (55 FR 6031, February 21, 1990).<br><br>Source: Cited <i>Federal Register</i> notices. |                             |                         |                         |

### Changed Circumstances Reviews

Since the publication of the antidumping duty finding on PSP tape from Italy, Commerce published one notice of final results of a changed circumstances review with respect to the finding. In that review, Commerce determined that Tyco Adhesives Italia S.p.A. (“Tyco”) is a successor-in-interest company to Manuli Tapes S.p.A. (“Manuli”) and that Tyco should receive the same antidumping duty margin as Manuli.<sup>25</sup> Commerce is currently conducting a changed circumstances review to determine whether Evotape Packaging S.r.l. (“Evotape”), a producer/exporter of PSP tape from Italy, is the successor-in-interest to Tyco.<sup>26</sup>

### Scope Inquiry Reviews

There have been two scope inquiry reviews concerning the antidumping duty finding on PSP tape from Italy. On May 7, 1992, Commerce issued a scope ruling on highlighting “note tape” and

<sup>25</sup> *Notice of Final Results of Antidumping Duty Changed Circumstances Review: Pressure Sensitive Plastic Tape From Italy*, 69 FR 15297, March 25, 2004.

<sup>26</sup> *Notice of Initiation of Antidumping Changed Circumstances Review: Pressure Sensitive Plastic Tape from Italy*, 74 FR 47555, September 16, 2009.



determined that it was not within the scope of the order.<sup>27</sup> On February 7, 2007, Commerce issued a scope ruling on certain PSP tapes imported by Ritrama, Inc. (“Ritrama”) and determined that dual-adhesive products imported by Ritrama from Italy did not meet the definition of PSP tape as defined in the antidumping duty finding, while single-adhesive products imported by Ritrama from Italy were within the scope of the finding.<sup>28</sup>

### Results of Five-Year Reviews

Table I-3 presents the dumping margins calculated by Commerce in its first, second review, and third reviews.<sup>29</sup>

**Table I-3**  
**PSP tape: Commerce’s first, second, and third five-year dumping margins for producers/exporters in Italy**

| Producer/exporter    | First five-year review margin (percent) | Second five-year review margin (percent) | Third five-year review margin (percent) |
|----------------------|---|--|---|
| Comet                | 10.0                                    | 10.0                                     | 10.0                                    |
| Cosmonastri          | 10.0                                    | ( <sup>1</sup> )                         | ( <sup>1</sup> )                        |
| Manuli <sup>2</sup>  | 10.0                                    | 10.0                                     | 10.0                                    |
| Nazionale Imballaggi | 10.0                                    | ( <sup>1</sup> )                         | ( <sup>1</sup> )                        |
| SMAC                 | 10.0                                    | ( <sup>1</sup> )                         | ( <sup>1</sup> )                        |
| All others           | ( <sup>1</sup> )                        | 10.0                                     | 10.0                                    |

<sup>1</sup> Not listed.  
<sup>2</sup> Commerce determined that Tyco Adhesives Italia S.p.A. is the successor-in-interest to Manuli Tapes S.p.A. 69 FR 15297, March 25, 2004.

Source: Final results of first expedited five-year review, 64 FR 853, January 6, 1999; final results of second expedited five-year review, 69 FR 26068, May 11, 2004; final results of third expedited five-year review, 74 FR 40811, August 13, 2009.

### DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

The Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”) (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.<sup>30</sup> Qualified U.S. producers of PSP tape have been eligible to receive disbursements from the U.S. Customs and Border Protection (“Customs”) under

<sup>27</sup> *Notice of Scope Rulings*, 57 FR 19602, May 7, 2002.

<sup>28</sup> *Notice of Scope Rulings*, 72 FR 5677, February 7, 2007.

<sup>29</sup> Commerce’s first and second expedited reviews covered all manufacturers and exporters of pressure sensitive plastic tape from Italy other than Plasturopa, which was excluded from the original LTFV investigation conducted by Treasury, and Autoadesivi and Boston for which the finding has been revoked. 53 FR 16444, May 9, 1988, for Autoadesivitalia and 55 FR 6031, February 21, 1990, for Boston Tapes.

<sup>30</sup> Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)).

CDSOA relating to the orders covering the subject merchandise beginning in Federal fiscal year 2002.<sup>31</sup> Tables I-4 presents CDSOA disbursements and claims for the five most recent complete Federal fiscal years, October 1-September 30, 2004-08. 3M was the only domestic producer to receive disbursements in connection with the antidumping duty finding with respect to PSP tape from Italy.

**Table I-4**

**PSP tape: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2004-08**

| Item  | Federal fiscal year |               |               |               |               |               |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|
|   | 2004                | 2005          | 2006          | 2007          | 2008          | 2009          |
| <b>Disbursements (dollars)</b>  |                     |               |               |               |               |               |
| 3M <sup>1</sup>   | \$84,746            | \$265,532     | \$418,504     | \$5,244       | \$541,094     | \$256,095     |
| <b>Claims (dollars)</b>   |                     |               |               |               |               |               |
| 3M <sup>1</sup>   | \$961,820,205       | \$961,735,458 | \$961,470,253 | \$961,051,748 | \$961,046,503 | \$960,505,409 |
| <sup>1</sup> 3M was the only firm to submit claims and receive disbursements.<br>Source: U.S. Customs and Border Protection's CDSOA <i>Annual Reports</i> . Retrieved from <a href="http://www.cbp.gov/xp/cgov/import/add_cvd">www.cbp.gov/xp/cgov/import/add_cvd</a> . |                     |               |               |               |               |               |

## THE SUBJECT MERCHANDISE

### Commerce's Scope

The imported PSP tape subject to the antidumping finding under review, as defined by Commerce in its 2004 continuation notice, is as follows: Pressure sensitive plastic tape measuring over one and three-eighths inches in width and not exceeding four mils<sup>32</sup> in thickness.<sup>33</sup>

<sup>31</sup> 19 CFR 159.64 (g).

<sup>32</sup> One mil equals 0.001 of an inch.

<sup>33</sup> *Continuation of Antidumping Duty Findings: Prestressed Concrete Wire Strand from Japan and Pressure Sensitive Plastic Tape from Italy*, 69 FR 35584, June 25, 2004. On October 14, 2009, Commission staff notified Commerce that the scope language contained in Commerce's notice announcing the final results of its expedited third review (*Pressure Sensitive Plastic Tape from Italy: Final Results of Expedited Review*, 74 FR 40811, August 13, 2009) and Commerce's notice announcing the initiation of an antidumping duty changed circumstances review of the finding (*Pressure Sensitive Plastic Tape from Italy: Notice of Initiation of Antidumping Duty Changed Circumstances Review*, 74 FR 47555, September 16, 2009) mistakenly used millimeters instead of mils. On October 26, 2009, Commerce filed a memorandum acknowledging the error noted that all subsequent actions regarding the PSP tape finding from Italy will contain the word mils, not millimeters. Commerce Memorandum re: Corrections to Scope Language, October 26, 2009.

## Tariff Treatment

PSP tape is classified under Harmonized Tariff Schedule of the United States (“HTS”) subheadings 3919.10.20<sup>34</sup> and 3919.90.50. The general duty rate for both subheadings is 5.8 percent *ad valorem*.<sup>35</sup>

## THE PRODUCT

### Description and Applications

PSP tape is a plastic film-backed tape with an adhesive on one side that remains permanently tacky at room temperatures. The product adheres to a variety of surfaces (including paper, film, wood, and metal) upon contact, with minimal application of pressure. Importantly, it requires no activation by water, solvent, or heat to generate its adhesive holding force.

PSP tape consists of at least 2 layers, a plastic film backing and a layer of pressure sensitive adhesive. Depending upon the adhesive, some tapes may have a release coating on the outer surface of the plastic backing to keep the adhesive layer from sticking to the plastic backing on the tape layer underneath when on the roll.<sup>36</sup> Alternatively, PSP tapes have a paper or plastic film liner to prevent the two layers from bonding together permanently.

There are many plastic polymer films used as mechanical backing for pressure sensitive plastic tapes, among them biaxially oriented polypropylene, polyester, and vinyl. The film backing may be purchased from merchant sources or captively produced by the tape manufacturer. \*\*\* is the primary U.S. captive producer of \*\*\*, \*\*\*, \*\*\*.

The pressure sensitive adhesive types used include hot melt, vinyl adhesives, and synthetic or natural rubber adhesives. The hot melt adhesives are used in high-speed sealing lines that apply heat to the tape to quickly make a strong seal, and also in cold application machines or by hand; vinyl adhesives are used in lesser quality box sealing tapes and the rubber-based adhesives are favored for sealing where the sealing surfaces may be dusty, dirty, greasy, or irregular. The holding power (i.e., adhesion, tack, and shear strength) of hot melt adhesives is superior to acrylic and the tapes can be applied quicker.<sup>37</sup> The manufacturing cost of PSP tape depends on the cost of the plastic film backing, the cost of the adhesive system applied, the converting cost, and the capital intensity and productivity of the manufacturing equipment employed and is generally in the increasing order of acrylic, hot melt, and solution. Typically the end user chooses the product with the performance attributes and pricing that best fits the customer’s needs. For example, customers shipping valuable products, such as laptop computers, heavy machine

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<sup>34</sup> On October 14, 2009, Commission staff notified Commerce that the HTS subheading 3919.90.20 cited in Commerce’s notice announcing the final results of its expedited third review (*Pressure Sensitive Plastic Tape from Italy: Final Results of Expedited Review*, 74 FR 40811, August 13, 2009) appeared to be a clerical error, since this particular HTS subheading does not exist and that the actual subheading should read 3919.10.20. On October 26, 2009, Commerce filed a memorandum acknowledging the error in the scope language and noted that all subsequent actions regarding the PSP tape finding from Italy will contain the HTS subheadings 3919.10.20 and 3919.90.50. Commerce Memorandum re: Corrections to Scope Language, October 26, 2009.

<sup>35</sup> At the time of the original investigation, PSP tape was dutiable under item 790.55 of the Tariff Schedules of the United States at a rate of 10.0 percent *ad valorem*. Original Staff Report at A-11.

<sup>36</sup> “Hot melt” adhesive - the primary form of adhesive used in U.S.-produced PSP tape - requires the use of a release coat, while acrylic-based adhesive - an adhesive used in smaller volumes of U.S.-produced PSP tape but more common in imported tape from sources of supply in Asia - does not. Plant tour and interview session with \*\*\*, December 2 and 3, 2009.

<sup>37</sup> Hearing transcript, p. 23 (Helton); p. 21 (Anderson).

replacement parts, or consumer products subject to pilferage,<sup>38</sup> may consider the extra cost for higher performing sealing tape to be minimal.<sup>39</sup>

The principal application of PSP tape is to seal corrugated paper shipping cartons. PSP tape is used for hand-sealing cartons, however, most higher volume applications involve highly automated sealing lines. In addition, converter rolls are slit down and rewound as narrower tapes in varying length for various narrow consumer and office tape applications. Finally, PSP tape is used in certain lower-volume and/or more specialized applications such as labels, label protection, color coding, and tabbing.<sup>40</sup>

### Manufacturing Process

In general, PSP tape manufacturing takes place over three or four stages, depending upon whether the producer manufactures its own film backing. Film production in the United States is primarily biaxially oriented polypropylene (“BOPP”), followed distantly by polyester. Film production (or acquisition) is followed by coating the film backing with purchased or captively-formulated pressure sensitive adhesive (and any required release or preparative coatings). This step is followed by slitting and spooling the pressure sensitive adhesive coated plastic tape down to the stock-keeping unit (“SKU”) tape width and length specification. The final stage in PSP tape production is packing and shipping finished tape orders, holding finished product in inventory as necessary. As a large, fully-integrated producer, 3M’s production process in its Greenville, SC, facility is illustrative.<sup>41</sup>

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Adhesive formulations can vary considerably depending on the manufacturer and intended application, but typically the hot melt adhesives favored by domestic tape producers are based on SIS rubber and C5 tackifiers.<sup>44 45</sup> Vinyl tapes, of which there is only limited domestic production, use butyl acrylamide as the adhesive base to which tackifiers and other substances may be added and typically coated from water dispersions.<sup>46 47</sup> Natural rubber, obtained by tapping the sap (“latex”) of the Para rubber tree (*Hevea brasiliensis*) is a natural polymer of isoprene (mostly cis-1,4-polyisoprene), with a

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<sup>38</sup> Hearing transcript, p. 117-118 (Martin).

<sup>39</sup> Hearing transcript, p. 45 (Anderson); p. 85-86 (Anderson); p. 84 (Serra).

<sup>40</sup> Examples of such applications range from diaper tabs - an application that reportedly is diminishing in favor of clipping devices - to 3M’s own *Post It* ® flags. Plant tour and interview session with \*\*\*, December 2 and 3, 2009.

<sup>41</sup> The following description of 3M’s PSP tape operations is based on \*\*\*.

<sup>42</sup> \*\*\*.

<sup>43</sup> \*\*\*.

<sup>44</sup> Wolfgang Roessing (ExxonMobil Chemical Company), *Pressure Sensitive Tape Production, Western Europe 2008*, Afera presentation, Cracow, Poland, October 9, 2009, p. 8.

<sup>45</sup> SIS rubber is a synthetic block copolymer consisting of alternating Styrene-Isoprene-Styrene monomer units. C5 tackifiers to provide the necessary “tackiness” or “stickiness” to the SIS rubber base are polymers of 5 carbon chain aliphatic resins, or, more often, hydrogenated aliphatic resins to achieve the light color and thermal stability desired in the transparent tape. The C5 aliphatic feedstock comes from naphtha cracking and is a C5 piperylene hydrocarbon resin oil of somewhat variable composition. Eastman™ Tackifier Center, <[http://www.eastman.com/Markets/Tackifier\\_Center/Tackifier\\_Families.html](http://www.eastman.com/Markets/Tackifier_Center/Tackifier_Families.html)>, retrieved January 23, 2010.

<sup>46</sup> Hearing transcript, p. 82 (Serra).

<sup>47</sup> Hearing transcript, p. 23 (Helton).

molecular weight of 100,000 to 1,000,000, with which small amounts of tackifiers and other additives may be compounded.<sup>48</sup>

\*\*\*.

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The domestic industry characterizes its operations as capital-intensive, according to testimony offered at the Commission's hearing. The automated adhesive coating lines, slitters and spoolers, and film-making lines, are all highly specialized industrial process machines, sold only to a few buyers in the industry in small volumes by several, mostly small, Italian manufacturers.<sup>49</sup> Moreover, the competitive imperative to add innovations to their machines that may increase productivity, improve final tape product quality, or reduce processing waste, also means that the machines must be replaced long before they wear out, if the tape manufacturer is to remain competitive in the low margin pressure sensitive plastic tape business.<sup>50 51</sup>

In addition, witnesses testified that when a production line is shut down, the usually warm adhesive mixture must be cooled down, cleaned out, and (usually) discarded, a several hour process at least. While the processing line is to be restarted, the reverse process takes place, and may take the crew eight hours to set up. While the formulated adhesive mixture might be saved, it is subject to degradation, producing lower quality finished tape, sold at a lower price.<sup>52</sup> Thus, producers face a strong incentive to keep production lines active.<sup>53</sup>

## DOMESTIC LIKE PRODUCT ISSUES

The Commission did not make a domestic like product determination *per se* in its original investigation; however, in its expedited first and second five-year review determinations, the Commission found that the appropriate definition of the domestic like product was the same as Commerce's scope: pressure sensitive plastic tape measuring over 1-3/8 inches in width and not exceeding 4 mils in thickness.<sup>54</sup> The Commission also found the domestic industry to be all producers of the domestic like product. For the purposes of the current review, the domestic interested parties have indicated that no new evidence has arisen that would require the Commission to revisit the like product determinations from the original and the first and second five-year reviews.<sup>55</sup>

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<sup>48</sup> Pechsiam, <[http://www.pechsiam.com/allabout\\_what%20is%20latex.htm](http://www.pechsiam.com/allabout_what%20is%20latex.htm)>, retrieved January 25, 2010.

<sup>49</sup> Hearing transcript, pp. 59-60 (Anderson).

<sup>50</sup> Hearing transcript, p. 60 (Serra); pp. 59-60 (Anderson); p. 60 (Serra).

<sup>51</sup> Identified prominent Italian PSA tape converting equipment manufacturers include Sicad (also a major PSA tape manufacturer, "Eurocel"), Guzzetti, and Bobst. Hearing transcript, p. 24 (Helton); Plant tour and interview session with \*\*\*, January 7, 2010.

<sup>52</sup> Hearing transcript, p. 97 (Neeley); pp. 98-99 (Helton); p. 99, p. 127 (Serra).

<sup>53</sup> The large domestic producers contend that the dynamic effect of this high capital intensity required at the high end of the hot melt market -- shared globally with the large Italian tape producers -- is unworkable at 55-60 percent of capacity for very long. Hearing transcript, p. 55 (Anderson), p. 69 (Anderson); pp. 63-64 (Helton).

<sup>54</sup> *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Review)*, USITC Publication 3157, February 1999. *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Second Review)*, USITC Publication 3698, June 2004.

<sup>55</sup> The domestic interested parties have indicated that distinctions between different types of PSP tape (such as acrylic, hot melt and natural rubber) constitute a continuum that comprises a single domestic like product. Prehearing brief of 3M, Shurtape, and Intertape, p. 8.

## U.S. MARKET PARTICIPANTS

### U.S. Producers

The domestic PSP tape industry has experienced a number of changes since the Commission's original investigation concerning PSP tape from Italy was conducted in 1977. Since that time, closures, openings, and acquisitions have altered the composition of the domestic industry. During the original investigation, eight firms were identified as producers of PSP tape,<sup>56</sup> with four firms believed to account for at least 80 percent of domestic production during the original investigation: 3M (identified as "by far" the largest U.S. manufacturer); Johnson & Johnson, Permacel Division,<sup>57</sup> Nashua Corp., Industrial Tape Division;<sup>58</sup> and Borden Co., Mystic Tape Division.<sup>59</sup> Anchor Continental, which began its PSP tape operations in 1975, was also identified as a U.S. producer of PSP tape in the original staff report.<sup>60</sup>

In the Commission's first five-year review, 3M, the only party to respond to the Commission's notice of institution in that review, provided the following list of U.S. producers of PSP tape: 3M; Intertape Polymer Group, Inc. ("Intertape"); Central Products Co.;<sup>61</sup> Bemis Co., Inc.; Sekisui TA Industries, Inc. ("STA"); and Shurtape Technologies, Inc. ("Shurtape").<sup>62</sup> In the Commission's second five-year review, 3M identified the following ten companies as producers of PSP tape in the United States: Bemis Co.; Canadian Technical Tapes ("Cantech"); Intertape; Manco; Nitto Denko ("Permacel"); Shurtape; STA; Tyco Adhesives; Tara Tape; and Tesa Tape, Inc ("Tesa").<sup>63</sup>

In response to the Commission's notice of institution in the present review, 3M identified 13 firms as those currently producing PSP tape in the United States. 3M acknowledged that many of the producers listed were small and that it believed that 3M, Intertape, and Shurtape account for \*\*\* of U.S. PSP tape production, respectively accounting for \*\*\* percent, \*\*\* percent, and \*\*\* percent, of U.S. PSP tape production.<sup>64</sup> Upon request from the Commission, 3M also submitted a list of converters, but observed that the vast majority of converting operations are performed by 3M itself. 3M reported that it \*\*\*.<sup>65</sup>

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<sup>56</sup> Original staff report at A-17.

<sup>57</sup> Johnson & Johnson sold its Permacel Division to Avery International Corporation in 1982. In 1988, Permacel was acquired by Nitto Denko Corporation ("Nitto Denko"), a Japanese chemical company, at which time Permacel moved its headquarters from Pleasant Prairie, WI to Teaneck, NJ. In April 2009, Nitto Denko announced plans to close its Pleasant Prairie operations by the end of September 2009. "Nitto Denko to close Pleasant Prairie Plant, cut some 100 jobs" <http://www.jsonline.com/newswatch/42285032.html?newsWatchDate=11-8-2009>, retrieved December 10, 2009. Effective October 1, 2009, Nitto Denko announced that the Permacel brand name will be converted over to the existing Nitto Denko corporate brand called Nitto Tape. "Permacel Brand Name Changes after October 1, 2009." <http://www.nittousa.com/files/news.aspx?aid=151>, retrieved December 10, 2009.

