

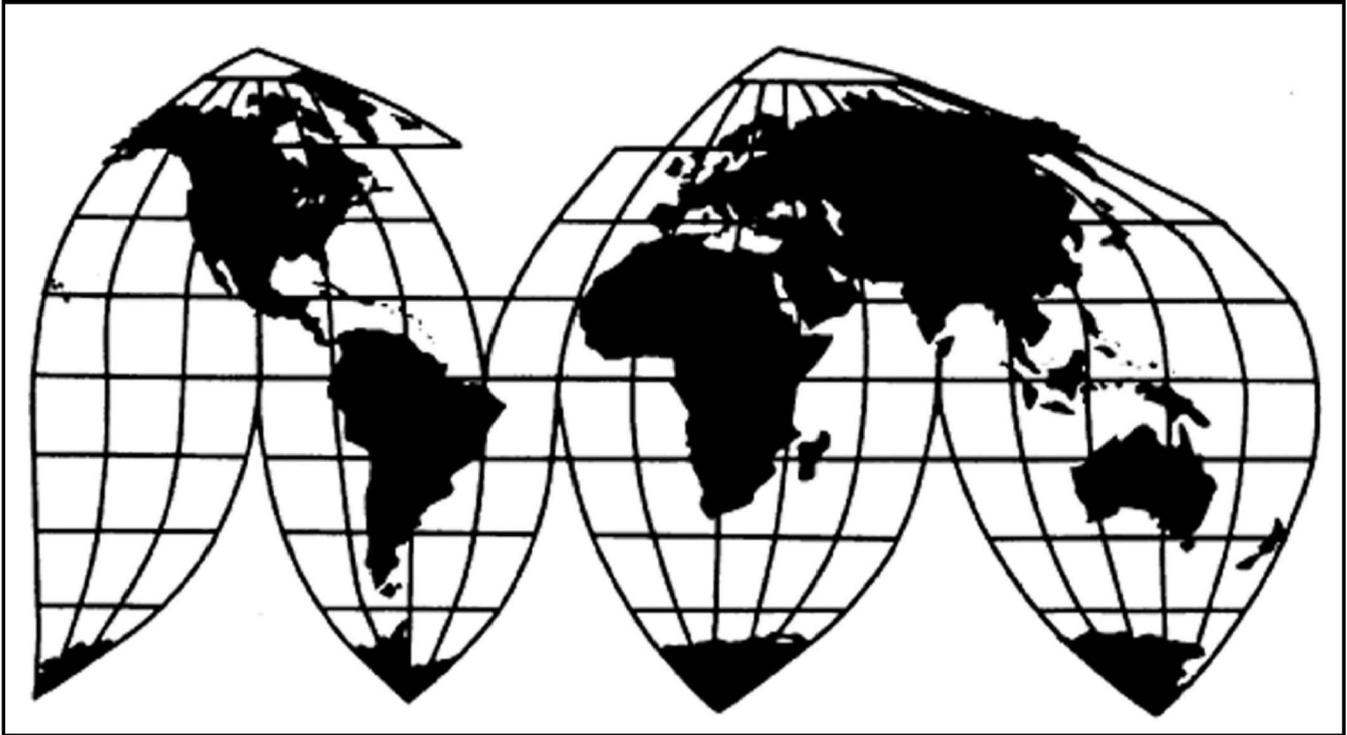
# **Artists' Canvas from China**

Investigation No. 731-TA-1091 (Third Review)

**Publication 5371**

**September 2022**

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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# U.S. International Trade Commission

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# CONTENTS

	Page
<b>Determinations .....</b>	<b>1</b>
<b>Views of the Commission.....</b>	<b>3</b>
<b>Information obtained in this review .....</b>	<b>I-1</b>
Background .....	I-1
Responses to the Commission’s notice of institution.....	I-2
Individual responses .....	I-2
Party comments on adequacy .....	I-2
The original investigation and subsequent reviews.....	I-3
The original investigation.....	I-3
The first five-year review .....	I-3
The second five-year review .....	I-4
Previous and related investigations.....	I-4
Commerce’s five-year review .....	I-4
The product.....	I-5
Commerce’s scope .....	I-5
U.S. tariff treatment.....	I-5
Description and uses.....	I-6
Manufacturing process .....	I-7
The industry in the United States .....	I-8
U.S. producers.....	I-8
Recent developments .....	I-8
U.S. producers’ trade and financial data .....	I-9
Definitions of the domestic like product and domestic industry .....	I-10
U.S. imports.....	I-11
U.S. importers .....	I-11
U.S. imports .....	I-12
Apparent U.S. consumption and market shares.....	I-14
The industry in China .....	I-15
Third-country trade actions .....	I-16
The global market .....	I-16