<sup>58</sup> Nashua Tape-branded products are now offered by Berry Plastics Corporation ("Berry"), a \*\*\* U.S. producer of PSP tape. \*\*\*.

<sup>59</sup> After a leveraged buy-out in 1995, Borden began divesting itself of its various divisions and is no longer present in the U.S. PSP tape industry.

<sup>60</sup> Anchor Continental was acquired by Intertape Polymer Group, Inc. ("Intertape") in 1996.

<sup>61</sup> Central Products Co. was acquired by Intertape in 1999.

<sup>62</sup> *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Review)*, USITC Publication 3157, February 1999, p. I-15.

<sup>63</sup> *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Second Review)*, USITC Publication 3698, June 2004, p. I-6.

<sup>64</sup> Domestic interested parties' response to the notice of institution, June 1, 2009; Domestic interested parties' supplemental response to the notice of institution, June 12, 2009.

<sup>65</sup> Email from \*\*\*, October 2, 2009. Plant tour and interview session with \*\*\*, December 2 and 3, 2009.

The Commission issued producers' questionnaires to 25 firms, eight of which are confirmed producers of PSP tape in the United States. Of these eight firms, five provided the Commission with useable information on their PSP tape operations.<sup>66</sup> These five firms are believed to account for approximately 70 percent of U.S. production of PSP tape in 2008.<sup>67</sup> Presented in table I-5 is a list of current domestic producers of PSP tape and each company's position on continuation of the finding, production location(s), related and/or affiliated firms, and share of reported production of PSP tape in 2008.

As indicated in table I-5, U.S. producer, 3M, is related to a foreign producer of the subject merchandise from Italy. The domestic interested parties estimate that 3M accounts for \*\*\* percent of imports of the subject merchandise from Italy.<sup>68</sup> In addition, as discussed in greater detail in Part III, \*\*\* U.S. producers directly import PSP tape and \*\*\* U.S. producers purchase PSP tape from U.S. importers.

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<sup>66</sup> The five U.S. producers that supplied the Commission with usable questionnaire information are: 3M, Avery Dennison, Specialty Tapes Division ("Avery Dennison"), Intertape, Shurtape, and STA. The Commission also received questionnaire responses from U.S. PSP producers Berry Plastics Corporation ("Berry") and Cantech. Responses submitted by \*\*\*, which each accounted for a very small portion of the U.S. PSP tape industry, contained incomplete data and were not compiled in this report. The Commission also received confirmation from Tesa that it is a \*\*\* producer of PSP tape in the United States; however, Tesa did not submit a response to the Commission's questionnaire.

<sup>67</sup> A representative on behalf of the Pressure Sensitive Tape Council ("PSTC"), a trade association representing 23 tape manufacturers and 12 affiliate suppliers, presented testimony at the hearing. Speaking on behalf of the smaller companies that did not respond to the Commission's questionnaires and that have maintained a "passive lack of interest" regarding the finding, the witness noted that these companies have been more focused on imports from Asia and that since imports from Italy have not entered in the U.S. in significant quantities because of the antidumping finding, these companies are simply not aware of the situation in Italy. Moreover, the witness noted that as smaller producers, these companies rely on the key industry leaders to carry the burden of such threats to the industry. Hearing transcript, pp. 35-36 (Anderson).

<sup>68</sup> Domestic interested parties' supplemental response to the notice of institution, June 12, 2009.

**Table I-5**

**PSP tape: U.S. producers, positions on the orders, U.S. production locations, related and/or affiliated firms, and shares of 2008 reported U.S. production**

| <b>Firm</b>   | <b>Position on continuation of the orders</b> | <b>Production location(s)</b>                  | <b>Related and/or affiliated firms</b> | <b>Share of production (percent)</b> |
|---|---|--|--|--------------------------------------|
| 3M  | Support                                       | Greenville, SC<br>Cynthiana, KY                | 3M Italia; 3M Canada                   | ***                                  |
| Avery Dennison  | ***   | Painesville, OH                                | Avery Dennison Belgie, BVBA            | ***                                  |
| Berry   | ***   | Evansville, IN                                 | None                                   | ***                                  |
| Cantech   | ***   | Johnson City, TN                               | Canadian Technical Tape                | ***                                  |
| Intertape   | Support                                       | Brighton, CO;<br>Danville, VA;<br>Richmond, KY | None                                   | ***                                  |
| Shurtape  | Support                                       | Hickory, NC<br>Hudson, NC                      | Shurtech Brands                        | ***                                  |
| STA   | ***   | Brea, CA;<br>Rogersville, TN                   | Sekisui Chemical, Ltd.                 | ***                                  |
| Tesa Tape, Inc.   | ***   | Sparta, Michigan                               | Tesa, SE                               | ***                                  |
| <p>1 ***<br/>2 ***</p> <p>Note.—Because of rounding, shares may not total to 100.0 percent.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p> |   |  |  |                                      |



## U.S. Importers

The Commission issued 96 questionnaires to potential U.S. importers of PSP tape identified in the domestic interested parties' response to the notice of institution and identified through independent staff research. Of these, the Commission received useable data from 19 U.S. importing firms on their operations involving the importation of PSP tape. Staff believes that the data reported by responding U.S. importers account for the vast majority U.S. imports of subject PSP tape from Italy, which domestic interested parties estimate to be \*\*\* percent of total U.S. imports of PSP tape. Given the large volume of the remaining imports from all other countries, staff believes that data for U.S. imports of PSP tape from nonsubject countries are under-represented. Table I-6 lists all responding U.S. importers of PSP tape from Italy and other sources, their locations, and their shares of U.S. imports in 2008.

**Table I-6**

**PSP tape: U.S. importers, U.S. headquarters, and shares of reported imports in 2008**

\* \* \* \* \*

## U. S. Purchasers

The Commission received ten usable purchaser questionnaires from firms that bought pressure sensitive plastic tape during 2006-08 and January-September 2009. Five of the firms are end users, two are distributors, one is a retailer, one functions both as an end user and distributor, and one is a reseller that sells to wholly owned subsidiaries. Five are located in the South, four are located in the Midwest and one is located on the West Coast. The responding purchasers represent a variety of domestic industries including computers, paint, baby care products, retailing, and the shipment of packages. Five of the purchasers, \*\*\* are among \*\*\* ten largest customers.

## APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-7 presents apparent U.S. consumption for 2006-08, January-September 2008, and January-September 2009, while table I-8 presents U.S. market shares for the same period. Apparent U.S. consumption of PSP tape, as shown in table I-7 and I-8, is based on U.S. producers' U.S. shipments of PSP tape and U.S. shipments of imports of PSP tape as compiled from questionnaire responses submitted by U.S. importers. Staff believes that data for U.S. imports of PSP tape from nonsubject countries are under-represented.<sup>69</sup>

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<sup>69</sup> PSP tape, as defined by Commerce, falls into a broad "basket category" of the Harmonized Tariff Schedule (HTS) of the United States, which includes products that do not conform to the characteristics (e.g., adhesive on one side) or dimensional specifications (e.g., greater than 1 3/8 inches in width and no greater than 4 mils in thickness) included in the scope language. As a result, Staff believes that official Commerce statistics overstate imports of PSP tape.

Table I-7

**PSP tape: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2006-08, January-September 2008, and January-September 2009**

| Item   | Calendar year |           |           | January-September |           |
|--|---------------|-----------|-----------|-------------------|-----------|
|  | 2006          | 2007      | 2008      | 2008              | 2009      |
| <b>Quantity (1,000 square yards)</b>   |               |           |           |                   |           |
| U.S. producers' U.S. shipments   | 2,229,550     | 2,123,615 | 2,081,742 | 1,581,036         | 1,330,397 |
| U.S. shipments of imports from--<br>Italy (subject)                            | 12,154        | 32,374    | 21,528    | 17,675            | 7,864     |
| Italy (nonsubject)   | ***           | ***       | ***       | ***               | ***       |
| Other nonsubject countries   | ***           | ***       | ***       | ***               | ***       |
| Subtotal, nonsubject sources   | 405,187       | 479,677   | 450,764   | 357,234           | 337,509   |
| Total U.S. import shipments  | 417,341       | 512,051   | 472,291   | 374,909           | 345,373   |
| Apparent U.S. consumption  | 2,646,891     | 2,635,666 | 2,554,033 | 1,955,945         | 1,675,770 |
| <b>Value (1,000 dollars)</b>   |               |           |           |                   |           |
| U.S. producers' U.S. shipments   | 456,880       | 440,417   | 435,653   | 341,018           | 302,194   |
| U.S. shipments of imports from--<br>Italy (subject)                            | 5,248         | 6,446     | 4,781     | 3,444             | 2,874     |
| Italy (nonsubject)   | ***           | ***       | ***       | ***               | ***       |
| Other nonsubject countries   | ***           | ***       | ***       | ***               | ***       |
| Subtotal, nonsubject sources   | 65,633        | 74,578    | 75,831    | 56,493            | 58,562    |
| Total U.S. import shipments  | 70,882        | 81,024    | 80,612    | 59,937            | 61,436    |
| Apparent U.S. consumption  | 527,762       | 521,441   | 516,265   | 400,955           | 363,630   |
| Note.--Because of rounding, figures may not add to the totals shown.           |               |           |           |                   |           |
| Source: Compiled from data submitted in response to Commission questionnaires. |               |           |           |                   |           |

Table I-8

PSP tape: U.S. consumption and market shares, 2006-08, January-September 2008, and January-September 2009

| Item   | Calendar year |           |           | January-September |           |
|--|---------------|-----------|-----------|-------------------|-----------|
|  | 2006          | 2007      | 2008      | 2008              | 2009      |
| <b>Quantity (1,000 square yards)</b>   |               |           |           |                   |           |
| Apparent U.S. consumption  | 2,646,891     | 2,635,666 | 2,554,033 | 1,955,945         | 1,675,770 |
| <b>Value (1,000 dollars)</b>   |               |           |           |                   |           |
| Apparent U.S. consumption  | 527,762       | 521,441   | 516,265   | 400,955           | 363,630   |
| <b>Share of quantity (percent)</b>   |               |           |           |                   |           |
| U.S. producers' U.S. shipments   | 84.2          | 80.6      | 81.5      | 80.8              | 79.4      |
| U.S. imports from--  |               |           |           |                   |           |
| Italy (subject)  | 0.5           | 1.2       | 0.8       | 0.9               | 0.5       |
| Italy (nonsubject)   | ***           | ***       | ***       | ***               | ***       |
| Other nonsubject countries   | ***           | ***       | ***       | ***               | ***       |
| Subtotal, nonsubject sources   | 15.3          | 18.2      | 17.6      | 18.3              | 20.1      |
| All countries  | 15.8          | 19.4      | 18.5      | 19.2              | 20.6      |
| <b>Share of value (percent)</b>  |               |           |           |                   |           |
| U.S. producers' U.S. shipments   | 86.6          | 84.5      | 84.4      | 85.1              | 83.1      |
| U.S. imports from--  |               |           |           |                   |           |
| Italy (subject)  | 1.0           | 1.2       | 0.9       | 0.9               | 0.8       |
| Italy (nonsubject)   | ***           | ***       | ***       | ***               | ***       |
| Other nonsubject countries   | ***           | ***       | ***       | ***               | ***       |
| Subtotal, nonsubject sources   | 12.4          | 14.3      | 14.7      | 14.1              | 16.1      |
| All countries  | 13.4          | 15.5      | 15.6      | 14.9              | 16.9      |
| Note.—Because of rounding, figures may not add to the totals shown.            |               |           |           |                   |           |
| Source: Compiled from data submitted in response to Commission questionnaires. |               |           |           |                   |           |



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

### Introduction

PSP tape is used primarily to seal cartons or corrugated boxes. It is also used for masking applications, insulating electrical wires and cables, and for certain sanitary, medical, or health-related functions.<sup>1</sup> As shown in table II-1, the majority of shipments of PSP tape by U.S. producers and by importers of PSP tape from Italy and other sources went to distributors throughout the period for which data were collected.

**Table II-1**

**PSP tape: Share of U.S. producers' and U.S. importers' U.S. shipments, by channels of distribution, 2006-08, January-September 2008, and January-September 2009**

| Item   | Calendar year |      |      | January-September |      |
|--|---------------|------|------|-------------------|------|
|  | 2006          | 2007 | 2008 | 2008              | 2009 |
| <b>Share of shipments (percent)</b>  |               |      |      |                   |      |
| <b>United States</b>   |               |      |      |                   |      |
| Distributors   | 93.8          | 93.7 | 92.9 | 92.7              | 94.0 |
| End users  | 6.2           | 6.3  | 7.1  | 7.3               | 6.0  |
| <b>Italy (subject)<sup>1</sup></b>   |               |      |      |                   |      |
| Distributors   | ***           | ***  | ***  | ***               | ***  |
| End users  | ***           | ***  | ***  | ***               | ***  |
| <b>Nonsubject countries</b>  |               |      |      |                   |      |
| Distributors   | ***           | ***  | ***  | ***               | ***  |
| End users  | ***           | ***  | ***  | ***               | ***  |
| <p><sup>1</sup> One importer reported imports from a nonsubject Italian source, but did not provide breakouts of shipments between distributors and end users.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p> |               |      |      |                   |      |

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<sup>1</sup> When asked whether the demand is subject to business cycles, most questionnaire respondents answered no. However, one purchaser and one producer reported that demand for PSP tape reaches peak levels during the Christmas season. One importer also reported that demand is strong during the moving season in the second and third quarters of the year. Hearing testimony suggested that the consumer side of the business is particularly seasonal. Rick Anderson, the global business manager for 3M, reported that consumer demand is strong during the third and fourth quarters of the year due to back-to-school demand and the holiday season. Hearing transcript, p. 118 (Anderson).

U.S.-produced PSP tape, subject imports from Italy, and imports from nonsubject countries are sold in all areas of the United States. Six of the seven U.S. producers provided numerical breakouts of their sales by region in the United States in 2008. The distribution of these sales (on a weighted-average basis) is shown in the following tabulation:

| <b>Region</b>     | <b>Percentage</b> |
|-------------------|-------------------|
| Northeast         | 14.1              |
| Midwest           | 26.3              |
| Southeast         | 22.9              |
| Central Southwest | 15.9              |
| Mountain          | 6.0               |
| Pacific           | 14.4              |
| Other             | 0.4               |
| Total             | 100.0             |

Most importers did not provide breakouts of sales by region and therefore, weighted-averages were not computed. \*\*\* reported that in 2008, \*\*\* percent of its sales of subject imports from Italy were in the Northeast, \*\*\* percent were in the Midwest, \*\*\* percent were in the Southeast, \*\*\* percent were in the central Southwest, \*\*\* percent were in the Mountain States, and \*\*\* percent were in the Pacific Coast region. \*\*\* reported that in 2008, \*\*\* percent of its sales of subject imports from Italy were in the Northeast, \*\*\* percent were in the Midwest, \*\*\* percent were in the Southeast, \*\*\* percent were in the central Southwest, \*\*\* percent were in the Mountain States, and \*\*\* percent were in the Pacific Coast region.

For the importers of PSP tape from nonsubject countries the shares of sales ranged from 12.0 to 35.0 percent in the Northeast, 10.0 to 55.0 percent in the Midwest, 10.0 to 26.0 percent in the Southeast, 10.0 to 21.7 percent in the central Southwest, 4.0 to 10.0 percent in the Mountain States, and 9.4 to 35.0 percent in the Pacific Coast region.

Average lead times for delivery of PSP tape depend upon whether the product is sold from inventory or produced to order. Among U.S. producers, average lead times ranged from 2 days to 1 week if the item is sold out of inventory and from 10 days to 8 weeks if the item is produced to order. Among importers, lead times ranged from 3 days to 2 weeks if the item is sold out of inventory in the United States. For items produced to order, the lead time is as much as 12 weeks.

## SUPPLY AND DEMAND CONSIDERATIONS<sup>2</sup>

### Supply

#### U.S. Supply<sup>3</sup>

Based on available information, U.S. PSP tape producers have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced PSP tape to the U.S. market. The main contributing factor to the high degree of responsiveness of supply is the availability of unused capacity, especially in 2009, and inventories of PSP tape.

#### *Industry capacity*

During 2006-08, U.S. industry capacity utilization rates ranged from a low of 70.5 percent in 2007 to a high of 77.0 percent in 2006. During January-September 2009, the industry capacity utilization rate was 61.1 percent compared to 75.8 percent during January-September 2008.<sup>4</sup>

#### *Alternative markets*

During 2006-08, exports as a percentage of total industry shipments ranged from 5.3 percent in 2006 to 6.5 percent in 2008. During January-September 2009, they accounted for 5.1 percent of total shipments, compared to 6.6 percent in January-September 2008.

When U.S. producers were asked whether their exports are subject to tariffs or non-tariff barriers to trade in other countries, two producers answered yes, and five answered no. \*\*\* reported that high tariffs in Brazil are a barrier to exports to that country. \*\*\* also stated that costs of shipping and standard tariffs are a barrier to trade in Asian countries. Another producer, \*\*\*, reported tariff rates on PSP tape of 10 percent in both Argentina and Brazil, 20 percent in Colombia, 6.3 percent in the European Union, and 3.8 percent in Japan.

When U.S. producers were asked how easily they could shift sales between the United States and alternative markets, all seven producers reported that it would be difficult. The reasons frequently cited were high shipping costs and competition from Asian suppliers.

#### *Inventory levels*

During 2006-08, end-of-period inventories relative to total industry shipments ranged from a low of 9.9 percent in 2008 to a high of 11.4 percent in 2007. During January-September 2009, inventories were equivalent to 11.4 percent of shipments, compared to 10.6 percent in January-September 2008.

#### *Production alternatives*

Three of the seven U.S. producers reported that they produce other products on the equipment and machinery used to produce PSP tape. Alternative products included film and paperboard.

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<sup>2</sup> Short-run effect discussed in the supply and demand sections refer to changes that could occur within 12 months unless otherwise indicated.

<sup>3</sup> Data on U.S. PSP production, capacity, inventories, and alternative markets are presented in detail in Part III.

<sup>4</sup> \*\*\*.

## Supply of PSP Tape from Italy to the U.S. Market<sup>5</sup>

### Subject Imports

Based on available information, Italian PSP tape producers may have the ability to respond to changes in demand with changes in the quantity of shipments of U.S.-produced PSP tape to the U.S. market. The main contributing factor to the responsiveness of supply is the availability of unused capacity, especially in 2009.

### *Industry capacity*

During 2006-08, combined capacity utilization rates for the responding subject Italian producers, 3M Italia and Sicad, ranged from a low of \*\*\* percent in \*\*\* to a high of \*\*\* percent in \*\*\*. During January-September 2009 however, the rate was only \*\*\* percent, compared \*\*\* percent in January-September 2008.<sup>6</sup>

### *Alternative market*

Home market shipments accounted for \*\*\* percent of total shipments in 2006, \*\*\* percent in 2007, and \*\*\* percent in 2008. During January-September 2009, home market shipments accounted for \*\*\* percent of total shipments as compared to \*\*\* percent in January-September 2008. The majority of subject Italian exports of PSP tape consistently went to EU markets throughout the period for which data were collected, with much smaller amounts going to Asia and other markets during this period.

### *Inventory levels*

During 2006-08, the ratio of inventories in Italy to total shipments ranged between \*\*\* percent and \*\*\* percent. During January-September 2009, the ratio was \*\*\* percent, compared to \*\*\* percent in January-September 2008.

### *Production alternative*

One firm, \*\*\*, reported that it produces paper backing masking tape, self adhesive plastic tape, and double sided self adhesive tape, on the equipment used to produce PSP tape.

## U.S. Demand

### Demand Characteristics

The demand for PSP tape is a derived demand that depends upon the demand for boxes and other products where its use is required. The demand for PSP tape as measured by apparent U.S. consumption,<sup>7</sup> was stable between 2006 and 2008 at 2.6 billion square yards. During January-September 2009, apparent U.S. consumption was 1.7 billion yards, compared with 2.0 billion yards during January-September 2008.

Producers, importers, and purchasers were asked whether demand in the United States had increased, decreased, fluctuated, or remained unchanged following the imposition of the finding in 1977.