## Appendixes

A. <i>Federal Register</i> notices.....	A-1
B. Company-specific data.....	B-1
C. Summary data compiled in prior proceedings.....	C-1
D. Purchaser questionnaire responses.....	D-1

Note: Information that would reveal confidential operations of individual concerns may not be published.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

# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1091 (Third Review)

Artists' Canvas from China

## **DETERMINATION**

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

## **BACKGROUND**

The Commission instituted this review on February 1, 2022 (87 FR 5513) and determined on May 9, 2022 that it would conduct an expedited review (87 FR 54259, September 2, 2022).

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



## Views of the Commission

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

### I. Background

*Original Investigation.* The original investigation resulted from a petition filed by Tara Materials, Inc. (“Tara”), a domestic producer of artists’ canvas, on April 1, 2005.<sup>1</sup> In May 2006, the Commission determined that an industry in the United States was materially injured by reason of less than fair value (“LTFV”) imports of artists’ canvas from China.<sup>2</sup> The Department of Commerce (“Commerce”) subsequently issued an antidumping duty order with respect to artists’ canvas from China in June 2006.<sup>3</sup>

*First review.* In May 2011, the Commission instituted its first five-year review of the antidumping duty order.<sup>4</sup> It conducted an expedited review and determined that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of material

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<sup>1</sup> Confidential Report, INV-UU-038 (Apr. 27, 2022) (“CR”) at I-33; *Artists’ Canvas from China*, Inv. No. 731-TA-1091 (Third Review), USITC Pub. 5371 (Sep. 2022) (“PR”) at I-3.

<sup>2</sup> *Artists’ Canvas from China*, Inv. No. 731-TA-1091 (Final), USITC Pub. 3853 (May 2006) (“*Original Determination*”).

<sup>3</sup> *Notice of Antidumping Duty Order: Certain Artist Canvas from the People’s Republic of China*, 71 Fed. Reg. 31154 (June 1, 2006).

<sup>4</sup> *Artists’ Canvas From China; Institution of a Five-Year Review Concerning the Antidumping Duty Order on Artists’ Canvas From China*, 76 Fed. Reg. 24516 (May 2, 2011).

injury to the domestic industry within a reasonably foreseeable time.<sup>5</sup> Effective November 9, 2011, Commerce issued a notice of continuation of the order.<sup>6</sup>

*Second review.* In October 2016, the Commission instituted its second five-year review of the antidumping duty order.<sup>7</sup> It conducted an expedited review and determined that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.<sup>8</sup> Effective March 21, 2017, Commerce issued a notice of continuation of the order.<sup>9</sup>

*Current Five-Year Review.* The Commission instituted this five-year review on February 1, 2022.<sup>10</sup> It received one response to the notice of institution from Ecker Textiles, LLC (“Ecker Textiles”), a domestic producer of artists’ canvas.<sup>11</sup> No respondent interested party responded to the notice of institution or participated in this review. The Commission determined the domestic interested party group response to be adequate and the respondent interested party group response to be inadequate and did not find any other circumstances that would warrant conducting a full review. It therefore determined on May 9, 2022, that it would conduct an

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<sup>5</sup> *Artists’ Canvas from China*, Inv. No. 731-TA-1091 (Review), USITC Pub. 4273 (Oct. 2011) (“*First Review*”).

<sup>6</sup> *Artist Canvas from the People’s Republic of China: Continuation of the Antidumping Duty Order*, 76 Fed. Reg. 69704 (Nov. 9, 2011).

<sup>7</sup> *Artists’ Canvas From China; Institution of a Five-Year Review*, 81 Fed. Reg. 68049 (Oct. 3, 2016).

<sup>8</sup> *Artists’ Canvas from China*, Inv. No. 731-TA-1091 (Second Review), USITC Pub. 4674 (March 2017) (“*Second Review*”).

<sup>9</sup> *Certain Artist Canvas From the People’s Republic of China: Continuation of the Antidumping Duty Order*, 82 Fed. Reg. 14502 (Mar. 21, 2017).

<sup>10</sup> *Artists’ Canvas from China; Institution of a Five-Year Review*, 87 Fed. Reg. 5513 (Feb. 1, 2022).

<sup>11</sup> CR/PR at I-2. Ecker Textiles purchased Tara’s artists’ canvas production assets in 2021, and continues to operate that production operation in the same manner as Tara did. Domestic Interested Party Response to the Notice of Institution, EDIS Docs. 764532 (Mar. 3, 2022) (“*Response*”) at 2.

expedited review pursuant to section 751(c)(3) of the Tariff Act.<sup>12</sup> On September 7, 2022, Ecker Textiles filed comments in this review pursuant to 19 C.F.R. § 207.62(d).<sup>13</sup>

U.S. industry data are based on the information that Ecker Textiles submitted in its response to the notice of institution, accounting for an estimated \*\*\* percent of domestic production of artists' canvas in 2021.<sup>14</sup> U.S. import data are based on Commerce's official import statistics.<sup>15</sup> Foreign industry data and related information are based on information submitted by Ecker Textiles in its response to the notice of institution, questionnaire responses from the original investigation and prior reviews, and publicly available information compiled by the Commission.<sup>16</sup> Additionally, one U.S. purchaser of artists' canvas responded to the Commission's adequacy phase questionnaire.<sup>17</sup>

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<sup>12</sup> *Artists' Canvas from China; Scheduling of an Expedited Five-Year Review*, 87 Fed. Reg. 54259 (Sep. 2, 2022).

<sup>13</sup> *Ecker Textiles' Comments Regarding the Commission's Determination in this Review*, EDIS Doc. 779681 (Sep. 7, 2022) ("Comments").

<sup>14</sup> CR/PR at Table I-1.

<sup>15</sup> CR/PR at Table I-3. After 2011, Commerce added additional Harmonized Tariff Schedule ("HTS") statistical reporting numbers to the scope definition. *Compare* CR/PR at I-5 *with* 71 Fed. Reg. 31154, 31155 (Jun. 1, 2006). Because the HTS numbers added to the scope include out-of-scope merchandise, U.S. import data in the report are based on official Commerce statistics for the HTS numbers used in the original investigation and first five-year review, HTS statistical reporting numbers 5901.90.2000 and 5901.90.4000. CR/PR at Tables I-3 & I-4 Source.

<sup>16</sup> *See generally* CR/PR at I-15–I-16. These data include products that are outside the scope of the review. *Id.* at Table I-5 Source.

<sup>17</sup> CR/PR at App. D-3.

## II. Domestic Like Product and Industry

### A. Domestic Like Product

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

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

The products covered by the order are artist canvases regardless of dimension and/or size, whether assembled or unassembled, that have been primed/coated, whether or not made from cotton, whether or not archival, whether bleached or unbleached, and whether or not containing an ink receptive top coat. Priming/coating includes the application of a solution, designed to promote the adherence of artist materials, such as paint or ink, to the fabric. Artist canvases (*i.e.*, prestretched canvases, canvas panels, canvas pads, canvas rolls (including bulk rolls that have been primed), printable canvases, floor cloths, and placemats) are tightly woven prepared painting and/or printing surfaces. Artist canvas and stretcher strips (whether or not made of

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<sup>18</sup> 19 U.S.C. § 1677(4)(A).

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

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

wood and whether or not assembled) included within a kit or set are covered by the order.

Artist canvases subject to the order are currently classifiable under subheadings 5901.90.20.00, 5901.90.40.00, 5903.90.2500, 5903.90.2000, 5903.90.1000, 5907.00.8090, 5907.00.8010, and 5907.00.6000 of the Harmonized Tariff Schedule of the United States (“HTSUS”). Specifically excluded from the scope of the order are tracing cloths, “paint-by-number” or “paint-it yourself” artist canvases with a copyrighted preprinted outline, pattern, or design, whether or not included in a painting set or kit. Also excluded are stretcher strips, whether or not made from wood, so long as they are not incorporated into artist canvases or sold as part of an artist canvas kit or set. While the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of the order is dispositive.<sup>21</sup>