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<sup>5</sup> Data on foreign PSP production, capacity, inventories, and alternative markets are presented in detail in Part IV.

<sup>6</sup> In their prehearing and posthearing briefs, the domestic interested parties have argued that subject Italian capacity utilization rates is low, \*\*\*. Domestic interested parties' prehearing brief pp. 18-19 and posthearing brief, pp. 1-3.

<sup>7</sup> Apparent U.S. consumption is understated due to incomplete information on nonsubject imports.



Among responding producers, three firms reported that demand had increased, one reported that it had fluctuated, one reported that it had decreased, and one reported that it had decreased and fluctuated.<sup>8 9</sup> Among responding importers, two reported that demand had increased, one reported that it had fluctuated, and five reported that there had been no change. Among responding purchasers, six reported an increase in demand and one reported no change. When asked about the factors affecting demand, the U.S. economy was frequently cited by U.S. producers and importers. In addition, three U.S. producers that reported increases in demand cited changes in technology and the gradual replacement by PSP tape of glue, staples, foil backed tape, and gummed and flatback paper.

## **Substitute Products**

When asked to list substitutes for PSP tape, questionnaire respondents identified a number of substitutes including adhesives, hot melt glue, water-activated tape, double-sided tape, foil-backed tape, duct tape, masking tape, staples, and mechanical closures.<sup>10</sup> In most cases, the respondents reported that changes in the prices of these substitutes do not affect the price of PSP tape. However, one firm reported that changes in the price of hot melt glue do affect the price of the subject product.

## **Cost Share**

Questionnaire respondents were asked to estimate the percentage of the total cost of end-use products that is accounted for by PSP tape. The estimates varied depending upon the application. One producer estimated that PSP tape accounts for less than two percent of packaging costs and costs in industrial uses. One importer and one purchaser both estimated that it accounts for about two percent of the cost of sealing boxes. Another purchaser estimated that it accounts for six to seven percent of the cost of \*\*\*.

## **SUBSTITUTABILITY ISSUES**

The degree of substitutability between domestic products and subject imports, between domestic products and nonsubject imports, and between subject and nonsubject imports is examined in this section. Much of the discussion is based on information obtained from questionnaire responses.

Ten purchasers, including five end users, one retailer, two distributors, one firm that functions as both an end user and distributor, and one firm that is a reseller to wholly owned subsidiaries provided questionnaires.<sup>11</sup> During the period 2006-08 and January-September 2009, seven of these firms purchased PSP tape entirely from domestic sources, two purchased from both domestic sources and imports from nonsubject countries, and one purchased entirely from nonsubject sources. The nonsubject

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<sup>8</sup> Producers, importers, and purchasers were also asked whether demand outside the United States had increased, decreased, fluctuated, or remained the same since the imposition of the finding in 1977. While responses to this question were limited, some respondents reported that demand and production had grown rapidly in Asian markets. On a related topic, producers and importers were asked whether nonsubject imports had increased following the imposition of the finding in 1977. All seven producers and some importers answered yes, noting a large expansion in production in Asian countries, and increased imports from those countries into the United States.

<sup>9</sup> Wayne Helton, vice president of manufacturing for Shurtape Technologies, particularly noted the decline in Shurtape's PSP sales in 2009. Hearing transcript, p. 98 (Helton).

<sup>10</sup> At the hearing, Richard Anderson, global business manager for 3M, argued that neither staples nor hot-melt glue are close substitutes for PSP tape. He said that staples have safety issues and are difficult to open, while hot-melt glue does not protect from dust, which is a problem in food packaging lines, and requires a large capital investment. Hearing transcript, pp. 133-134 (Anderson).

<sup>11</sup> Five of the purchasers rank among \*\*\*'s ten largest purchasers. These include \*\*\*.

countries included Argentina, Brazil, China, Germany, Japan, and Taiwan. None of the responding producers reported purchases of subject imports from Italy.<sup>12</sup>

### Factors Affecting Purchasing Decisions

When asked to rank the three most important factors involved in purchasing decisions, the 10 purchasers that responded most frequently reported availability, price or cost, and quality as the most important factors (table II-2). Other factors mentioned included meeting specifications, preexisting contracts, product consistency, and reliability.

**Table II-2**  
**PSP tape: Ranking of factors used in purchasing decisions reported by U.S. purchasers**

| Factor             | Number of firms reporting |                   |                     |
|--------------------|---------------------------|-------------------|---------------------|
|                    | Number one factor         | Number two factor | Number three factor |
| Availability       | 2                         | 2                 | 2                   |
| Price or cost      | 3                         | 1                 | 2                   |
| Quality            | 2                         | 2                 | 1                   |
| Other <sup>1</sup> | 3                         | 4                 | 4                   |

<sup>1</sup> Other factors included delivery, meeting specifications, preexisting contracts, lead time, reliability, product consistency, and being a \*\*\* distributor.

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

Purchasers were also asked whether their firm purchases PSP tape at the lowest possible price.<sup>13</sup> When nine responding purchasers were given a choice of answering “always,” “usually,” “sometimes,” or “never,” two purchasers answered “usually,” six answered “sometimes,” and one answered “never.”<sup>14</sup>

To further examine the importance of different factors in purchasing decisions, purchasers were asked to indicate whether the 15 factors listed in table II-3 were “very important,” “somewhat important,” or “not important” in their purchasing decisions. The factors ranked “very important” most frequently were availability (ten purchasers), reliability of supply (nine purchasers), and price, product consistency, and quality meeting industry standards (eight purchasers each).

<sup>12</sup> One purchaser, \*\*\*, reported purchasing a small quantity of PSP tape from a nonsubject Italian company in 2008.

<sup>13</sup> At the hearing, Richard Anderson, global business manager for 3M, stated that the cost to maintain a brand is one to two percent of sales. Hearing transcript, p. 112 (Anderson). \*\*\*.

<sup>14</sup> The one purchaser that answered “never”, \*\*\* reported that it buys all of its PSP tape from one supplier, \*\*\*. It prefers the \*\*\* tape because of its tensile quality and tensile strength.

**Table II-3****PSP tape: Importance of purchasing factors, as reported by U.S. purchasers**

| Factor                             | Very important             | Somewhat important | Not Important |
|------------------------------------|----------------------------|--------------------|---------------|
|                                    | Number of firms responding |                    |               |
| Availability                       | 10                         | 0                  | 0             |
| Delivery terms                     | 6                          | 3                  | 1             |
| Delivery time                      | 5                          | 5                  | 0             |
| Discounts offered                  | 2                          | 7                  | 1             |
| Extension of credit                | 1                          | 6                  | 3             |
| Price                              | 8                          | 2                  | 0             |
| Minimum quantity requirements      | 3                          | 5                  | 2             |
| Packaging                          | 1                          | 8                  | 1             |
| Product consistency                | 8                          | 1                  | 1             |
| Quality meets industry standards   | 8                          | 1                  | 1             |
| Quality exceeds industry standards | 2                          | 7                  | 1             |
| Product range                      | 1                          | 8                  | 1             |
| Reliability of supply              | 9                          | 1                  | 0             |
| Technical support/service          | 2                          | 6                  | 2             |
| U.S. transportation costs          | 2                          | 5                  | 2             |

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

When purchasers were asked whether their suppliers were required to become certified or prequalified with respect to the quality, chemistry, strength or other characteristics of the PSP tape sold to their firm, six purchasers answered “yes” and four answered “no.” Among purchasers answering yes, four reported that certification or prequalification applies to all purchases, one reported that it applies to 60 percent of purchases, and one reported that it applies to samples. When asked to provide a general description of the qualification process, one purchaser, \*\*\*, reported that it performs its own lab testing and then performs operational testing of varying sample sizes. Another purchaser, \*\*\*, reported that suppliers must go through a financial review, a continuity of supply audit, and product testing to determine whether the supplier meets \*\*\* requirements for tensile and adhesive strength. Another purchaser, \*\*\*, reported that it has a three stage process of product validation, qualification, and confirmation that takes six to twelve months. Other purchasers require plant certification, certified testing results, and independent testing conducted by packaging engineers.

### **Comparisons of Domestic Products and Subject Imports and Nonsubject Imports**

To determine whether U.S.-produced PSP tape generally can be used in the same applications as subject imports from Italy and nonsubject sources, producers, importers, and purchasers were asked whether the product can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. The results are shown in table II-4. The majority of questionnaire respondents reported that PSP tape produced in the United States and subject imports from Italy can be used interchangeably, although there were only two importer responses and no purchaser responses. One U.S. producer, \*\*\*, reported that

most U.S. producers and Italian producers of PSP tapes utilize equipment that coats synthetic rubber based on BOPP (bi-axially oriented polypropylene) backings, and the similarity in these products can lead to frequent substitutions. One importer, \*\*\*, stated that given the same specifications, products' interchangeability is determined by the producer's quality and service. One purchaser, \*\*\*, reported that it always specifies 3M tape and is not aware of comparisons with other country tape offerings. Another purchaser, \*\*\*, reported that non-standard supplier assets and differing global \*\*\* designs are two factors that limit or preclude interchangeable use. Another purchaser, \*\*\*, reported that it has evaluated tapes in Asia and has determined that some products may meet \*\*\* specifications. However, pricing and transport to the United States are a concern.

**Table II-4**  
**PSP tape: Perceived degree of interchangeability of product produced in the United States and in other countries<sup>1</sup>**

| Country comparison                     | U.S. producers |   |   |   | U.S. importers |   |   |   | Purchasers |   |   |   |
|--|----------------|---|---|---|----------------|---|---|---|------------|---|---|---|
|  | A              | F | S | N | A              | F | S | N | A          | F | S | N |
| U.S. vs. Italy (subject)               | 4              | 2 | 0 | 0 | 0              | 1 | 0 | 1 | 0          | 1 | 0 | 0 |
| U.S. vs. Italy (nonsubject)            | 3              | 2 | 0 | 0 | 0              | 1 | 0 | 1 | 0          | 1 | 0 | 0 |
| U.S. vs. Other countries               | 3              | 2 | 0 | 0 | 0              | 2 | 1 | 1 | 0          | 2 | 2 | 0 |
| Italy (subject) vs. Italy (nonsubject) | 3              | 2 | 2 | 0 | 0              | 1 | 0 | 1 | 0          | 1 | 0 | 0 |
| Italy (subject) vs. Other countries    | 3              | 2 | 0 | 0 | 0              | 1 | 1 | 1 | 0          | 1 | 0 | 0 |
| Italy (nonsubject) vs. Other countries | 3              | 2 | 1 | 0 | 0              | 1 | 0 | 1 | 0          | 0 | 0 | 0 |

<sup>1</sup> Producers, importers, and purchasers were asked if PSP tape produced in the United States and in other countries is used interchangeably.

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

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

In addition to questions concerning interchangeability, producers and importers were also asked to compare U.S.-produced products with subject imports from Italy and nonsubject imports in terms of product differences other than price (such as quality, availability, product range, and other characteristics) as a factor in their sales of PSP tape. Responses are shown in table II-5. \*\*\* reported that brand, quality, and sustainability are factors in product selection. Another producer, \*\*\* reported that it has one source of natural rubber carton sealing tape in the United States, and that it turns to Italy or other European countries to secure sourcing if needed. One importer, \*\*\*, reported that differences exist more for individual producers than for country of origin.

**Table II-5**

**PSP tape: U.S. producers' and importers' perceived importance of factors other than price in sales of products produced in the United States and in other countries<sup>1</sup>**

| Country comparison                     | U.S. producers |   |   |   | U.S. importers |   |   |   |
|--|----------------|---|---|---|----------------|---|---|---|
|  | A              | F | S | N | A              | F | S | N |
| U.S. vs. Italy (subject)               | 1              | 1 | 2 | 0 | 0              | 1 | 0 | 1 |
| U.S. vs. Italy (nonsubject)            | 1              | 1 | 2 | 0 | 0              | 1 | 0 | 1 |
| U.S. vs. Other countries               | 1              | 1 | 4 | 0 | 0              | 1 | 2 | 1 |
| Italy (subject) vs. Italy (nonsubject) | 1              | 1 | 2 | 0 | 0              | 1 | 0 | 1 |
| Italy (subject) vs. Other countries    | 1              | 1 | 2 | 0 | 0              | 1 | 0 | 1 |
| Italy (nonsubject) vs. Other countries | 1              | 1 | 2 | 0 | 0              | 1 | 0 | 1 |

<sup>1</sup> Producers, and importers were asked if differences other than price between PSP tape produced in the United States and in other countries are a significant factor in their firms' sales of PSP tape.

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

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

Purchasers also were asked to compare U.S.-produced PSP tape and imported PSP tape from Italy and nonsubject imports with respect to the 15 selected characteristics listed in table II-6, noting whether the domestic product was superior, comparable, or inferior to the imported product. No firms provided any comparisons between the United States and Italy. However, three firms provided a total of four comparisons between the United States and nonsubject imports. One purchaser \*\*\* compared the U.S. product with imports from Taiwan. Another purchaser \*\*\* compared the U.S. product with imports from Asia in general. A third purchaser, \*\*\* compared the U.S. product separately with imports from Germany and imports from China. In most of the categories, all, or a majority, or a plurality of purchasers ranked the products as comparable. The only exceptions were: price (where the United States received two rankings of inferior and two rankings of comparable) and delivery time (where the United States was given two rankings (i.e. higher) of superior and two rankings of comparable).

**Table II-6**  
**PSP tape: Comparisons between U.S.-produced and products from nonsubject countries as reported by U.S. purchasers**

| Factor  | U.S. vs. nonsubject countries |   |   |
|---|-------------------------------|---|---|
|   | S                             | C | I |
|   | Number of firms responding    |   |   |
| Availability  | 0                             | 3 | 1 |
| Delivery terms  | 1                             | 2 | 1 |
| Delivery time   | 2                             | 2 | 0 |
| Discounts offered   | 0                             | 4 | 0 |
| Extension of credit   | 0                             | 4 | 0 |
| Price <sup>1</sup>  | 0                             | 2 | 2 |
| Minimum quantity requirements   | 0                             | 3 | 1 |
| Packaging   | 0                             | 3 | 1 |
| Product consistency   | 0                             | 3 | 1 |
| Product range   | 0                             | 4 | 0 |
| Quality meets industry standards  | 0                             | 4 | 0 |
| Quality exceeds industry standards  | 0                             | 4 | 0 |
| Reliability of supply   | 1                             | 3 | 0 |
| Technical support/service   | 1                             | 3 | 0 |
| U.S. transportation costs <sup>1</sup>  | 1                             | 3 | 0 |
| <p><sup>1</sup> A rating of superior on price and U.S. transportation costs indicates that the first country generally has lower prices/U.S. transportation costs than the second country.</p> <p>Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p> |                               |   |   |

In a separate question concerning quality comparisons, purchasers were also asked to report separately whether U.S.-produced PSP tape, subject imports from Italy, and nonsubject imports “always,” “usually,” “sometimes,” “rarely” or “never” meet minimum quality specifications for their uses or their customers uses. Of the nine purchasers commenting on the U.S. product, five answered “always” and four answered “usually”. Of the two purchasers commenting on the subject imports from Italy, one answered “always/usually” and one answered “usually.” Of the purchasers that commented on nonsubject imports, one reported that the imported products from Argentina, Brazil, China, Germany, Japan “always/usually” meet minimum quality specifications. Another purchaser reported that imports from China and Taiwan “usually” meet these specifications, and a third reported that imports from Taiwan “usually” meet specifications. Another purchaser reported that imports from Asia “usually” meet specifications.

## **ELASTICITY ESTIMATES**

This section discusses elasticity estimates; domestic interested parties were encouraged to comment on these estimates in their briefs. However, no comments were submitted.

### **U.S. Supply Elasticity<sup>15</sup>**

The domestic supply elasticity for PSP tape measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of PSP tape. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced PSP tape. Analysis of these factors, including the fairly large amount of excess production capacity, indicates that the elasticity is likely to be relatively high. A range of 3 to 5 is estimated.

### **U.S. Demand Elasticity**

The U.S. demand elasticity for PSP tape measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of PSP tape. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of this PSP tape in the production of any downstream products. Since the available information suggest that there may be viable substitutes for this product, the demand elasticity is likely to be in the range of -0.8 to -1.2.

### **Substitution Elasticity**

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.<sup>16</sup> Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). Because of the small quantity of imports of PSP from Italy during the period in which data were collected, it is difficult to estimate an elasticity of substitution. Based on available information, the elasticity of substitution between U.S.-produced PSP tape and imported PSP may be in the range of 3 to 5.

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<sup>15</sup> A supply function is not defined in the case of a non-competitive market.

<sup>16</sup> The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.





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

### OVERVIEW

#### Background

Since the Commission's original 1977 investigation concerning PSP tape from Italy, the U.S. industry has experienced a number of changes, marked by closures, openings, and acquisitions. In the original investigation, eight firms were identified as producers of PSP tape, with the following four firms believed to account for at least 80 percent of domestic production during the original investigation: 3M (identified as "by far" the largest U.S. manufacturer); Johnson & Johnson, Permacel Division; Nashua Corp., Industrial Tape Division; and Borden Co., Mystic Tape Division. As detailed in *Part I* of this report, three of these four firms (3M being the lone exception) have either exited the PSP tape market entirely or have been acquired by other firms.

In the current review, the Commission issued 25 U.S. producer questionnaires to firms identified in the domestic interested parties' response to the Commission's notice of institution or identified by independent staff research as possible PSP tape producers in the United States. Eight firms confirmed that they are producers of PSP tape in the U.S. Of these eight firms, five provided the Commission with useable data on their PSP tape operations. These five firms -- \*\*\*-- are believed to account for approximately 70 percent of U.S. production of PSP tape in 2008.<sup>1</sup>

#### Changes Experienced in Operations

U.S. PSP tape producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, prolonged shutdowns or curtailment of production because of shortages of materials or other reasons including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of PSP tape since October 21, 1977. The domestic producers' responses to this question are presented in table III-1.

**Table III-1**  
**PSP tape: Changes in the character of U.S. operations since October 21, 1977**

\* \* \* \* \*

#### Anticipated Changes in Existing Operations

The Commission requested that domestic producers provide a copy of their business plans or other internal documents that describe, discuss, or analyze expected future market conditions for PSP tape. \*\*\* submitted copies of their business plans in attachments to their questionnaire responses. Table III-2 presents U.S. producer \*\*\*'s anticipated changes to its U.S. operations.

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<sup>1</sup> The Commission also received questionnaire responses from U.S. PSP tape producers Berry Plastics Corporation ("Berry") and Cantech Industries, Inc. ("Cantech"). Responses submitted by \*\*\*, which each accounted for a very small portion of the U.S. PSP tape industry, contained incomplete data and were not compiled in this report. The Commission also received confirmation from Tesa that it is a \*\*\* producer of PSP tape in the United States; however, Tesa did not submit a response to the Commission's questionnaire, despite repeated requests by Staff.

**Table III-2**  
**PSP tape: Anticipated changes in U.S. operations**

\* \* \* \* \*

**U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION**

The Commission requested information on PSP tape capacity and production from PSP tape producers. U.S. producers' capacity, production, and capacity utilization data for PSP tape are presented in table III-3. Between 2006 and 2007, total reported U.S. capacity increased by 8.0 percent before returning to very slightly below 2006 levels in 2008. These fluctuations are attributable to \*\*\* reported changes in capacity, which increased by \*\*\* percent between 2006 and 2007 and decreased by \*\*\* percent between 2007 and 2008.<sup>2</sup>

U.S. production of PSP tape decreased by 6.7 percent between 2006 and 2008 and was 16.8 percent lower in January-September 2009 than in January-September 2008. Capacity utilization decreased by 4.7 percentage points between 2006 and 2008 and was 14.7 percentage points lower in January-September 2009 than in January-September 2008.<sup>3</sup>

**Table III-3**  
**PSP tape: U.S. producers' U.S. capacity, production, and capacity utilization, 2006-08, January-September 2008, and January-September 2009**

| Item                                       | Calendar year |           |           | January-September |           |
|--|---------------|-----------|-----------|-------------------|-----------|
|  | 2006          | 2007      | 2008      | 2008              | 2009      |
| Capacity (1,000 square yards) <sup>1</sup> | 2,982,863     | 3,220,949 | 2,963,683 | 2,223,161         | 2,295,305 |
| Production (1,000 square yards)            | 2,296,750     | 2,270,674 | 2,141,994 | 1,684,660         | 1,402,001 |
| Capacity utilization (percent)             | 77.0          | 70.5      | 72.3      | 75.8              | 61.1      |

<sup>1</sup> \*\*\* reported capacity (production capability) based on operating 168 hours per week and 52 weeks per year; \*\*\* reported capacity based on operating 8 hours per week and 52 weeks per year; \*\*\* reported capacity based on operating 168 hours per week and 50 weeks per year; \*\*\* reported capacity based on operating 168 hours per week and 48 weeks per year; and \*\*\* reported capacity based on operating 168 hours per week and 52 weeks per year.