Artists’ canvas is a surface for the graphic presentation of painted or printed images. It is made from woven fabric that is primed and coated (“gessoed”) to accept paints or inks and is sold in a variety of shapes, sizes, textures, and formats. The raw canvas receives two to four coats of gesso depending upon the use of the final product. Once coated, the canvas may be sold in bulk rolls of various sizes or it may be converted into a finished canvas product. The most common forms of finished artists’ canvas are “assembled,” “splined,” and “stretched” canvas. In these forms, the canvas is stretched around and affixed to wooden frames by staples or tucked into a slat in the frame.<sup>22</sup>

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

In the original investigation, the Commission found a single domestic like product coextensive with the scope of the investigation.<sup>23</sup> The Commission analyzed the issue under its traditional six factor test as well as, alternatively, a semifinished products analysis to determine

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<sup>21</sup> *Certain Artist Canvas From the People’s Republic of China: Final Results of the Third Expedited Sunset Review of the Antidumping Duty Order*, 87 Fed. Reg. 33722 (Jun. 3, 2022). Except for the addition of additional HTS references, the scope is unchanged from the original investigation.

<sup>22</sup> CR/PR at I-6 – I-7.

<sup>23</sup> *Original Determination*, USITC Pub. 3853 at 3-8. The parties did not dispute the definition of the domestic like product. *Id.* at 5.

whether unfinished bulk rolls of artists' canvas and finished artists' canvas products should be separate like products.<sup>24</sup> It concluded that a single domestic like product definition corresponding to the scope of Commerce's investigation was appropriate.<sup>25</sup>

In the first and second five-year reviews, the Commission observed that there was no new information or argument suggesting a reason to depart from its prior definition of the domestic like product.<sup>26</sup> In addition, the domestic interested parties urged the Commission to retain the domestic like product definition from the original investigation.<sup>27</sup> The Commission therefore continued to define the domestic like product as artists' canvas, coextensive with Commerce's scope.<sup>28</sup>

## **2. The Current Review**

Ecker Textiles agrees with the Commission's domestic like product from the original investigation and prior reviews.<sup>29</sup> The record contains no new information suggesting that the characteristics and uses of domestically produced artists' canvas have changed since the prior reviews so as to warrant revisiting the Commission's definition of the domestic like product.<sup>30</sup> Accordingly, we again define a single domestic like product consisting of artists' canvas, coextensive with Commerce's scope.

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<sup>24</sup> *Original Determination*, USITC Pub. 3853 at 6-8.

<sup>25</sup> *Original Determination*, USITC Pub. 3853 at 8.

<sup>26</sup> *First Review*, USITC Pub. 4273 at 5; *Second Review*, USITC Pub. 4674 at 6.

<sup>27</sup> *First Review*, USITC Pub. 4273 at 5; *Second Review*, USITC Pub. 4674 at 6.

<sup>28</sup> *First Review*, USITC Pub. 4273 at 5; *Second Review*, USITC Pub. 4674 at 6.

<sup>29</sup> Comments at 4.

<sup>30</sup> See generally CR/PR at I-5-I-7.

## B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>31</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.

The domestic industry issue in this review concerns whether certain firms engage in sufficient production-related related activities to be included in the industry.<sup>32</sup> In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm’s U.S. production-related activities, although production-related activity at minimum levels could be insufficient to constitute domestic production.<sup>33</sup>

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<sup>31</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>32</sup> There were no related party issues in the original investigation or in any of the preceding reviews. See *Original Determination*, USITC Pub. 3853 at 14; *First Review*, USITC Pub. 4273 at 6-7; *Second Review*, USITC Pub. 4674 at 8. In the current review, Ecker Textiles states that it is not a related party within the meaning of the statute, and there is no record evidence to the contrary. Response at 12.

<sup>33</sup> The Commission generally considers six factors when evaluating production-related activities: (1) source and extent of the firm’s capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. *Crystalline Silica Photovoltaic Cells and Modules from China*, Inv. Nos. 701-TA-481 and 731-TA-1090 (Final), USITC Pub. 4360 at 12-13 (Nov. 2012).

In the original investigation, the Commission considered whether three types of firms engaged in sufficient production-related activities to be considered domestic producers.<sup>34</sup> The “coaters” produced bulk rolls of canvas; the “non-print converters” produced finished canvas products such as stretched canvas, canvas panels, and canvas pads; and the “print converters” produced canvas suitable for use with digital printers.<sup>35</sup> The Commission observed that all parties agreed that coaters engaged in sufficient production-related activity to be included in the domestic industry, and therefore included them in the domestic industry.<sup>36</sup> It found that non-print converters engaged in sufficient production-related activity to be deemed domestic producers but that print converters were not engaged in sufficient production-related activity to be deemed domestic producers.<sup>37</sup> Accordingly, the Commission defined the domestic industry as all U.S. producers of artists’ canvas, *i.e.*, coaters and non-print converters, but not print converters.<sup>38</sup>

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<sup>34</sup> *Original Determination*, USITC Pub. 3853 at 8-14, 27-34, and 49-50.