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

The Commission requested each U.S. producer to indicate the types of PSP tape that they produce. The categories of tape type included the following: carton sealing, electrical/electronic, masking, medical, sanitary, or health-related, and other. According to questionnaire responses, five U.S. producers (\*\*\*) reported producing carton sealing tape. In addition to carton sealing tape, three firms (\*\*\*) reported producing masking tape, one firm (\*\*\*) reported producing electrical/electronic tape; and one firm (\*\*\*) reported producing tapes from all four categories, as well as \*\*\*.<sup>4</sup>

As detailed in *Part I*, PSP tapes are distinguished by the types of adhesives that are applied to the tape backing, with the three main forms being acrylic, hot melt (synthetic rubber), and natural rubber.<sup>5</sup> Acrylic tapes tend to be used in the less sophisticated hand application market and are believed to account

<sup>2</sup> The increase in production capacity between 2006 and 2007 can be attributed to \*\*\*.

<sup>3</sup> \*\*\*. Plant tour and interview session with \*\*\*, January 7, 2010.

<sup>4</sup> U.S. producer questionnaire responses, question II-11.

<sup>5</sup> Hearing transcript, p. 10 (Anderson).

for approximately 20 percent of the U.S. market share for carton sealing tape.<sup>6</sup> The U.S. PSP tape industry is primarily concentrated in the production of hot melt PSP tapes, which have better adhesion than acrylic tapes and are more suitable for automated closing and bundling systems.<sup>7</sup> Hot melt PSP tapes account for the largest portion of the carton sealing tape market in the United States.<sup>8</sup> Natural rubber PSP tapes account for only a small percentage of the U.S. market for carton sealing tape. Currently, Intertape is the only U.S. PSP tape firm that produces natural rubber PSP tape, which it manufactures at its Brighton, CO facility.<sup>9</sup>

Hot melt tapes are more expensive to produce than acrylic tapes and the selling price for the respective tapes tends to reflect this relationship.<sup>10</sup> Witnesses at the hearing testified that the market share for hot melt PSP tapes is decreasing, while the market share for acrylic tapes is increasing, a shift that was attributed largely to cost.<sup>11</sup> As the representative from 3M observed, consumers are often willing to trade off some of the better qualities of hot melt for a lower price acrylic.<sup>12</sup> In response to the increasing demand for acrylic PSP tapes, both 3M and Intertape have increased their production of these tapes in the United States, which they had historically imported from Asian suppliers.<sup>13</sup>

### **Constraints on Capacity**

The Commission asked domestic producers to report constraints on their capacity to produce PSP tape. 3M reported that the primary constraint at its Greenville facility is \*\*\*, while \*\*\* is the primary constraint at its Cynthiana facility. Avery Dennison reported \*\*\*. Intertape reported \*\*\*. Shurtape reported \*\*\*. STA reported \*\*\*.<sup>14</sup>

Two U.S. producers, \*\*\*, reported that they are able to produce products other than PSP tape utilizing the same equipment or labor. \*\*\*. \*\*\* reported that it uses its PSP tape equipment to produce such products as \*\*\*.<sup>15</sup>

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<sup>6</sup> Posthearing brief of 3M, Intertape, and Shurtape, p. 4; hearing transcript, p. 70 (Anderson).

<sup>7</sup> Hearing transcript, p. 22 (Helton).

<sup>8</sup> Hot melt tape accounts for about \*\*\* percent of the U.S. market for carton sealing tape. Plant tour and interview session with \*\*\*, January 7, 2010. According to at least one estimate presented the hearing, hot melt PSP tapes account for approximately 80 percent share of the U.S. market for carton sealing tape.

<sup>9</sup> Hearing transcript, p. 28 (Martin). Based on estimates from \*\*\*, natural rubber adhesive tapes account for between \*\*\* percent of the U.S. market. Plant tour and interview session with \*\*\*, January 7, 2010.

<sup>10</sup> Hearing transcript, p. 81 (Serra).

<sup>11</sup> Hearing transcript, p. 70 (Martin). Hearing transcript, p. 10 (Anderson).

<sup>12</sup> Hearing transcript, p. 12 (Anderson).

<sup>13</sup> Hearing transcript, p. 30 (Martin).

<sup>14</sup> U.S. producer questionnaire responses, question II-6.

<sup>15</sup> \*\*\* producer questionnaire response, question II-5; plant tour and interview session with \*\*\*, December 2 and 3, 2009. \*\*\* U.S. producer questionnaire response, question II-5.

## U.S. PRODUCERS' SHIPMENTS

As detailed in table III-4, the quantity of U.S. producers' U.S. shipments of PSP tape decreased by 6.6 percent between 2006 and 2008, and was 15.9 percent lower in January-September 2009 than in January-September 2008. The value of U.S. producers' U.S. shipments of PSP tape decreased by 4.6 percent between 2006 and 2008 and was 11.4 percent lower in January-September 2009 than in January-September 2008. Two producers (\*\*\*) reported internal consumption during the period and no producer reported transfers of PSP tape to related firms. U.S. commercial shipments accounted for the vast majority of total shipments, with exports accounting for no more than 6.5 percent in any full year during the period for which data were gathered. Five firms reported export shipments of PSP tape. \*\*\* reported exporting to Australia, China, Japan, and South Korea. \*\*\* reported exporting to France. \*\*\* reported exporting to Canada and Mexico. \*\*\* reported exporting to El Salvador, Honduras, Mexico, Singapore, and Thailand. \*\*\* reported exporting to Canada, Hong Kong, Japan, and the United Kingdom.

The Commission also requested U.S. producers to report the relative share of their firm's 2008 and January-September 2009 U.S. shipments of PSP tape based on tape backing material. The categories included: polyester, polypropylene, UPVC, and other. Based on questionnaire responses, the vast majority of U.S. producers reported that polypropylene was the most commonly used tape backing material, representing 96.6 percent of U.S. shipments of PSP tape in 2008 and 97.0 percent in January-September 2009. This finding is noteworthy because during the original investigation in 1977, polyester PSP tape constituted by far the largest share of U.S. PSP tape production and shipments. The shift away from polyester PSP tape and towards polypropylene PSP tape began in 1974, as detailed in the original staff report.<sup>16</sup> According to testimony provided at the hearing, polypropylene-backed tape is cost-efficient and possesses a number of positive properties, which make it the most popular type of tape backing.<sup>17</sup>

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<sup>16</sup> The production of polyester PSP tape accounted for \*\*\* percent of total reported U.S. PSP tape production in 1973. By 1976, it accounted for \*\*\* percent of total reported U.S. PSP tape production. During the same period, polypropylene PSP tape accounted for \*\*\* percent of total reported U.S. PSP tape production in 1973 and \*\*\* percent in 1976.

<sup>17</sup> Hearing transcript, p. 84 (Anderson).

**Table III-4**

**PSP tape: U.S. producers' shipments,<sup>1</sup> by types, 2006-08, January-September 2008, and January-September 2009**

| Item   | Calendar year |           |           | January-September |           |
|--|---------------|-----------|-----------|-------------------|-----------|
|  | 2006          | 2007      | 2008      | 2008              | 2009      |
| <b>Quantity (1,000 square yards)</b>   |               |           |           |                   |           |
| U.S. shipments   | 2,229,550     | 2,123,615 | 2,081,742 | 1,581,036         | 1,330,397 |
| Export shipments   | 124,110       | 131,980   | 144,957   | 111,080           | 70,956    |
| Total shipments  | 2,353,660     | 2,255,595 | 2,226,699 | 1,692,116         | 1,401,353 |
| <b>Value (\$1,000)</b>   |               |           |           |                   |           |
| U.S. shipments   | 456,880       | 440,417   | 435,653   | 341,018           | 302,194   |
| Export shipments   | 30,129        | 30,263    | 31,063    | 23,222            | 16,889    |
| Total shipments  | 487,009       | 470,680   | 466,716   | 364,240           | 319,083   |
| <b>Unit value (per square yard)</b>  |               |           |           |                   |           |
| U.S. shipments   | \$0.20        | \$0.21    | \$0.21    | \$0.22            | \$0.23    |
| Export shipments   | 0.24          | 0.23      | 0.21      | 0.21              | 0.24      |
| Total shipments  | 0.21          | 0.21      | 0.21      | 0.22              | 0.23      |
| <b>Share of shipment quantity (percent)</b>  |               |           |           |                   |           |
| U.S. shipments   | 94.7          | 94.1      | 93.5      | 93.4              | 94.9      |
| Export shipments   | 5.3           | 5.9       | 6.5       | 6.6               | 5.1       |
| Total shipments  | 100.0         | 100.0     | 100.0     | 100.0             | 100.0     |
| <sup>1</sup> U.S. shipments include small amounts of internal consumption reported by ***. |               |           |           |                   |           |
| Note.--Because of rounding, figures may not add to the totals shown.                       |               |           |           |                   |           |
| Source: Compiled from data submitted in response to Commission questionnaires.             |               |           |           |                   |           |

### U.S. PRODUCERS' INVENTORIES

Table III-5, which presents end-of-period inventories for PSP tape, shows that inventories decreased by 15.2 percent between 2006 and 2008 and were 11.6 percent lower in January-September 2009 than in September-January 2008. In the original investigation, the ratio of inventories to U.S. shipments was markedly higher than those reported during the period for which data were collected in the current review.<sup>18</sup> Staff observed at \*\*\*. \*\*\*,<sup>19</sup> Staff observed that \*\*\*,<sup>20</sup>

<sup>18</sup> The ratios of inventories to total shipments in the original investigation were: \*\*\* percent in 1973; \*\*\* percent in 1974; \*\*\* percent in 1975; and \*\*\* percent in 1976. Original staff report.

<sup>19</sup> Plant tour and interview session with \*\*\*, December 2 and 3, 2009.

<sup>20</sup> Plant tour and interview session with \*\*\*, January 7, 2010.

**Table III-5**  
**PSP tape: U.S. producers' end-of-period inventories, 2006-08, January-September 2008, and January-September 2009**

| Item                               | Calendar year |         |         | January-September |         |
|------------------------------------|---------------|---------|---------|-------------------|---------|
|                                    | 2006          | 2007    | 2008    | 2008              | 2009    |
| Inventories (1,000 square yards)   | 259,348       | 257,225 | 220,029 | 240,234           | 212,388 |
| Ratio to production (percent)      | 11.3          | 11.3    | 10.3    | 10.7              | 11.4    |
| Ratio to U.S. shipments (percent)  | 11.6          | 12.1    | 10.6    | 11.4              | 12.0    |
| Ratio to total shipments (percent) | 11.0          | 11.4    | 9.9     | 10.6              | 11.4    |

Note.—Partial-year ratios are based on annualized production and shipments.

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

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

U.S. producers' imports and purchases of PSP tape are presented in table III-6. As detailed in table III-6, subject imports and/or purchases of imports of PSP tape from Italy are limited when compared to the ratio of total U.S. production. Five U.S. producers reported importing PSP tape and two U.S. producers reported purchases of imports from subject and nonsubject countries during the period for which data were collected. The domestic interested parties maintain that the nature of the relationship to subject imports for 3M, Shurtape, and Intertape is one of small importations of niche products and that each company remains primarily a U.S. producer and that their economic interests are overwhelmingly with U.S. production and not with imports from Italy.<sup>21</sup>

As noted earlier, 3M and Intertape had historically imported their acrylic-based adhesive PSP tape from suppliers in Asia; however, both firms have begun to in-source these tapes at their U.S. facilities.<sup>22</sup> \*\*\*. Similarly, \*\*\*.<sup>23</sup>

**Table III-6**  
**PSP tape: U.S. producers' imports and purchases, 2006-08, January-September 2008, and January-September 2009**

\* \* \* \* \*

<sup>21</sup> Domestic interested parties' response to the notice of institution, June 1, 2009; Domestic interested parties' supplemental response to the notice of institution, June 12, 2009.

<sup>22</sup> The representative from 3M observed that "we did so despite the fact that the cost of producing product in the United States is actually higher than purchasing from Asia." Among the reasons cited by 3M to bring back some of the production of acrylic products to the United States from Asia were the availability of excess coating and converting capacity at its U.S. facilities and the fact that U.S. production allows 3M to be closer to customers that are very sensitive to not having excessive inventory levels during the recession. Hearing transcript, p. 12 (Anderson). Similarly, Intertape decided to move its acrylic tape production back to the United States from China to help cover its fixed costs for capacity utilization. Hearing transcript, p. 30 (Martin).

<sup>23</sup> Plant tour and interview session with \*\*\*, December 2 and 3, 2009.

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

Data provided by U.S. producers on the number of production and related workers (“PRWs”) engaged in the production of PSP tape, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in this review are presented in Table III-7. Employment, in terms of both PRWs and hours worked, declined between 2006 and 2008 by 4.3 percent. The number of PRWs employed in the production of PSP tape in January-September 2009 was 6.9 percent lower than in January-September 2008, while the number of hours worked was 11.0 percent lower. These declines primarily reflected labor force reductions by \*\*\*,<sup>24</sup> \*\*\*,<sup>25</sup>

Hourly wages paid increased nominally between 2006 and 2007. A reduction in the aggregate number of hours worked in 2008 was offset by higher hourly wages, primarily as reported by \*\*\*, resulting in higher total wages paid in 2008 (although still reflecting a net decline in wages paid between 2006 and 2008). In January-September 2009, the substantially lower level of PRW hours worked offset higher hourly wages and resulted in lower total wages paid relative to the same period in 2008. PRW productivity declined by 2.5 percent between 2006 and 2008, and was 6.5 percent lower in January-September 2009 than in the comparable period in 2008. Lower productivity, combined with the moderate increases in hourly wage rates discussed above, resulted in an increase in unit labor costs of 3.9 percent between 2006 and 2008, and 10.9 percent higher unit labor costs in January-September 2009 relative to January-September 2008.

**Table III-7**

**PSP tape: U.S. producers’ employment-related data, 2006-08, January-September 2008, and January-September 2009**

| Item  | Calendar year |         |         | January-September |         |
|---|---------------|---------|---------|-------------------|---------|
|   | 2006          | 2007    | 2008    | 2008              | 2009    |
| Production and related workers (PRWs)         | 623           | 611     | 596     | 596               | 555     |
| Hours worked by PRWs (1,000 hours)            | 1,127         | 1,083   | 1,078   | 810               | 720     |
| Hours worked per PRW                          | 1,809         | 1,773   | 1,809   | 1,359             | 1,297   |
| Wages paid to PRWs (1,000 dollars)            | 29,076        | 27,996  | 28,168  | 21,366            | 19,716  |
| Hourly wages                                  | \$25.81       | \$25.85 | \$26.14 | \$26.39           | \$27.36 |
| Productivity (square yards produced per hour) | 2,038.5       | 2,096.8 | 1,987.6 | 2,081.1           | 1,945.9 |
| Unit labor costs (per square yard)            | \$0.01        | \$0.01  | \$0.01  | \$0.01            | \$0.01  |

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

<sup>24</sup> Plant tour and interview session with \*\*\*, January 7, 2010.

<sup>25</sup> Plant tour and interview session with \*\*\*, January 7, 2010.

## FINANCIAL CONDITION OF U.S. PRODUCERS

### Background

Of the seven U.S. PSP tape producers that responded to the Commission's questionnaires, five<sup>26</sup> provided usable financial data for their operations on PSP tape. These firms accounted for the vast majority of the domestic industry's production/sales volume during 2008.<sup>27</sup> \*\*\* reported internal consumption that accounted for less than \*\*\* percent of 2008 combined net sales values. Internal consumption reflected packing tape produced and used to seal their own boxes of products in their production facilities in the United States.<sup>28</sup>

### Operations on PSP Tape

Results of operations of the U.S. producers on their PSP tape operations are presented in table III-8, which includes data on a per-unit basis as well as operating income (loss) to net sales ratio.

The financial results of the producers on their PSP tape operations deteriorated between 2006 and 2008, as net sales quantities and values, as well as operating income, decreased overall. However, in absolute terms and relative to net sales, operating income improved in January-September (interim) 2009 compared to interim 2008, reflecting both higher unit net sales values and lower per-unit total costs (due to a drop in oil prices) in January-September 2009.<sup>29</sup> While net sales values only decreased slightly between the full-year periods, as the increase in the per-unit sale values (from \$0.207 to \$0.209 per square yard) somewhat offset the larger decrease in sales quantities,<sup>30</sup> they were 12.4 percent lower in interim 2009 than in interim 2008. Operating income decreased from \$53.5 million in 2006 to \$38.1 million in 2008. The decrease in the operating income between 2006 and 2008 resulted primarily from a \$0.002 per square yard increase in unit sales values that was \$0.006 per square yard lower than the increase in unit total costs. The unit cost of goods sold ("COGS") increased by \$0.009 per square yard (led primarily by the increase of raw material costs) while unit selling, general and administrative ("SG&A") expenses decreased slightly by \$0.001 per square yard, combining for a net total cost increase of \$0.008 per square yard.

Unit sales values were \$0.012 per square yard (5.6 percent) higher in interim 2009 than interim 2008, while unit total costs were \$0.006 per square yard (3.1 percent) lower, resulting in an operating income of approximately \$55.0 million in interim 2009 compared to an operating income of \$35.1 million in interim 2008. \*\*\* producers experienced positive operating income during interim 2009 while \*\*\* reported operating losses in interim 2008 and 2008. The operating margin of 17.3 percent in interim 2009 was the highest during the entire period for which data were collected, reflecting relatively lower unit COGS and relatively higher unit net sales value.

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<sup>26</sup> \*\*\* producers' fiscal years end on December 31.

<sup>27</sup> \*\*\*.

<sup>28</sup> Email from \*\*\*, November 12, 2009, submission from \*\*\*, November 20, 2009, and staff interview and plant tour at \*\*\*, December 2 and 3, 2009.

<sup>29</sup> Hearing transcript, p. 11 (Anderson); posthearing brief, p. 7 (Barnes, Richardson & Colburn).

<sup>30</sup> Throughout this section, the per-unit values are presented in three decimal points rather than in the usual two decimal points because two decimal points might not reflect changes in the per-unit values due to rounding.