<sup>35</sup> *Original Determination*, USITC Pub. 3853 at 10.

<sup>36</sup> *Original Determination*, USITC Pub. 3853 at 14, 34, and 50.

<sup>37</sup> *Original Determination*, USITC Pub. 3853 at 12-14. The Commission plurality (Commissioners Okun, Lane, and Hillman), which determined not to include print converters in the domestic industry, found that non-print converters engaged in sufficient production-related activities to be considered domestic producers because their activities required skilled employees and significant capital investment and added substantial value to the product. *Id.* at 11-12. By contrast, it found that print converters did not engage in significant production activities because the print conversion process added relatively modest value, employed far fewer people than non-print converters, and constituted a small part of the overall operations of the firms involved. *Id.* at 13-14. For purposes of their determinations, Chairman Koplan and Commissioner Aranoff included print converters in the definition of domestic industry. *Original Determination*, USITC Pub. 3853 at 27-34. In his dissenting views, Commissioner Pearson also included print converters in the domestic industry. *Original Determination*, USITC Pub. 3853 at 49-50.

<sup>38</sup> *Original Determination*, USITC Pub. 3853 at 14.

In the first review, the Commission received no new information or significant argument from the domestic parties concerning the definition of the domestic industry. Accordingly, following the reasoning from the original investigation, the Commission again did not include print converters in the definition of the domestic industry.<sup>39</sup>

In the second review, the Commission found that the record indicated no material changes in the nature of print converters' operations. Accordingly, following the reasoning in the original investigation and first review, the Commission defined the domestic industry to include all U.S. coaters and non-print converters of artists' canvas, but not print converters.<sup>40</sup>

There is no new information on the record of the current review indicating that there have been material changes in the nature of print converters' operations since the last review.<sup>41</sup> Further, Ecker Textiles agrees with the Commission's previous findings that print converters do not engage in sufficient production-related activities to qualify as domestic producers and that the domestic industry should be defined to include domestic coaters (or primers) of canvas.<sup>42</sup> Consequently, for the reasons articulated in the original investigation and prior reviews, we again define the domestic industry as all U.S. coaters and non-print converters of artists' canvas, but not print converters.

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<sup>39</sup> *First Review*, USITC Pub. 4273 at 6-7.

<sup>40</sup> *Second Review*, USITC Pub. 4674 at 8.

<sup>41</sup> CR/PR at I-6–I-7.

<sup>42</sup> Response at 2; Comments at 4-5.

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

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

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>43</sup> The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>44</sup> Thus, the likelihood standard is prospective in nature.<sup>45</sup> The U.S. Court of International Trade (“CIT”) has found that “likely,” as used in the

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<sup>43</sup> 19 U.S.C. § 1675a(a).

<sup>44</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>45</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.

five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>46</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>47</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>48</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>49</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

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<sup>46</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>47</sup> 19 U.S.C. § 1675a(a)(5).

<sup>48</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>49</sup> 19 U.S.C. § 1675a(a)(1).

the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>50</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.<sup>51</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked, 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>52</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>53</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked, the Commission is directed to consider whether there is likely to be significant

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<sup>50</sup> 19 U.S.C. § 1675a(a)(1). Commerce did not make any duty absorption findings. *Certain Artist Canvas from the People's Republic of China: Final Results of the Third Expedited Sunset Review of the Antidumping Duty Order*, 87 Fed. Reg. 33722 and accompanying Issues and Decisions Memorandum at 4.

<sup>51</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>52</sup> 19 U.S.C. § 1675a(a)(2).

<sup>53</sup> 19 U.S.C. § 1675a(a)(2)(A–D).

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>54</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is 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>55</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.<sup>56</sup>

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<sup>54</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>55</sup> 19 U.S.C. § 1675a(a)(4).

<sup>56</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.