Table III-8

PSP tape: Results of operations of U.S. producers, fiscal years 2006-08, January-September 2008, and January-September 2009

| Item   | Fiscal year |           |           | January-September |           |
|--|-------------|-----------|-----------|-------------------|-----------|
|  | 2006        | 2007      | 2008      | 2008              | 2009      |
| <b>Quantity (1,000 square yards)</b>   |             |           |           |                   |           |
| Net sales <sup>1</sup>   | 2,353,660   | 2,255,585 | 2,226,699 | 1,692,116         | 1,401,353 |
| <b>Value (\$1,000)</b>   |             |           |           |                   |           |
| Net sales <sup>1</sup>   | 486,229     | 469,893   | 465,949   | 363,652           | 318,718   |
| COGS   | 371,123     | 355,660   | 372,250   | 285,812           | 224,868   |
| Gross profit   | 115,106     | 114,233   | 93,699    | 77,840            | 93,850    |
| SG&A expenses  | 61,617      | 58,171    | 55,605    | 42,698            | 38,862    |
| Operating income   | 53,489      | 56,062    | 38,094    | 35,142            | 54,988    |
| Interest expense   | 3,016       | 2,661     | 2,805     | 2,122             | 2,426     |
| Other expense  | 5,497       | 6,193     | 6,090     | 4,746             | 6,488     |
| CDSOA funds received   | 419         | 2         | 521       | 0                 | 0         |
| Other income   | 99          | 8         | 39        | 35                | 32        |
| Net income   | 45,494      | 47,218    | 29,759    | 28,309            | 46,106    |
| Depreciation/amortization  | 24,706      | 24,719    | 24,120    | 17,896            | 18,763    |
| Cash flow  | 70,200      | 71,937    | 53,879    | 46,205            | 64,869    |
| <b>Value (per square yard)</b>   |             |           |           |                   |           |
| Net sales  | \$0.207     | \$0.208   | \$0.209   | \$0.215           | \$0.227   |
| COGS   | 0.158       | 0.158     | 0.167     | 0.169             | 0.160     |
| Gross profit   | 0.049       | 0.051     | 0.042     | 0.046             | 0.067     |
| SG&A expenses  | 0.026       | 0.026     | 0.025     | 0.025             | 0.028     |
| Operating income   | 0.023       | 0.025     | 0.017     | 0.021             | 0.039     |
| <b>Ratio to net sales (percent)</b>  |             |           |           |                   |           |
| COGS   | 76.3        | 75.7      | 79.9      | 78.6              | 70.6      |
| Gross profit   | 23.7        | 24.3      | 20.1      | 21.4              | 29.4      |
| SG&A expenses  | 12.7        | 12.4      | 11.9      | 11.7              | 12.2      |
| Operating income   | 11.0        | 11.9      | 8.2       | 9.7               | 17.3      |
| <b>Number of firms reporting</b>   |             |           |           |                   |           |
| Operating losses   | 0           | 0         | 1         | 1                 | 0         |
| Data   | 5           | 5         | 5         | 5                 | 5         |
| 1 ***  |             |           |           |                   |           |
| Source: Compiled from data submitted in response to Commission questionnaires. |             |           |           |                   |           |

Selected financial data, by firm, are presented in table III-9. While \*\*\* producers generated operating income in 2008 and interim 2008, \*\*\* producers generated operating income in interim 2009. \*\*\* experienced operating losses in 2008 and interim 2008, \*\*\*, respectively. However, \*\*\*. As indicated in the per-unit sales values and per-unit COGS in table III-9, the unit sales values differ widely among producers, ranging from \$\*\*\* per square yard \*\*\* to \$\*\*\* per square yard \*\*\* in 2008, largely as a result of differences in product mix among domestic producers. \*\*\*. Therefore, product mix among domestic producers should be considered when the trends of per-unit sales values and total costs over the period are analyzed. \*\*\*.<sup>31</sup>

**Table III-9**  
**PSP tape: Results of operations of U.S. producers, by firm, fiscal years 2006-08, January-September 2008, and January-September 2009**

\* \* \* \* \*

Selected aggregate per-unit cost data of the producers on their operations, i.e., COGS and SG&A expenses, are presented in table III-10. Raw material costs increased somewhat from 2006 to 2008 but were substantially lower in interim 2009 than in interim 2008. Factory overhead increased from 2007 to 2008 and continued to rise in interim 2009. COGS and total cost (which included SG&A expenses) were higher in 2008 compared to 2007, while per-unit COGS and total cost were lower in interim 2009, due mainly to the decrease in raw material costs. SG&A expenses also increased from interim 2008 (\$0.025 per square yard) to interim 2009 (\$0.028 per square yard), the result of lower production/sales quantities as the absolute dollar amounts of SG&A expenses between the two interim periods decreased from \$42.7 million in interim 2008 to \$38.9 million in interim 2009. As explained previously, product mix among domestic producers may play a role in the changes of cost structures.

**Table III-10**  
**PSP tape: Per-unit costs of U.S. producers, fiscal years 2006-08, January-September 2008, and January-September 2009**

| Item   | Fiscal year |         |         | January-September |         |
|--|-------------|---------|---------|-------------------|---------|
|  | 2006        | 2007    | 2008    | 2008              | 2009    |
| COGS: <i>Value (per square yard)</i>   |             |         |         |                   |         |
| Raw materials  | \$0.096     | \$0.100 | \$0.103 | \$0.105           | \$0.088 |
| Direct labor   | 0.024       | 0.024   | 0.024   | 0.025             | 0.029   |
| Factory overhead   | 0.037       | 0.033   | 0.040   | 0.039             | 0.043   |
| Total COGS   | 0.158       | 0.158   | 0.167   | 0.169             | 0.160   |
| SG&A expenses  | 0.026       | 0.026   | 0.025   | 0.025             | 0.028   |
| Total cost   | 0.184       | 0.183   | 0.192   | 0.194             | 0.188   |
| Source: Compiled from data submitted in response to Commission questionnaires. |             |         |         |                   |         |

<sup>31</sup> Email from \*\*\*, December 6, 2009.

A variance analysis showing the effects of prices and volume on the producers' sales of PSP tape, and of costs and volume on their total cost, is shown in table III-11. The analysis is summarized at the bottom of the table. The analysis indicates that the decrease in operating income (\$15.4 million) between 2006 and 2008 was attributable mainly to the negative effect of increased costs/expenses (\$18.5 million) and decreased sales volumes (\$2.9 million) which was partially offset by the positive effect of increased price (\$5.9 million). The increase in operating income in interim 2009 relative to interim 2008 was attributable to a positive price variance in conjunction with a favorable cost/expenses variance.

**Table III-11**

**PSP tape: Variance analysis of operations of U.S. producers, fiscal years 2006-08, January-September 2008, and January-September 2009**

| Item   | Between fiscal years |          |          | January-September |
|--|----------------------|----------|----------|-------------------|
|  | 2006-08              | 2006-07  | 2007-08  | 2008-09           |
| <b>Value (\$1,000)</b>   |                      |          |          |                   |
| Net sales:   |                      |          |          |                   |
| Price variance   | 5,948                | 3,925    | 2,074    | 17,554            |
| Volume variance  | (26,228)             | (20,261) | (6,018)  | (62,488)          |
| Total net sales variance   | (20,280)             | (16,336) | (3,944)  | (44,934)          |
| Cost of sales:   |                      |          |          |                   |
| Cost variance  | (21,146)             | (1)      | (21,145) | 11,832            |
| Volume variance  | 20,019               | 15,464   | 4,555    | 49,112            |
| Total cost variance  | (1,127)              | 15,463   | (16,590) | 60,944            |
| Gross profit variance  | (21,407)             | (873)    | (20,534) | 16,010            |
| SG&A expenses:   |                      |          |          |                   |
| Expense variance   | 2,688                | 878      | 1,821    | (3,501)           |
| Volume variance  | 3,324                | 2,568    | 745      | 7,337             |
| Total SG&A variance  | 6,012                | 3,446    | 2,566    | 3,836             |
| Operating income variance  | (15,395)             | 2,573    | (17,968) | 19,846            |
| Summarized as:   |                      |          |          |                   |
| Price variance   | 5,948                | 3,925    | 2,074    | 17,554            |
| Net cost/expense variance  | (18,458)             | 877      | (19,324) | 8,331             |
| Net volume variance  | (2,885)              | (2,229)  | (718)    | (6,039)           |
| Note.--Unfavorable variances are shown in parentheses; all others are favorable. The data are comparable to changes in operating income as presented in table III-8. |                      |          |          |                   |
| Source: Compiled from data submitted in response to Commission questionnaires.   |                      |          |          |                   |

## Capital Expenditures and Research and Development Expenses

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are presented in table III-12. \*\*\* accounted for a majority of the domestic industry's capital expenditures during the period for which data were collected. Capital expenditures increased continuously from 2006 to 2008 due to \*\*\*<sup>32</sup> but was lower in interim 2009 than in interim 2008 due mainly to \*\*\*.<sup>33</sup> Some details of the major capital expenditures of certain producers are described in table III-13.<sup>34</sup> \*\*\* producers reported R&D expenses. R&D expenses decreased slightly from 2006 to 2007 and then increased between 2007 and 2008 and were somewhat lower in interim 2009 than in interim 2008. \*\*\*.<sup>35</sup> Capital expenditures, by firm, are presented in table III-13.

**Table III-12**

**PSP tape: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2006-08, January-September 2008, and January-September 2009**

\* \* \* \* \*

**Table III-13**

**PSP tape: Capital expenditures by U.S. producers, by firms, fiscal years 2006-08, January-September 2008, and January-September 2009**

\* \* \* \* \*

## Assets and Return on Investment

U.S. producers were requested to provide data on their assets used in the production and sales of PSP tape during the period for which data were collected to assess their return on investment ("ROI"). Although ROI can be computed in different ways, a commonly used method is operating income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROI as operating income divided by total assets used in the production and sales of PSP tape. Data on the U.S. producers' total assets and their ROI are presented in table III-14.

The value of total assets decreased between 2006 and 2008 as net accounts receivable, other current and non-current assets, and net book value of property, plant, and equipment (PPE) decreased over the period. The trend of ROI over the period was the same as the trend of the operating loss margin to net sales in table III-8 over the same period.

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<sup>32</sup> Email from \*\*\*, December 6, 2009.

<sup>33</sup> Email from \*\*\*, December 3, 2009.

<sup>34</sup> Email from \*\*\*, November 23, 2009.

<sup>35</sup> Email from \*\*\*, December 6, 2009.

Table III-14

PSP tape: Value of assets and return on investment of U.S. producers, fiscal years 2006-08

| Item   | At end of fiscal year                                      |                |                |
|--|--|----------------|----------------|
|  | 2006   | 2007           | 2008           |
| <b>Value of assets:</b>  | <b>Value (\$1,000)</b>                                     |                |                |
| 1. Current assets:   |  |                |                |
| A. Cash and equivalents  | 5,197  | 4,160          | 6,578          |
| B. Trade receivables (net)   | 47,088   | 51,552         | 43,761         |
| C. Inventories   | 55,082   | 57,305         | 56,756         |
| D. All other current   | 14,307   | 9,553          | 9,744          |
| Total current  | 121,674  | 122,570        | 116,839        |
| 2. Non-current assets:   |  |                |                |
| A. Productive facilities <sup>1</sup>  | 342,655  | 379,378        | 396,476        |
| B. Productive facilities (net) <sup>2</sup>  | 141,097  | 137,286        | 133,608        |
| C. Other non-current   | 40,477   | 39,054         | 21,491         |
| Total non-current  | 181,574  | 176,340        | 155,099        |
| <b>Total assets</b>  | <b>303,248</b>   | <b>298,910</b> | <b>271,938</b> |
|  | <b>Value (\$1,000)</b>                                     |                |                |
| <b>Operating income (loss)</b>   | <b>53,489</b>  | <b>56,062</b>  | <b>38,094</b>  |
|  | <b>Ratio of operating income to total assets (percent)</b> |                |                |
| <b>Return on investment</b>  | <b>17.6</b>  | <b>18.8</b>    | <b>14.0</b>    |
| <sup>1</sup> Original cost of property, plant, and equipment (PPE).<br><sup>2</sup> Net book value of PPE (original cost less accumulated depreciation). |  |                |                |
| Source: Compiled from data submitted in response to Commission questionnaires.   |  |                |                |



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

### U.S. IMPORTS

#### Overview

The Commission sent questionnaires to 96 firms believed to have imported PSP tape between 2006 and 2009.<sup>1</sup> Nineteen firms provided data and information in response to the questionnaires, while 25 firms indicated that they had not imported PSP tape during the period for which data were collected. Staff believes that data reported by responding U.S. importers comprises the vast majority of subject imports of PSP tape from Italy. Given the large volume of nonsubject imports of PSP tape believed to be entering the United States, staff believes that the data reported by responding U.S. imports of PSP tape from nonsubject countries are under-represented.<sup>2</sup>

Data regarding U.S. imports appear in table IV-1. Only one U.S. importer, \*\*\*, reported entering or withdrawing PSP tape from a foreign trade zone or bonded warehouse. No importer reported imports of PSP tape under the temporary importation under bond program.

#### Imports from Subject and Nonsubject Countries

Table IV-1 presents data for U.S. imports of PSP tape from Italy and all other sources.<sup>3</sup> The major nonsubject countries that are believed to account for most of the U.S. imports of PSP tape are China, Indonesia, and Taiwan. PSP tape imports from Italy accounted for a small proportion of total reported U.S. imports, with U.S. imports from nonsubject sources accounting for no less than \*\*\* percent, by quantity and no less than \*\*\* percent, by value. Reported average unit values for PSP tape imports from Italy were higher than PSP tape imports from all other countries, a difference which could be explained by the fact that PSP tape imports from Italy generally use hot melt and rubber-based adhesives, while PSP tapes from Asia generally use acrylic based adhesives.<sup>4</sup> According to testimony presented at the hearing, hot melt tapes are more expensive to produce than acrylic tapes and the selling price for the respective tapes reflects the same relationship.<sup>5</sup> In addition, \*\*\*.<sup>6</sup>

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<sup>1</sup> A large number of questionnaires were returned as undeliverable either because the firm no longer existed or had moved without leaving a forwarding address.

<sup>2</sup> Staff received data from \*\*\* that are believed to be among the largest PSP tape producers in Asia. One firm, \*\*\*, reported imports from its related PSP tape producers in China, Taiwan (\*\*\*), and Malaysia. \*\*\*. The other firm, \*\*\*. \*\*\*. Email from \*\*\*, January 28, 2010.

<sup>3</sup> The Commission requested U.S. importers to distinguish between PSP tape produced by Italian firms subject to the antidumping duty finding and those that are not subject to the antidumping duty finding. The latter category includes one firm that was excluded from the original finding (Plasturopa) and two other firms (Boston and Autoadesivi) for which the findings had been revoked. The domestic interested parties maintain that Autodesivi, acquired by 3M Italia in 1985, has concentrated on different markets and specialty products so as not to compete with 3M U.S. production. Posthearing brief of 3M, Intertape, and Shurtape, Response to questions of Chairman Aranoff regarding the status of Autodesivi and Plasturopa. According to testimony provided at the hearing, Boston and Plasturopa produce tapes that are largely outside the scope of this review. Hearing transcript, p. 41 (Anderson).

<sup>4</sup> \*\*\*. Plant tour and interview session with \*\*\*, January 7, 2010.

<sup>5</sup> Hearing transcript, p. 81 (Serra).

<sup>6</sup> Plant tour and interview session with \*\*\*, December 2, 2009.

Table IV-1

PSP tape: U.S. imports, by sources, 2006-08, January-September 2008, and January-September 2009

| Source   | Calendar year |         |         | January-September |         |
|--|---------------|---------|---------|-------------------|---------|
|  | 2006          | 2007    | 2008    | 2008              | 2009    |
| <b>Quantity (1,000 square yards)</b>   |               |         |         |                   |         |
| Italy (subject)  | 11,851        | 38,234  | 16,874  | 13,057            | 7,665   |
| Italy (nonsubject)   | ***           | ***     | ***     | ***               | ***     |
| Other (nonsubject) countries   | ***           | ***     | ***     | ***               | ***     |
| Nonsubject sources   | 448,185       | 476,192 | 449,178 | 343,862           | 337,293 |
| Total  | 460,036       | 514,427 | 466,052 | 356,920           | 344,957 |
| <b>Value (1,000 dollars)<sup>1</sup></b>                                       |               |         |         |                   |         |
| Italy (subject)  | 4,600         | 7,040   | 3,870   | 2,628             | 2,713   |
| Italy (nonsubject)   | ***           | ***     | ***     | ***               | ***     |
| Other (nonsubject) countries   | ***           | ***     | ***     | ***               | ***     |
| Nonsubject sources   | 48,043        | 53,712  | 55,880  | 43,146            | 37,079  |
| Total  | 52,643        | 60,753  | 59,750  | 45,775            | 39,793  |
| <b>Unit value (per square yard)</b>  |               |         |         |                   |         |
| Italy (subject)  | \$0.39        | \$0.18  | \$0.23  | \$0.20            | \$0.35  |
| Italy (nonsubject)   | ***           | ***     | ***     | ***               | ***     |
| Other (nonsubject) countries   | ***           | ***     | ***     | ***               | ***     |
| Nonsubject sources   | 0.11          | 0.11    | 0.12    | 0.13              | 0.11    |
| Total  | 0.11          | 0.12    | 0.13    | 0.13              | 0.12    |
| <b>Share of quantity (percent)</b>   |               |         |         |                   |         |
| Italy (subject)  | 2.6           | 7.4     | 3.6     | 3.7               | 2.2     |
| Italy (nonsubject)   | ***           | ***     | ***     | ***               | ***     |
| Other (nonsubject) countries   | ***           | ***     | ***     | ***               | ***     |
| Nonsubject sources   | 97.4          | 92.6    | 96.4    | 96.3              | 97.8    |
| Total  | 100.0         | 100.0   | 100.0   | 100.0             | 100.0   |
| <b>Share of value (percent)</b>  |               |         |         |                   |         |
| Italy (subject)  | 8.7           | 11.6    | 6.5     | 5.7               | 6.8     |
| Italy (nonsubject)   | ***           | ***     | ***     | ***               | ***     |
| Other (nonsubject) countries   | ***           | ***     | ***     | ***               | ***     |
| Nonsubject sources   | 91.3          | 88.4    | 93.5    | 94.3              | 93.2    |
| Total  | 100.0         | 100.0   | 100.0   | 100.0             | 100.0   |
| <b>Ratio of import quantity to U.S. production (percent)</b>                   |               |         |         |                   |         |
| Italy (subject)  | 0.5           | 1.7     | 0.8     | 0.8               | 0.5     |
| Italy (nonsubject)   | ***           | ***     | ***     | ***               | ***     |
| Other (nonsubject) countries   | ***           | ***     | ***     | ***               | ***     |
| Nonsubject sources   | 19.5          | 21.0    | 21.0    | 20.4              | 24.1    |
| Total  | 20.0          | 22.7    | 21.8    | 21.2              | 24.6    |
| <sup>1</sup> Landed, duty-paid.<br><sup>2</sup> Not applicable.                |               |         |         |                   |         |
| Source: Compiled from data submitted in response to Commission questionnaires. |               |         |         |                   |         |



The Commission requested U.S. importers to indicate the types of tape their firm imports. The categories provided in the questionnaire were: carton sealing, electrical/electronic, masking, sanitary, medical, or health-related, and other. Similar to the reported findings in the U.S. producers' questionnaires, carton sealing tapes were the most commonly cited tapes by U.S. importers.<sup>7</sup> The Commission also requested U.S. importers to report the relative share of their firm's 2008 and January-September 2009 U.S. shipments of PSP tape, by tape backing material (polyester, polypropylene, UPVC, and other) and by source (Italy (subject); Italy (nonsubject); and all other sources). According to the questionnaire responses, polypropylene PSP tapes made up the vast majority of U.S. imports in 2008 and January-September 2009 from Italy and from all other sources.<sup>8</sup>

## U.S. IMPORTERS' INVENTORIES

Table IV-2 presents data for inventories of U.S. imports of PSP tape from Italy and all other sources held in the United States.

**Table IV-2**  
**PSP tape: U.S. importers' end-of-period inventories of imports, by source, 2006-08, January-September 2008, and January-September 2009**

\* \* \* \* \*

## THE INDUSTRY IN ITALY

### Overview

At the time of the Commission's original investigation, there were seven Italian producers that exported PSP tape to the United States. Four Italian companies, accounting for \*\*\* percent of Italian exports of PSP tape to the United States during the period examined (December 1, 1975-June 30, 1976), were investigated by Treasury: Manuli,<sup>9</sup> Boston,<sup>10</sup> Comet,<sup>11</sup> and Plasturopa.<sup>12</sup> Three other Italian firms that exported PSP tape to the United States during the period examined were determined by Treasury to have done so in "insignificant quantities." These firms were: Nastri Adhesive Stampati, Autoadesivi, S.p.A., and Vibac, S.p.A.<sup>13</sup> The staff report in the original investigation does not contain detailed trade data for the PSP tape produced in Italy.

In the first five year-review, no foreign producers responded to the Commission's notice of institution; however, 3M submitted a list of Italian producers of PSP tape in Italy that included 3M Italia,

<sup>7</sup> U.S. Importers' Questionnaire, question II-11.

<sup>8</sup> U.S. Importers' Questionnaire, question II-12.

<sup>9</sup> On March 25, 2004, Commerce determined that Tyco was the successor-in-interest to Manuli. *Final results of Antidumping Changed Circumstances Review: Pressure Sensitive Plastic Tape from Italy*, 69 FR15297 (March 25, 2004).

<sup>10</sup> Boston was purchased by a Canadian company and is operating in the U.S. under the management of Novacel, a manufacturer of special protective film with very little capacity or production of the subject merchandise. Hearing transcript, p. 18 (Anderson) and p. 41 (Serra).

<sup>11</sup> Comet was acquired by Tesa AG, <http://www.tesa.com/company/worldwide/concagno/tesa-plant-in-concagno,4207,1.html>, retrieved February 1, 2010.

<sup>12</sup> Manuli accounted for 45.4 percent of the sales examined by Treasury, Boston for 20.2 percent, Comet for 23.1 percent, and Plasturopa for 11.4 percent. Original Staff Report, p. A-10.

<sup>13</sup> Original Staff Report, p. A-11.

a subsidiary of 3M. In its response to the notice of institution, 3M submitted data regarding 3M Italia’s production in 1997 and estimates of total Italian production and capacity in 1997. According to the data submitted, 3M Italia produced \*\*\* square yards of PSP tape in 1997. According to estimates provided by 3M, total Italian production of PSP tape in 1997 reached \*\*\* square yards and total Italian productive capacity was \*\*\* square yards. These estimates yield a capacity utilization rate of about \*\*\* percent and an excess capacity of \*\*\* square yards.

In the second five-year review, no foreign producer of PSP tape in Italy responded to the Commission’s notice of institution.<sup>14</sup> In its response to the notice of institution, 3M again submitted a list of Italian companies believed to have exported PSP tape to the United States. 3M also reported participation in a joint venture with Italian producer Sicad, S.p.A (“Sicad”) in a company called BST S.p.A. (“BST”), that produces PSP tape subject to the antidumping duty finding, but did not export any subject project to the United States.

In the current review, the Commission received usable data from two Italian PSP tape producers (3M Italia and Sicad) subject to the current antidumping duty finding and Plasturopa, which has never been subject to the antidumping duty finding.<sup>15</sup> These data are provided in tables IV-3 and IV-4. Based on 3M Italia’s and Sicad’s data, the Italian market constituted the largest market share for PSP tape produced in Italy, accounting for no less than \*\*\* percent of all shipments, followed closely by the EU market, which represented no less than \*\*\* percent during the period for which data were collected. Capacity utilization decreased by \*\*\* percentage points during between 2006 and 2008, and was \*\*\* percentage points lower in January-September 2009 than in January-September 2008. Data for Plasturopa, though not subject to the outstanding antidumping duty finding, similarly reflect a \*\*\* of sales to the EU market and a similar lower level of capacity utilization in January-September 2009.

Since the original investigation, a number of political and economic developments have taken place that have changed the character and composition of the European Union. For instance, since 1977, the European Union has grown from nine member states to 27 member states. Moreover, historic pieces of legislation like the Single European Act, which created a common market, and the Treaty of Maastricht, which created a common currency, have served to foster economic and political integration and facilitate trade between member states.<sup>16</sup>

**Table IV-3  
PSP tape: Subject Italian producers \*\*\* PSP tape capacity, production, shipments, and inventories, 2006-08, January-September 2008, and January-September 2009**

\* \* \* \* \*

**Table IV-4  
PSP tape: Nonsubject Italian producer Plasturopa’s PSP tape capacity, production, shipments, and inventories, 2006-08, January-September 2008, and January-September 2009**

\* \* \* \* \*

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<sup>14</sup> Tyco Adhesives Italia S.p.A. (“Tyco”), an Italian producer of PSP tape, and successor-in-interest to Manuli filed, and subsequently withdrew, an entry of appearance in the second five-year review.

<sup>15</sup> \*\*\*. \*\*\*.

<sup>16</sup> “The History of the European Union,” [http://europa.eu/abc/history/index\\_en.htm](http://europa.eu/abc/history/index_en.htm), retrieved December 18, 2009.

## PSP Tape Operations

According to testimony provided at the hearing, there are approximately 30 PSA tape producers in Italy. Of these, the domestic industry listed the following nine leading producers: NAR, Sicad, Evotape, Vibac, Syrom, MAGRI, FABO, IRPLAST, and TESA.<sup>17</sup> According to the domestic interested parties, these firms have the production capacity of about 5 billion square meters and the capacity utilization rates of the Italian industry are between 55-60 percent, leaving at least 2 billion square meters in excess capacity available.<sup>18</sup>

According to a 2009 industry study conducted by the Freedonia Group, Inc., Italy is the dominant European supplier of corrugated case sealing tapes.<sup>19</sup> The study points out that Italy possesses the \*\*\* largest trade surplus in pressure sensitive tapes in the world after \*\*\*; however, it projects this surplus to decline through 2012 and beyond as lower-end tape production continues to move to Asia. The study estimates that although Italian tape shipments are likely to decline, Italy will remain the world's \*\*\* largest tape producer behind China and the United States with Taiwan overtaking Italy for the \*\*\* position by 2012.<sup>20</sup>

As detailed in table IV-5, carton sealing tapes comprise the majority of tape sales produced by Italian firms for the Italian market, accounting for \*\*\* percent of total sales in 2007. Table IV-5 also presents the Industry study's findings concerning the most commonly used material for Italian tapes, polypropylene.

**Table IV-5**  
**Pressure sensitive tape: Italian home market sales, by type and material, 1997, 2002, 2007, and estimated 2012**

\* \* \* \* \*

According to the Freedonia study, Italy possesses a “technologically advanced, heavily export-oriented pressure sensitive,” which supply much of Western Europe with commodity items such as polypropylene packaging.<sup>21</sup> As detailed in table IV-6, exports comprise the vast majority of Italian pressure sensitive tape shipments, accounting for \*\*\* percent of total shipments in 2007. The study cites the European market as the largest destination for Italian tapes with \*\*\* accounting for roughly half of

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<sup>17</sup> On October 17, 2008, Afera, the European Association for the Self Adhesive Tape Industry, held a conference entitled “Outlook for the Tape Industry 2010.” At this conference, industry experts had varying opinions about the benefits of consolidation in the European tape industry. According to some experts, greater industry consolidation leads to greater efficiency and a broader range of product offerings. However, experts also pointed out the benefits inherent to small and medium companies, which may possess more flexibility than large multinational firms. A notable example cited at the conference was the Italian tape industry, which is composed of approximately 30 firms. According to one industry expert at the conference, half of those firms were expected to have gone bankrupt over the past ten to fifteen years, yet none of them have.  
[http://www.atera.com/files\\_content/Afera%20Tape%20Industry%20Experts%20Debate.pdf](http://www.atera.com/files_content/Afera%20Tape%20Industry%20Experts%20Debate.pdf), retrieved February 5, 2010.

<sup>18</sup> This estimate is based on three methodologies. The first methodology is based on the capacity and production data from the Exxon/Mobil 2007 study, the second utilizes a buildup of the capabilities of 3M Italia's knowledge of the Italian industry and the third uses a different Exxon/Mobil study. Posthearing brief of 3M, Intertape, and Shurtape, pp. 2-3. Staff has attempted to verify this excess capacity by contacting \*\*\*; however, it received no response from the Italian firms.

<sup>19</sup> *World Pressure Sensitive Tapes*, Industry Study 2451, The Freedonia Group, Inc. February 2009, p. 112. This industry study includes a wide range of pressure sensitive tapes that are outside the narrow scope of this review.

<sup>20</sup> *World Pressure Sensitive Tapes*, Industry Study 2451, The Freedonia Group, Inc. February 2009, p. 110.

<sup>21</sup> *World Pressure Sensitive Tapes*, Industry Study 2451, The Freedonia Group, Inc., February 2009, p. 113.

total exports in value terms. Outside of EU Member States and \*\*\*, the study identifies such export markets as the \*\*\*.<sup>22</sup>

**Table IV-6**

**Pressure sensitive tape: Italian shipments, by types, 1997, 2002, 2007, and estimated 2012**

\* \* \* \* \*

According to the domestic interested parties, Evotape S.p.A. (“Evotape”) is a major producer of PSP tape in Italy. The company operates via two principal subsidiaries, both of which are headquartered in Italy: Evotape Masking, Srl and Evotape Packaging, Srl. Evotape produces masking, filament and strapping, appliance, speciality and packaging tapes. The firm has the annual capacity to produce 800 million square meters of tapes and is engaged in the manufacture of standard packaging tapes, printed and printable packaging tapes, and filament and strapping tapes. The company makes standard packaging tapes with natural rubber, hot-melt, and acrylic adhesives, while its tape backing material offerings include polyvinyl chloride (PVC) film, biaxially oriented polypropylene (BOPP) film and flat-back paper.<sup>23</sup> According to the Freedonia report, in 2007, Evotape had sales of \$\*\*\*. Evotape Packaging Srl conducts its production operations in Latina, Italy, where it employs approximately \*\*\* individuals.<sup>24</sup> Commerce is currently conducting a changed circumstances review to determine whether it is the successor-in-interest to Tyco.<sup>25</sup>

Another large Italian PSP tape producer, NAR, manufactures a variety of self-adhesive packaging and masking tapes as well as specialty tapes for technical and industrial tapes at its five plants in northeastern Italy. NAR offers a wide variety of plain, colored, or printable PSP packaging tapes on polyvinyl chloride and polypropylene backing with natural rubber, hot melt, and acrylic adhesives. NAR’s Film Division operates out of the Gorizia province, where it began manufacturing polypropylene film in 1989. NAR’s website emphasizes the company’s high production capacity, organizational flexibility, and use of state-of-the-art equipment, all of which enable NAR to meet the needs of its clientele in more than 70 countries around the world.<sup>26</sup>

Vibac, another Italian PSP tape producer, offers a variety of standard and printable carton sealing tapes on polyvinyl chloride and polypropylene backing with natural rubber, hot melt, and acrylic adhesives, which it manufactures at its Tape Division facilities in Ticineto and Termoli. Vibac’s Film Division handles the company’s production of polypropylene film, which is manufactured at three locations in Italy, one location in Canada and one location in the United States. According to Vibac’s website, the company is one of the world’s largest polypropylene manufacturers with a worldwide production capacity of 150,000 metric tons per year.<sup>27</sup>

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<sup>22</sup> *World Pressure Sensitive Tapes*, Industry Study 2451, The Freedonia Group, Inc., February 2009, p. 110-111.

<sup>23</sup> Evotape’s website, <http://www.evotape.com/inglese/packaging/famigliediprodotti.htm>, retrieved February 1, 2010.

<sup>24</sup> *World Pressure Sensitive Tapes*, Industry Study 2451, The Freedonia Group, Inc., February 2009, p. 270.

<sup>25</sup> *Notice of Initiation of Antidumping Changed Circumstances Review: Pressure Sensitive Plastic Tape from Italy*, 74 FR 47555, September 16, 2009. On March 25, 2004, Commerce determined that Tyco was the successor-in-interest to Manuli. *Final results of Antidumping Changed Circumstances Review: Pressure Sensitive Plastic Tape from Italy*, 69 FR15297, March 25, 2004.

<sup>26</sup> NAR website. [http://www.nar-spa.com/english/e\\_narsetframe.html](http://www.nar-spa.com/english/e_narsetframe.html), retrieved on February 5, 2010.

<sup>27</sup> Of this total, its Italian facilities account for 100,000 metric tons per year and its North American facilities account for the 50,000 metric tons per year. Vibac website. <http://www.vibacgroup.com/>, retrieved February 10, 2010.

## GLOBAL MARKET

As a practical matter, there is limited information available with respect to the subject merchandise as defined by Commerce's scope. However, as noted earlier, the Freedonia Group, Inc., recently published an industry study on world pressure sensitive tapes, the most narrow product category available. Freedonia's analytical approach was described as economic and trend analysis by countries and regions using macroeconomic variables (e.g., GDP, personal income) and industry output, value added, etc., as sector variables. For the carton sealing tape demand, Freedonia cited Food and Beverage Value Added in 2006 dollars and an increasing number of square meters per dollar of value-added.

### Demand

As shown in table IV-7, the Freedonia carton sealing tape market estimates and projections show the United States as a large, but relatively slow growing, market; Asia/Pacific, particularly China, as very large and fast growing, probably due to increased sourcing of consumer products.<sup>28</sup> The report also cites Latin America, Eastern Europe, and Africa/Mideast as much smaller, but fast growing markets. The main factors contributing to the growth in carton sealing pressure sensitive tapes are \*\*\*.<sup>29</sup>

**Table IV-7**  
**Pressure sensitive plastic carton sealing tape: Estimated world demand, by region, 1997-2017**

\* \* \* \* \*

### Supply

The leading source of packaging tapes, including PSP tape, is China, which is reportedly the largest producer of both BOPP and PVC tapes. According to the Freedonia study, China's pressure sensitive adhesive tape production is projected to grow by \*\*\* percent annually through 2012, reaching \*\*\* square meters. Although this measure is for a broader category of product than PSP tape, the study observes that "China's exports are concentrated among lower-end products such as commodity polypropylene packaging tapes, a segment where Chinese producers compete with their counterparts in Taiwan, Indonesia, and (to a lesser extent) other East Asian producers."<sup>30</sup>

Detailed information on Chinese suppliers is limited. However, table IV-8 is an extract of pressure sensitive adhesive tape producers provided in the Freedonia Group report. This table extract covers producers of all pressure sensitive adhesive tapes, a much larger aggregation than carton sealing tapes and the subject product of this review. Ranked in order of estimated PSA sales (or market share), this table provides a sense of the leading suppliers of pressure sensitive adhesive tape.

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<sup>28</sup> A notable exception in the Asia Pacific region is Japan. Between 1960 and 1991, total tape shipments by Japanese tape manufacturers increased; however, after the collapse of the Japanese economy in the 1990s, tape shipments began declining and have yet to recover. "JATMA Organization and (the) Japanese Tape Market and Trends," presented by Akira Katakura, JATMA Information Committee Chair. JATMA is the Japan Adhesive Tape Manufacturers Association, a coalition of 18 pressure sensitive adhesive tape manufacturers and 69 support companies.

<sup>29</sup> *World Pressure Sensitive Tapes*, Industry Study 2451, The Freedonia Group, Inc., February 2009, p. 43. However, the study notes that infant diapers represent "a notable exception" to this trend, and reports that in this application tapes are expected "to lose significant market share to competitive technologies in the coming years." *Ibid.* at 32.

<sup>30</sup> *World Pressure Sensitive Tapes*, Industry Study 2451, The Freedonia Group, Inc., February 2009, p. 146.

**Table IV-8**  
**Pressure sensitive adhesive tape: Sales world-wide by company, fiscal year 2007**

\* \* \* \* \*

**Prices**

When asked to compare prices in the United States and other countries, all four responding producers reported that United States prices are higher.<sup>31</sup> One firm reported that producer prices are 5 to 10 percent higher in the United States than in the European Union and Asian markets. Three other producers also reported that U.S. prices are higher than in other countries with two citing Asian countries in particular. The high cost of raw materials in the United States was cited as a factor accounting for the higher U.S. prices.

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<sup>31</sup> Of the two importers that compared U.S. prices with prices in other markets, one reported that the prices are the same, and the other reported that prices in Europe are higher than in the United States, while prices in Central and South America, Southeast Asia, and Russia are lower.

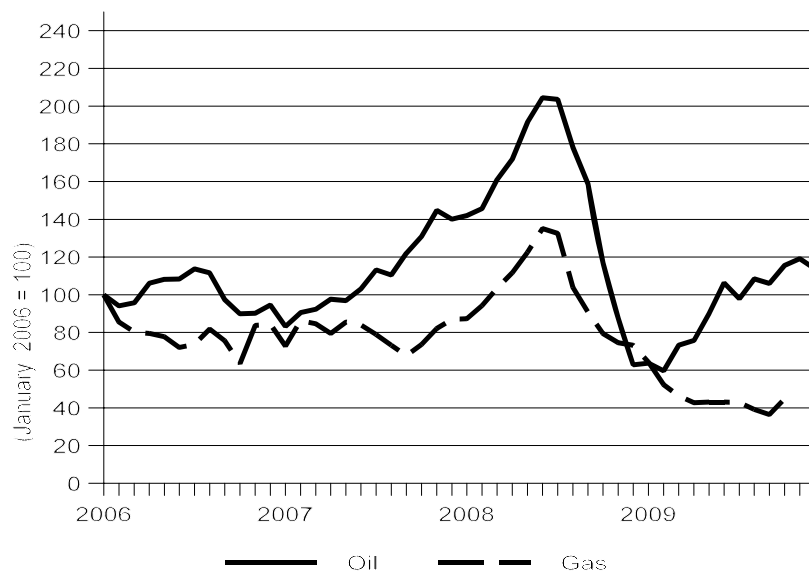
## PART V: PRICING AND RELATED INFORMATION

### FACTORS AFFECTING PRICING

#### Raw Material Costs

Raw material costs account for a substantial share of the cost of goods sold for PSP tape. Raw material costs ranged from 61.1 percent of the cost of goods sold in 2006 to 63.7 percent in 2008. During January-September 2009, raw material costs accounted for 55.1 percent of the cost of goods sold. Major raw materials are the plastic polymer films used as mechanical backing for PSP tape and adhesives. Costs of oil and natural gas have a major influence on the cost of these raw materials.<sup>1</sup> Figure V-1 shows that monthly prices of oil and natural gas both increased irregularly from January 2006 through June 2008, and then generally declined during the remainder of 2008. The price of oil recovered somewhat during 2009, while the price of natural gas has generally continued to decrease.

**Figure V-1**  
**Crude oil and natural gas: Monthly indexed prices, January 2006-December 2009 for oil and January 2006-October 2009 for natural gas**



Source: Energy information Administration, crude oil spot prices and monthly summary of natural gas prices and volumes.

<sup>1</sup> Staff telephone interview with \*\*\*, December 10, 2009.

## **Exchange Rates**

Nominal and real<sup>2</sup> exchange rates for the euro in relation to the U.S. dollar are shown quarterly in figure V-2 for the period January-March 1999 through July-September 2009 and in figure V-3 for the period January-March 2006 through July-September 2009. The data in figure V-2 show that the euro has fluctuated widely over the period beginning in 1999. The euro depreciated by more than 20 percent between the first quarter of 1999 and the second quarter of 2001 and then appreciated irregularly relative to the dollar in the following years to a peak level in the second quarter of 2008 before declining during the remainder of the year and then partially recovering in 2009. Overall, the euro appreciated by 27 percent in nominal terms between the first quarter of 1999 and the third quarter of 2009. The data in figure V-3 indicates that the euro appreciated by 19 percent in nominal terms between the first quarter of 2006 and the third quarter of 2009.

## **U.S. Inland Transportation Costs**

When asked to estimate shipping costs as a percentage of the delivered price of PSP tape, estimates by the seven U.S. producers ranged from 2.0 percent to 5.5 percent. Four of the producers estimated a value of \*\*\* percent. Among the six responding importers, estimates ranged from 2.0 percent to 8.0 percent. The majority of the importer estimates were near the high end of the range. All producers and importers reported that they arrange transportation for their customers.

Questionnaire responses show that sales by both U.S. producers and importers typically involve shipping 101 miles or more. For the seven producers, 85 to 98 percent of sales involve distances of 101 miles or more from their storage or production facilities. For the eight responding importers, six reported that 65 to 98 percent of their sales involved distances of 101 miles or more from their storage facilities. For the other two importers, one reported that 100 percent of its sales are for distances of 100 miles or less and the other reported that 50 percent are for distances of 100 miles or less.

## **PRICING PRACTICES**

Prices of PSP tape are determined by transaction-by-transaction negotiations, set price lists, and contracts. Two U.S. producers reported that they rely entirely on transaction-by-transaction negotiations and one uses only set price lists in determining prices. The other four producers use varying combinations of transaction-by-transaction negotiations, set price lists, and contracts in arriving at prices. Among the nine responding importers, three rely entirely on transaction-by-transaction negotiations, one uses set price lists, and the other five use at least two of the methods in determining prices.

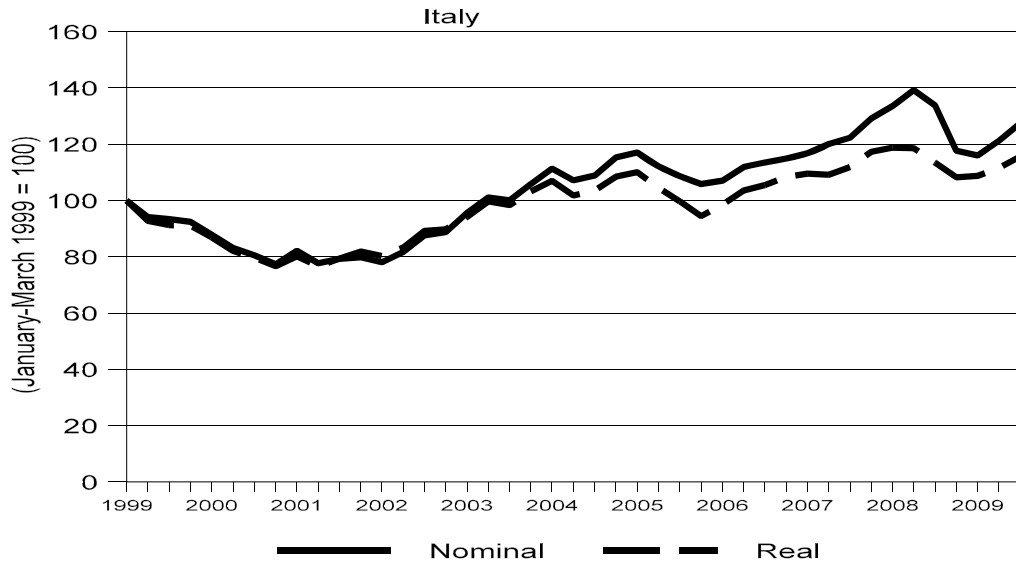
Producers and importers commonly quote prices on either an f.o.b. or delivered basis. Among the seven producers, four reported that they quote on a delivered basis, and three reported that they quote on an f.o.b. basis. Among responding importers, three reported that they quote on an f.o.b. basis, four reported quoting on a delivered basis, and one reported that it varies by customer.

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<sup>2</sup> Real exchange rates are calculated by adjusting the nominal rates for movements in producer prices in the United States and other countries.

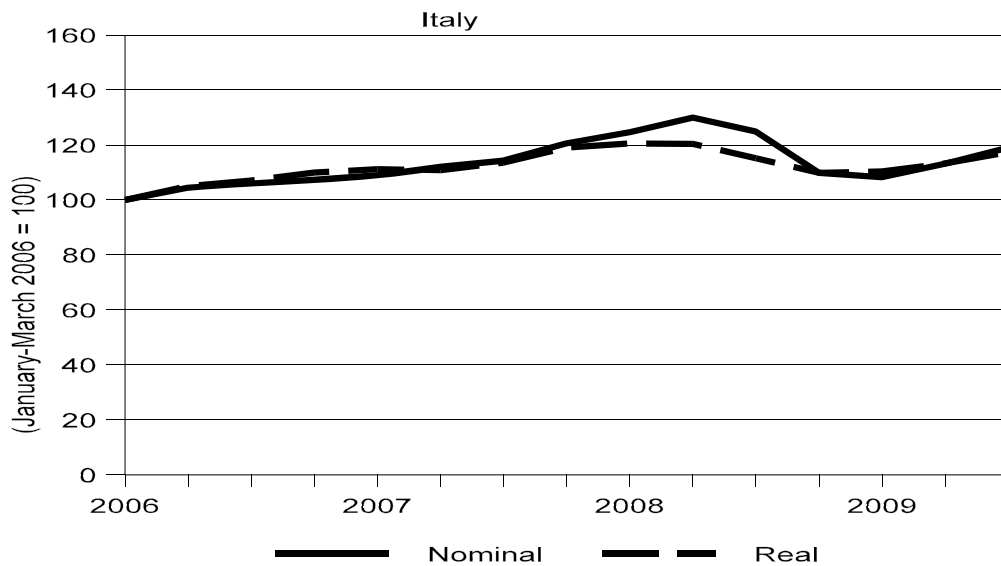


**Figure V-2**  
**Exchange rates: Indexes of the nominal and real rate of the euro relative to the U.S. dollar, by quarters, January-March 1999-July-September 2009**



Source: International Monetary Fund, *International Financial Statistics* online, <http://imfstatistics.org/imf>.

**Figure V-3**  
**Exchange rates: Indexes of the nominal and real rate of the euro relative to the U.S. dollar, by quarters, January-March 2006-July-September 2009**



Source: International Monetary Fund, *International Financial Statistics* online, <http://imfstatistics.org/imf>.

PSP tape pricing frequently reflects quantity discounts. All seven U.S. producers reported that they provide quantity discounts, and five of these firms reported that they provide additional annual total volume discounts. Among ten responding importers, seven reported that they provide quantity discounts, and four of these firms also provide annual total volume discounts. One of the importers also reported that it deviates from its policies in the case of competitive situations. Three importers reported that they do not have a discount policy.

Discounts for early payments of accounts are more common for U.S. producers than for importers. Among producers, six of seven firms reported that they offer discounts of 1 to 2 percent for early payments and one reported that its policy varies. Among six responding importers, one reported a one percent discount for early payment, one reported a 2-percent discount, and one reported that it varies by customer. The other three importers reported that they do not provide discounts for early payments.

Most sales of PSP tape are on a spot basis. Among responding producers, spot sales as a percentage of the total sales ranged from 68 to 100 percent. Among producers that use contracts, contract periods range in length from 90 days to two years with prices and/or quantities fixed during the contract period. Meet-or-release provisions are typically used. Among eight responding importers, four firms reported that all of their sales are on a spot basis, two reported that 95 percent are on a spot basis and one reported that 90 percent are on a spot basis. One importer reported that 95 percent of its sales are on a contract basis and 5 percent are on a spot basis. Among importers reporting the use of contracts, reported contract lengths range from six months to four years, with prices and, in some cases, quantities fixed during the contract period. The use of meet-or-release provisions varies.

## PRICE DATA

The Commission asked U.S. producers and importers of PSP tape to provide quarterly data for the total quantity and value of four products that were shipped to unrelated customers in the U.S. market for the period January-March 2006 through July-September 2009. The products for which pricing data were requested are as follows:

**Product 1.**—Pressure sensitive plastic tape with a thickness of 1.6 to 1.7 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters. Similar to Tartan™ box sealing tape 369 produced by 3M.

**Product 2.**—Pressure sensitive plastic tape with a thickness of 1.8 to 2.0 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters. Similar to Scotch™ box sealing tape 371 produced by 3M.

**Product 3.**—Pressure sensitive plastic tape with a thickness of 1.8 to 2.0 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of 900 to 2,000 meters (inclusive). Similar to Scotch™ box sealing tape 371 produced by 3M.

**Product 4.**—Pressure sensitive plastic tape with a thickness of 2.4 to 2.6 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters. Similar to Scotch™ box sealing tape 373 produced by 3M.

Four U.S. producers of PSP tape and two importers of subject PSP tape from Italy provided usable pricing data for sales of the requested products, although none reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately 49.2 percent of reported overall U.S. producers' shipments of subject PSP tape and \*\*\* percent of reported overall U.S. shipments of subject imports from Italy during January 2006 through September 2009.

## Price Trends

Quarterly weighted-average prices for all four products for the United States and subject imports from Italy are presented in tables V-1 through V-4 and figure V-2 for the period January 2006 through September 2009.<sup>3</sup> The data show that U.S. producer prices were fairly stable over the period, while prices of subject imports from Italy often fluctuated widely. A summary of price trends is shown in table V-5.<sup>4</sup> The quarterly shipment quantities for the imports from Italy were very small in comparison to shipments by U.S. producers for the three products for which there was selling price data for both the domestic product and subject imports.

**Table V-1**

**PSP tape: Weighted-average f.o.b. selling prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2006-September 2009**

\* \* \* \* \*

**Table V-2**

**PSP tape: Weighted-average f.o.b. selling prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2006-September 2009**

\* \* \* \* \*

**Table V-3**

**PSP tape: Weighted-average f.o.b. selling prices and quantities of domestic product 3, by quarters, January 2006-September 2009**

\* \* \* \* \*

**Table V-4**

**PSP tape: Weighted-average f.o.b. selling prices and quantities of domestic and imported product 4 and margins of underselling, by quarters, January 2006-September 2009**

\* \* \* \* \*

**Figure V-2**

**PSP tape: Weighted-average selling prices and quantities of domestic and imported product, by quarters, January 2006-September 2009**

\* \* \* \* \*

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<sup>3</sup> One importer, \*\*\*, reported that the variability in the price is due to extreme variations in raw material costs, energy costs, and the impact of varying volumes.

<sup>4</sup> One import series for subject Italian imports for product 1 was not included. These data, provided by \*\*\*, met the technical definition for product. However, the item at issue is a specialty product that is much more expensive than the domestic product or other subject imports from Italy. Staff telephone interview with \*\*\*, December 10, 2009. The quarterly prices of this product ranged from \$\*\*\* to \$\*\*\* per square yard during January 2006 through September 2009.

**Table V-5**

**PSP tape: Summary of U.S. weighted-average f.o.b. selling prices for products 1-4 from the United States and Italy**

| Item  | Number of quarters of data | Low price<br>(per square yard) | High price<br>(per square yard) | Change in price <sup>1</sup><br>(percent) |
|---|----------------------------|--------------------------------|---------------------------------|---|
| <b>Product 1</b>  |                            |                                |                                 |   |
| United States   | 15                         | ***                            | ***                             | ***                                       |
| Italy   | 11                         | ***                            | ***                             | ***                                       |
| <b>Product 2</b>  |                            |                                |                                 |   |
| United States   | 15                         | ***                            | ***                             | ***                                       |
| Italy   | 11                         | ***                            | ***                             | ***                                       |
| <b>Product 3</b>  |                            |                                |                                 |   |
| United States   | 15                         | ***                            | ***                             | ***                                       |
| <b>Product 4</b>  |                            |                                |                                 |   |
| United States   | 15                         | ***                            | ***                             | ***                                       |
| Italy   | 9                          | ***                            | ***                             | ***                                       |
| <sup>1</sup> Percentage change from the first quarter in which price data were available to the last quarter in which price data were available, based on unrounded data. |                            |                                |                                 |   |
| Source: Compiled from data submitted in response to Commission questionnaires.  |                            |                                |                                 |   |

### Price Comparisons

Margins of underselling and overselling for the period are presented in table V-6. As can be seen from the table, prices for PSP tape imported from Italy were below those for U.S.-produced PSP tape in 18 of 31 instances; margins of underselling ranged from \*\*\* to \*\*\* percent. In the remaining 13 instances, prices for pressure sensitive plastic tape imported from Italy were between \*\*\* and \*\*\* percent above prices for the domestic product.<sup>5</sup>

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<sup>5</sup> In the original investigation, price data were collected on PSP tape in the form of rolls rather than in thousands of square yards. U.S. producers' prices for PSP tape product made from polypropylene and from unplasticized polyvinylchloride (UPC) were compared with prices of imported PSP tape products from Italy on a monthly basis during January 1975 through May 1977. The weighted-average prices of imports from Italy were lower than prices of the U.S.-produced product in 46 out of 50 comparisons covering the two products. *Pressure Sensitive Plastic Tape from Italy and West Germany, Inv. Nos. AA1921-167 and 168*, original staff report, August 15, 1977, pp. A62-A63.

**Table V-6**

**PSP tape: Summary of quarterly weighted-average f.o.b. selling price comparisons between the domestic and subject imported Italian products, January 2006-September 2009**

| Country | Underselling        |                 |                          | (Overselling)       |                 |                          |
|---------|---------------------|-----------------|--------------------------|---------------------|-----------------|--------------------------|
|         | Number of instances | Range (percent) | Average margin (percent) | Number of instances | Range (percent) | Average margin (percent) |
| Italy   | 18                  | ***             | ***                      | 13                  | ***             | ***                      |

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



**APPENDIX A**

***FEDERAL REGISTER* NOTICES AND THE COMMISSION'S STATEMENT ON  
ADEQUACY**





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**DEPARTMENT OF COMMERCE**

**International Trade Administration**

**Initiation of Five-Year (“Sunset”) Review**

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

**SUMMARY:** In accordance with section 751(c) of the Tariff Act of 1930, as amended (“the Act”), the Department of Commerce (“the Department”) is automatically initiating a five-year review (“Sunset Review”) of the antidumping duty orders listed below. The International Trade Commission

(“the Commission”) is publishing concurrently with this notice its notice of *Institution of Five-Year Review* which covers the same order.

**DATES:** *Effective Date:* May 1, 2009.

**FOR FURTHER INFORMATION CONTACT:** The Department official identified in the *Initiation of Review* section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Ave., NW., Washington, DC 20230. For information from the Commission

contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205–3193.

**SUPPLEMENTARY INFORMATION:**

**Background**

The Department’s procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-Year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). Guidance on methodological or

analytical issues relevant to the Department’s conduct of Sunset Reviews is set forth in the Department’s Policy Bulletin 98.3—*Policies Regarding the Conduct of Five-Year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders: Policy Bulletin*, 63 FR 18871 (April 16, 1998).

**Initiation of Review**

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

| DOC case No.    | ITC case No.      | Country     | Product                                       | Department contact                 |
|-----------------|-------------------|-------------|---|------------------------------------|
| A–475–059 ..... | AA1921–167 .....  | Italy ..... | Pressure Sensitive Plastic Tape (3rd Review). | Brandon Farlander, (202) 482–0182. |
| A–570–884 ..... | 731–TA–1034 ..... | PRC .....   | Color Television Receivers .....              | Hallie Zink, (202) 482–6907.       |

**Filing Information**

As a courtesy, we are making information related to Sunset proceedings, including copies of the pertinent statute and Department’s regulations, the Department schedule for Sunset Reviews, a listing of past revocations and continuations, and current service lists, available to the public on the Department’s sunset Internet Web site at the following address: “<http://ia.ita.doc.gov/sunset/>.” All submissions in these Sunset Reviews must be filed in accordance with the Department’s regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103(d), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order (“APO”) immediately following publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The Department’s regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304–306.

**Information Required From Interested Parties**

Domestic interested parties defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b) wishing to participate in a Sunset Review must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department’s regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the order without further review. See 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department’s regulations provide that all parties wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department’s information requirements are distinct from the Commission’s information requirements. Please consult the Department’s regulations for information regarding the Department’s conduct of Sunset Reviews.<sup>1</sup> Please

consult the Department’s regulations at 19 CFR Part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

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

Dated: April 24, 2009.

**John M. Andersen,**

*Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.*

[FR Doc. E9–10069 Filed 4–30–09; 8:45 am]

**BILLING CODE 3510–DS–P**

<sup>1</sup> In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the

final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests to extend that five-day deadline based upon a showing of good cause.

## INTERNATIONAL TRADE COMMISSION

[Investigation No. AA1921-167 (Third Review)]

### Pressure Sensitive Plastic Tape From Italy

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of a five-year review concerning the antidumping duty finding on pressure sensitive plastic tape from Italy.

**SUMMARY:** The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty finding on pressure sensitive plastic tape from Italy would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;<sup>1</sup> to be assured of consideration, the deadline for responses is June 1, 2009. Comments on the adequacy of responses may be filed with the Commission by July 14, 2009. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207), as most recently amended at 74 FR 2847 (January 16, 2009).

**DATES:** *Effective Date:* May 1, 2009.

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

<sup>1</sup> No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 09-5-194, expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

[www.usitc.gov](http://www.usitc.gov)). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

#### SUPPLEMENTARY INFORMATION:

**Background.** On October 21, 1977, the Department of the Treasury issued an antidumping finding on imports of pressure sensitive plastic tape from Italy (42 FR 56110). Following first five-year reviews by Commerce and the Commission, effective February 17, 1999, Commerce issued a continuation of the antidumping duty finding on imports of pressure sensitive plastic tape from Italy (64 FR 51515, September 23, 1999). Following second five-year reviews by Commerce and the Commission, effective June 25, 2004, Commerce issued a second continuation of the antidumping duty finding on imports of pressure sensitive plastic tape from Italy (69 FR 35584). The Commission is now conducting a third review to determine whether revocation of the finding would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

**Definitions.** The following definitions apply to this review:

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

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

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the *Subject Merchandise*. The Commission did not make a like product determination *per se* in its original determination; however, the Commission considered the U.S. industry to consist of all domestic facilities that were devoted to the production of pressure sensitive plastic tape. In its expedited first and second five-year review determinations, the Commission found that the appropriate definition of the *Domestic Like Product* was the same as Commerce's scope: Pressure sensitive plastic tape measuring over 1-3/8 inches in width and not exceeding 4 mils in thickness.

(4) The *Domestic Industry* is the U.S. producers as a whole of the *Domestic*

*Like Product*, or those producers whose collective output of the *Domestic Like Product* constitutes a major proportion of the total domestic production of the product. In its original determination and its expedited first and second five-year review determinations, the Commission defined the *Domestic Industry* as all producers of pressure sensitive plastic tape.

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

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

Former Commission employees who are seeking to appear in Commission five-year reviews are advised that they may appear in a review even if they participated personally and substantially in the corresponding underlying original investigation. The Commission's designated agency ethics official recently has advised that a five-year review is no longer considered the "same particular matter" as the corresponding underlying original investigation for purposes of 18 U.S.C. 207, the post employment statute for Federal employees, and Commission rule 201.15(b) (19 CFR 201.15(b)), 73 FR 24609 (May 5, 2008). This advice was developed in consultation with the Office of Government Ethics. Consequently, former employees are no longer required to seek Commission approval to appear in a review under Commission rule 19 CFR 201.15, even if the corresponding underlying original investigation was pending when they were Commission employees. For further ethics advice on this matter, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

**Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.** Pursuant to section 207.7(a) of the Commission's

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

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

**Written submissions.** Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is June 1, 2009. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is July 14, 2009. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you

are not a party to the review you do not need to serve your response).

**Inability to provide requested information.** Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determination in the review.

**Information to be Provided In Response to this Notice of Institution:** As used below, the term "firm" includes any related firms.

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

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

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

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

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

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in the *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries after 2003.

(7) A list of 3–5 leading purchasers in the U.S. market for the *Domestic Like Product* and the *Subject Merchandise* (including street address, World Wide Web address, and the name, telephone number, fax number, and E-mail address of a responsible official at each firm).

(8) A list of known sources of information on national or regional prices for the *Domestic Like Product* or the *Subject Merchandise* in the U.S. or other markets.

(9) If you are a U.S. producer of the *Domestic Like Product*, provide the following information on your firm's operations on that product during calendar year 2008, except as noted (report quantity data in square yards and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

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

(b) Capacity (quantity) of your firm to produce the *Domestic Like Product* (i.e., the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix);

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

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

(e) The value of (i) net sales, (ii) cost of goods sold (COGS), (iii) gross profit, (iv) selling, general and administrative (SG&A) expenses, and (v) operating income of the *Domestic Like Product* produced in your U.S. plant(s) (include both U.S. and export commercial sales, internal consumption, and company transfers) for your most recently completed fiscal year (identify the date on which your fiscal year ends).

(10) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2008 (report quantity data in square yards and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

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

(11) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2008 (report quantity data in square yards and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

(b) Capacity (quantity) of your firm to produce the *Subject Merchandise* in the *Subject Country* (i.e., the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix); and

(c) The quantity and value of your firm's(s') exports to the United States of *Subject Merchandise* and, if known, an estimate of the percentage of total exports to the United States of *Subject*

*Merchandise* from the *Subject Country* accounted for by your firm's(s') exports.

(12) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Country* after 2003, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, *Subject Merchandise* produced in the *Subject Country*, and such merchandise from other countries.

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

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

By order of the Commission.  
Marilyn R. Abbott,  
*Secretary to the Commission.*

Issued: April 24, 2009.  
**William R. Bishop,**  
*Acting Secretary to the Commission.*  
[FR Doc. E9-9769 Filed 4-30-09; 8:45 am]  
**BILLING CODE P**

**DEPARTMENT OF COMMERCE****International Trade Administration**

[A-475-059]

**Pressure Sensitive Plastic Tape From Italy: Final Results of Expedited Sunset Review**

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

**SUMMARY:** On May 1, 2009, the Department of Commerce (the Department) initiated a sunset review of the antidumping duty finding on pressure sensitive plastic tape (PSP Tape) from Italy pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). The Department conducted an expedited (120-day) sunset review of this finding. As a result of this sunset review, the Department finds that revocation of the antidumping duty finding would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

**DATES:** Effective Date: August 13, 2009.

**FOR FURTHER INFORMATION CONTACT:**

Terre Keaton Stefanova or Brandon Farlander, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-1280 or (202) 482-0182, respectively.

**SUPPLEMENTARY INFORMATION:****Background**

On May 1, 2009, the Department published the notice of initiation of the sunset review of the antidumping duty finding on PSP Tape from Italy pursuant to section 751(c) of the Act. *See Initiation of Five-Year Sunset Review*, 74 FR 20286 (May 1, 2009). The Department received a Notice of Intent to Participate on behalf of 3M Company (3M), a domestic producer of PSP Tape, within the deadline specified in 19 CFR 351.218(d)(1)(i). 3M claimed interested party status, under section 771(9)(C) of the Act, as a producer of a domestic like product in the United States. We received a complete substantive response from 3M within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). The Department did not receive substantive responses from respondent interested parties. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited (120-day) sunset review of this finding.

**Scope of Review**

The products covered in this review are shipments of PSP Tape measuring over one and three-eighths inches in width and not exceeding four millimeters in thickness. The above described PSP Tape is classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 3919.90.20 and 3919.90.50. The HTS subheadings are provided for convenience and for customs purposes. The written description remains dispositive.

**Analysis of Comments Received**

All issues raised in this review are addressed in the “Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Antidumping Duty Finding on Pressure Sensitive Plastic Tape from Italy” (Decision Memo), which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the finding were to be revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room 1117 of the main Commerce building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at <http://ia.ita.doc.gov/frn/index.html>. The paper copy and electronic version of the Decision Memo are identical in content.

**Final Results of Review**

The Department determines that revocation of the antidumping duty finding on PSP Tape from Italy would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

| Manufacturers/exporters/producers        | Weighted-average margin (percent) |
|--|-----------------------------------|
| Comet SARA, S.p.A .....                  | 10                                |
| Tyco Adhesives Italia S.p.A <sup>1</sup> | 10                                |
| All Others .....                         | 10                                |

<sup>1</sup> Tyco Adhesives Italia S.p.A is the successor-in-interest to Manuli Tapes S.p.A.

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or

conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

The Department is issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: August 7, 2009.

**Ronald K. Lorentzen,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. E9-19430 Filed 8-12-09; 8:45 am]

**BILLING CODE 3510-DS-P**

the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty finding on pressure sensitive plastic tape from Italy would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the review will be established and announced at a later date. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

**DATES:** *Effective Date:* August 4, 2009.

**FOR FURTHER INFORMATION CONTACT:**

Edward Petronzio (202-205-3176), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:** On August 4, 2009, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (74 FR 20340, May 1, 2009) was adequate but that the respondent interested group response was inadequate. The Commission also found that other circumstances warranted conducting a full review.<sup>1</sup> A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

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

By order of the Commission.

<sup>1</sup> Commissioners Irving A. Williamson and Dean A. Pinkert dissenting.

Issued: August 7, 2009.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. E9-19410 Filed 8-12-09; 8:45 am]

**BILLING CODE 7020-06-P**

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**INTERNATIONAL TRADE  
COMMISSION**

**Investigation No. AA1921-167 (Third  
Review); Pressure Sensitive Plastic  
Tape From Italy**

**AGENCY:** International Trade  
Commission.

**ACTION:** Notice of Commission  
determination to conduct a full five-year  
review concerning the antidumping  
finding on pressure sensitive plastic  
tape from Italy.

**SUMMARY:** The Commission hereby gives  
notice that it will proceed with a full  
review pursuant to section 751(c)(5) of



injury within a reasonably foreseeable time. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

**DATES:** *Effective Date:* August 20, 2009.

**FOR FURTHER INFORMATION CONTACT:** Edward Petronzio (202-205-3176), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:**

*Background.*—On August 4, 2009, the Commission determined to conduct a full review pursuant to section 751(c)(5) of the Act (74 FR 40845, August 13, 2009). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

*Participation in the review and public service list.*—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in this review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the review need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

*Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.*—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this review available to

authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to BPI following publication of the Commission's notice of institution of the review need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

*Staff report.*—The prehearing staff report in the review will be placed in the nonpublic record on December 21, 2009, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

*Hearing.*—The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on January 14, 2010, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before January 8, 2010. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on January 11, 2010, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

*Written submissions.*—Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is January 5, 2010. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is January 25, 2010; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the review may submit a written statement of information pertinent to the subject of

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## INTERNATIONAL TRADE COMMISSION

[Investigation No. AA1921-167 (Third Review)]

### Pressure Sensitive Plastic Tape From Italy

**AGENCY:** United States International Trade Commission.

**ACTION:** Scheduling of a full five-year review concerning the antidumping duty finding on pressure sensitive plastic tape from Italy.

**SUMMARY:** The Commission hereby gives notice of the scheduling of a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty finding on pressure sensitive plastic tape from Italy would be likely to lead to continuation or recurrence of material

the review on or before January 25, 2010. On February 12, 2010, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before February 16, 2010, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

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

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

Issued: August 21, 2009.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

**William R. Bishop,**

*Acting Secretary to the Commission.*

[FR Doc. E9-20555 Filed 8-25-09; 8:45 am]

**BILLING CODE P**

## **EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY**

in

*Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Third Review)*

On August 4, 2009, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. §1675(c)(5)).

The Commission received a single response filed by 3M Company (“3M”), a domestic producer of pressure sensitive plastic tape (PSPT); 3M’s response also contains information submitted on behalf of two other U.S. producers of PSPT, Shurtape Technologies, LLC and Intertape Polymer Group, Inc. The Commission found the individual response of each of these domestic PSPT producers, which contained company-specific data, to be adequate. Because the three producers that provided company-specific data collectively account for a substantial proportion of domestic production of PSPT, the Commission further determined that the domestic interested party group response was adequate.

The Commission did not receive a response to the notice of institution from any respondent interested party. The Commission determined that the respondent interested party group response was inadequate in this review.

Notwithstanding the Commission’s determination that the respondent interested party group response was inadequate, the Commission determined to conduct a full review in light of information regarding possible changes in conditions of competition.<sup>1</sup> These include trends in U.S. demand; the nature of U.S. supply, particularly concerning the presence in the U.S. market of nonsubject imports from China and Taiwan; and the structure and market orientation of the Italian PSPT industry.

A record of the Commissioners’ votes is available from the Office of the Secretary and the Commission’s web site ([www.usitc.gov](http://www.usitc.gov)).

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<sup>1</sup> Commissioners Williamson and Pinkert voted to conduct an expedited review, citing both the lack of adequate respondent participation and their finding that the record in this adequacy phase did not indicate sufficient changes in the conditions of competition since the original investigation and the first and second five-year reviews to warrant conducting a full review.



**APPENDIX B**  
**HEARING WITNESSES**



## CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

**Subject:** Pressure Sensitive Plastic Tape from Italy  
**Inv. No.:** AA1921-167 (Third Review)  
**Date and Time:** January 14, 2010 - 9:30 a.m.

Sessions were held in connection with this review in the Main Hearing Room (room 101), 500 E Street (room 101), SW, Washington, D.C.

### **OPENING REMARKS:**

In Support of Continuation of Orders (**Jeffrey S. Neeley**,  
Barnes, Richardson & Colburn)

### **In Support of the Continuation of the Antidumping Duty Order:**

Barnes, Richardson & Colburn  
Washington, D.C.  
on behalf of

3M Company ("3M")  
Shurtape Technologies LLC ("Shurtape")  
Intertape Polymer Corp. ("Intertape")

**Rich Anderson**, Global Business Manager, Packaging, 3M  
**Wayne Helton**, Vice President, Manufacturing, Shurtape  
**Craig Martin**, Senior Vice President, Marketing, Intertape  
**Glen Anderson**, Executive Vice President, Pressure Sensitive Tape Council  
**Jerry Serra**, Consultant, Pressure Sensitive Tape Council

**Jeffrey S. Neeley** )  
 ) – OF COUNSEL  
**Stephen W. Brophy** )

### **CLOSING REMARKS:**

In Support of Continuation of Orders (**Jeffrey S. Neeley**,  
Barnes, Richardson & Colburn)





**APPENDIX C**  
**SUMMARY DATA**



Table C-1

PSP tape: Summary data concerning the U.S. market, 2006-08, January-September 2008, and January-September 2009

| (Quantity=1,000 square yards, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per square yard; period changes=percent, except where noted) |               |           |           |                   |           |                |         |         |                       |
|--|---------------|-----------|-----------|-------------------|-----------|----------------|---------|---------|-----------------------|
| Item   | Reported data |           |           |                   |           | Period changes |         |         |                       |
|  | 2006          | 2007      | 2008      | January-September |           | 2006-08        | 2006-07 | 2007-08 | Jan.-Sept.<br>2008-09 |
|  |               |           |           | 2008              | 2009      |                |         |         |                       |
| U.S. consumption quantity:   |               |           |           |                   |           |                |         |         |                       |
| Amount   | 2,646,891     | 2,635,666 | 2,554,033 | 1,955,945         | 1,675,770 | -3.5           | -0.4    | -3.1    | -14.3                 |
| Producers' share (1)   | 84.2          | 80.6      | 81.5      | 80.8              | 79.4      | -2.7           | -3.7    | 0.9     | -1.4                  |
| Importers' share (1):  |               |           |           |                   |           |                |         |         |                       |
| Italy (subject)  | 0.5           | 1.2       | 0.8       | 0.9               | 0.5       | 0.4            | 0.8     | -0.4    | -0.4                  |
| Italy (nonsubject)   | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Other sources  | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Total imports  | 15.8          | 19.4      | 18.5      | 19.2              | 20.6      | 2.7            | 3.7     | -0.9    | 1.4                   |
| U.S. consumption value:  |               |           |           |                   |           |                |         |         |                       |
| Amount   | 527,762       | 521,441   | 516,265   | 400,955           | 363,630   | -2.2           | -1.2    | -1.0    | -9.3                  |
| Producers' share (1)   | 86.6          | 84.5      | 84.4      | 85.1              | 83.1      | -2.2           | -2.1    | -0.1    | -1.9                  |
| Importers' share (1):  |               |           |           |                   |           |                |         |         |                       |
| Italy (subject)  | 1.0           | 1.2       | 0.9       | 0.9               | 0.8       | -0.1           | 0.2     | -0.3    | -0.1                  |
| Italy (nonsubject)   | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Other sources  | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Total imports  | 13.4          | 15.5      | 15.6      | 14.9              | 16.9      | 2.2            | 2.1     | 0.1     | 1.9                   |
| U.S. shipments of imports from:  |               |           |           |                   |           |                |         |         |                       |
| Italy (subject):   |               |           |           |                   |           |                |         |         |                       |
| Quantity   | 12,154        | 32,374    | 21,528    | 17,675            | 7,864     | 77.1           | 166.4   | -33.5   | -55.5                 |
| Value  | 5,248         | 6,446     | 4,781     | 3,444             | 2,874     | -8.9           | 22.8    | -25.8   | -16.5                 |
| Unit value   | \$0.43        | \$0.20    | \$0.22    | \$0.19            | \$0.37    | -48.6          | -53.9   | 11.5    | 87.6                  |
| Ending inventory quantity  | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Italy (nonsubject):  |               |           |           |                   |           |                |         |         |                       |
| Quantity   | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Value  | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Unit value   | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Ending inventory quantity  | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| All other sources:   |               |           |           |                   |           |                |         |         |                       |
| Quantity   | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Value  | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Unit value   | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Ending inventory quantity  | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| All sources:   |               |           |           |                   |           |                |         |         |                       |
| Quantity   | 417,341       | 512,051   | 472,291   | 374,909           | 345,373   | 13.2           | 22.7    | -7.8    | -7.9                  |
| Value  | 70,882        | 81,024    | 80,612    | 59,937            | 61,436    | 13.7           | 14.3    | -0.5    | 2.5                   |
| Unit value   | \$0.17        | \$0.16    | \$0.17    | \$0.16            | \$0.18    | 0.5            | -6.8    | 7.9     | 11.3                  |
| Ending inventory quantity  | 52,759        | 55,057    | 41,958    | 30,381            | 48,356    | -20.5          | 4.4     | -23.8   | 59.2                  |
| U.S. producers:  |               |           |           |                   |           |                |         |         |                       |
| Average capacity quantity  | 2,982,863     | 3,220,949 | 2,963,683 | 2,223,161         | 2,295,305 | -0.6           | 8.0     | -8.0    | 3.2                   |
| Production quantity  | 2,296,750     | 2,270,674 | 2,141,994 | 1,684,660         | 1,402,001 | -6.7           | -1.1    | -5.7    | -16.8                 |
| Capacity utilization (1)   | 77.0          | 70.5      | 72.3      | 75.8              | 61.1      | -4.7           | -6.5    | 1.8     | -14.7                 |
| U.S. shipments:  |               |           |           |                   |           |                |         |         |                       |
| Quantity   | 2,229,550     | 2,123,615 | 2,081,742 | 1,581,036         | 1,330,397 | -6.6           | -4.8    | -2.0    | -15.9                 |
| Value  | 456,880       | 440,417   | 435,653   | 341,018           | 302,194   | -4.6           | -3.6    | -1.1    | -11.4                 |
| Unit value   | \$0.20        | \$0.21    | \$0.21    | \$0.22            | \$0.23    | 2.1            | 1.2     | 0.9     | 5.3                   |
| Export shipments:  |               |           |           |                   |           |                |         |         |                       |
| Quantity   | 124,110       | 131,980   | 144,957   | 111,080           | 70,956    | 16.8           | 6.3     | 9.8     | -36.1                 |
| Value  | 30,129        | 30,263    | 31,063    | 23,222            | 16,889    | 3.1            | 0.4     | 2.6     | -27.3                 |
| Unit value   | \$0.24        | \$0.23    | \$0.21    | \$0.21            | \$0.24    | -11.7          | -5.5    | -6.5    | 13.9                  |
| Ending inventory quantity  | 259,348       | 257,225   | 220,029   | 240,234           | 212,388   | -15.2          | -0.8    | -14.5   | -11.6                 |
| Inventories/total shipments (1)  | 11.0          | 11.4      | 9.9       | 10.6              | 11.4      | -1.1           | 0.4     | -1.5    | 0.7                   |
| Production workers   | 623           | 611       | 596       | 596               | 555       | -4.3           | -1.9    | -2.5    | -6.9                  |
| Hours worked (1,000s)  | 1,127         | 1,083     | 1,078     | 810               | 721       | -4.3           | -3.9    | -0.5    | -11.0                 |
| Wages paid (\$1,000s)  | 29,076        | 27,996    | 28,168    | 21,366            | 19,716    | -3.1           | -3.7    | 0.6     | -7.7                  |
| Hourly wages   | \$25.81       | \$25.85   | \$26.14   | \$26.39           | \$27.36   | 1.3            | 0.2     | 1.1     | 3.7                   |
| Productivity (square yards/hour)   | 2,038.5       | 2,096.8   | 1,987.6   | 2,081.1           | 1,945.9   | -2.5           | 2.9     | -5.2    | -6.5                  |
| Unit labor costs   | \$0.013       | \$0.012   | \$0.013   | \$0.013           | \$0.014   | 3.9            | -2.6    | 6.7     | 10.9                  |
| Net sales:   |               |           |           |                   |           |                |         |         |                       |
| Quantity   | 2,353,660     | 2,255,585 | 2,226,699 | 1,692,116         | 1,401,353 | -5.4           | -4.2    | -1.3    | -17.2                 |
| Value  | 486,229       | 469,893   | 465,949   | 363,652           | 318,718   | -4.2           | -3.4    | -0.8    | -12.4                 |
| Unit value   | \$0.21        | \$0.21    | \$0.21    | \$0.21            | \$0.23    | 1.3            | 0.8     | 0.4     | 5.8                   |
| Cost of goods sold (COGS)  | 371,123       | 355,660   | 372,250   | 285,812           | 224,868   | 0.3            | -4.2    | 4.7     | -21.3                 |
| Gross profit or (loss)   | 115,106       | 114,233   | 93,699    | 77,840            | 93,850    | -18.6          | -0.8    | -18.0   | 20.6                  |
| SG&A expenses  | 61,617        | 58,171    | 55,605    | 42,698            | 38,862    | -9.8           | -5.6    | -4.4    | -9.0                  |
| Operating income or (loss)   | 53,489        | 56,062    | 38,094    | 35,142            | 54,988    | -28.8          | 4.8     | -32.1   | 56.5                  |
| Capital expenditures   | ***           | ***       | ***       | ***               | ***       | ***            | ***     | ***     | ***                   |
| Unit COGS  | \$0.16        | \$0.16    | \$0.17    | \$0.17            | \$0.16    | 6.0            | 0.0     | 6.0     | -5.0                  |
| Unit SG&A expenses   | \$0.03        | \$0.03    | \$0.02    | \$0.03            | \$0.03    | -4.6           | -1.5    | -3.2    | 9.9                   |
| Unit operating income or (loss)  | \$0.02        | \$0.02    | \$0.02    | \$0.02            | \$0.04    | -24.7          | 9.4     | -31.2   | 88.9                  |
| COGS/sales (1)   | 76.3          | 75.7      | 79.9      | 78.6              | 70.6      | 3.6            | -0.6    | 4.2     | -8.0                  |
| Operating income or (loss)/<br>sales (1)   | 11.0          | 11.9      | 8.2       | 9.7               | 17.3      | -2.8           | 0.9     | -3.8    | 7.6                   |

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not applicable.

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

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



**APPENDIX D**

**RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, FOREIGN PRODUCERS, AND  
U.S. PURCHASERS CONCERNING THE SIGNIFICANCE OF THE ANTIDUMPING  
DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**



**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. producers to describe any changes in the character of their operations or organizations relating to the production of PSP tape in the future if the antidumping duty finding on PSP tape from Italy were to be revoked. (Question II-4.) The following are quotations from the responses of producers.

\* \* \* \* \*

The Commission requested U.S. producers to describe the significance of the existing antidumping finding covering imports of PSP tape from Italy in terms of its effect on their firm's production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-17.) The following are quotations from the responses of producers.

\* \* \* \* \*

The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values relating to the production of PSP tape in the future if the antidumping duty finding on PSP tape were revoked. (Question II-18.) The following are quotations from the responses of producers.

\* \* \* \* \*

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. importers to describe any anticipated changes to the character of their operations or organizations relating to the importation of PSP tape in the future. (Question II-3.) The following are quotations from the responses of U.S. importers.

\* \* \* \* \*

The Commission requested U.S. importers to describe any anticipated changes to the character of their operations or organizations relating to the importation of PSP tape in the future if the antidumping duty finding were to be revoked. (Question II-4.) The following are quotations from the responses of U.S. importers.

\* \* \* \* \*

The Commission requested U.S. importers to describe the significance of the existing antidumping duty finding covering imports of PSP tape from Italy in terms of their effect on their imports, U.S. shipments of imports, and inventories. (Question II-13). The following are quotations from the responses of importers.

\* \* \* \* \*

The Commission requested U.S. importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of PSP tape in the future if the existing antidumping duty finding was revoked. (Question II-14). The following are quotations from the responses of importers.

\* \* \* \* \*

**U.S. PURCHASER COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission asked U. S. purchasers to comment on the likely effect of any revocation of the antidumping duty order covering PSP tape from Italy. They were asked to discuss the potential effects of revocation of the antidumping duty order in terms of (1) the future activities of their firm and (2) the U.S. market as a whole. Their responses are as follows.

\* \* \* \* \*

**FOREIGN PRODUCERS'/EXPORTERS COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested foreign producers/exporters to describe any anticipated changes to the character of their operations or organizations relating to the importation of PSP tape if the antidumping duty finding covering imports of PSP tape were revoked. (Question II-3). The following are quotations from the responses of foreign producers.

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The Commission requested foreign producers/exporters to describe the significance of the existing antidumping duty finding covering imports of PSP tape in terms of its effects on your firm's production, home market shipments, exports to the United States and other markets, and inventories. (Question II-12). The following are quotations from the responses of foreign producers.

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The Commission requested foreign producers/exporters to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of PSP tape in the future if the antidumping duty finding on PSP tape were revoked. (Question II-13.) The following are quotations from the responses of producers.

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