No respondent interested party participated in this expedited review.<sup>57</sup> The record, therefore, contains limited new information with respect to the artists' canvas industry in China. There also is limited information on the artists' canvas market in the United States during the period of review ("POR"). Accordingly, for our determination, we rely as appropriate on the facts available from the original investigation and prior reviews, and the limited new information in the record of this review.

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

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."<sup>58</sup> The following conditions of competition inform our determination.

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

*Original Investigation.* The Commission observed that demand for artists' canvas was ultimately driven by consumers who use the product for graphic presentation of painted or printed images. Demand for assembled or finished artists' canvas tended to be seasonal, peaking in the spring and summer months as retailers stocked up for back-to-school promotions. The Commission observed that responding domestic producers and all of the responding importers reported that demand had increased. This increase in demand was most

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<sup>57</sup> CR/PR at I-2.

<sup>58</sup> 19 U.S.C. § 1675a(a)(4).

commonly attributed to the rapid growth of the home décor market. The Commission found that apparent U.S. consumption increased between 2002 and 2005.<sup>59</sup>

The Commission also observed that the domestic industry was the largest supplier to the U.S. market in the original period of investigation but that its market share had declined during the period, while its production capacity had increased. It further observed that Tara, the largest domestic producer of artists' canvas, had moved a large portion of its U.S. production of assembled canvas during the period of investigation to its subsidiary in Mexico. The Commission found that nonsubject imports increased during the period of investigation and that Tara was responsible for almost all the imports of artists' canvas from Mexico, the largest source of nonsubject imports. It also found that subject imports from China included finished artists' canvas, which was more labor intensive to produce than bulk canvas.

Finally, the Commission found that subject imports and domestically produced artists' canvas were generally substitutable, observing that the majority of importers and purchasers reported that they were always or frequently interchangeable. The Commission also observed that 22 of 27 purchasers identified price as a very important factor in purchasing decisions.<sup>60</sup>

*First Review.* The Commission found that the conditions of competition observed in the original investigation generally continued during the period of review. It observed that demand for artists' canvas increased from the time of the original investigation and that the record indicated that print canvas was a growing segment of the market. The Commission found that the domestic industry's market share continued to decline and was lower than during the

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<sup>59</sup> *Original Determination*, USITC Pub. 3853 at 15-16.

<sup>60</sup> *Original Determination*, USITC Pub. 3853 at 16-17.

original period of investigation. It further found that, although the market share held by subject imports had declined since the original investigation, subject imports maintained a significant presence in the U.S. market during the period of review, notwithstanding the antidumping duty order. The Commission observed that, with the fall in subject import volume, the market share held by nonsubject imports had increased since the original investigation, with Vietnam, Mexico, and India the most prominent sources of nonsubject imports.<sup>61</sup> It also found that the domestic industry was facing increasing raw material costs but that these increased costs could not easily be passed along as purchasers sought the lowest possible price.<sup>62</sup> The Commission found that subject imports and the domestic like product were generally substitutable and that price was an important factor in purchasing decisions.<sup>63</sup>

*Second Review.* The Commission observed that apparent U.S. consumption was higher in 2015 than in the original investigation. It also observed that there had been a shift in demand from predominantly artists' canvas for painting applications to canvas for printing applications. The Commission found that the domestic industry's share of apparent U.S. consumption was lower than in the prior proceedings.<sup>64</sup> It also noted that certain domestic producers had exited the market and that Tara was the sole producer of stretched canvas for painting and that Tara, as well as print converters Aurora Specialty Textiles Group, Inc. and

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<sup>61</sup> *First Review*, USITC Pub. 4273 at 10-11. The Commission also observed that, because Commerce considered only artists' canvas primed or gessoed in China to have originated from China, reported imports from China that were not primed or gessoed in China would be nonsubject imports. *Id.* at 11.

<sup>62</sup> *First Review*, USITC Pub. 4273 at 11.

<sup>63</sup> *First Review*, USITC Pub. 4273 at 14.

<sup>64</sup> *Second Review*, USITC Pub. 4674 at 12.

Worthen Industries, continued to produce print canvas in the United States.<sup>65</sup> The Commission found that subject imports continued to maintain a significant presence in the U.S. market, while nonsubject import volume was lower in 2015 than in the first review, but higher than in the original investigation.<sup>66</sup> It found that subject imports and the domestic like product were generally substitutable and that price continued to be of paramount importance in purchasing decisions.<sup>67</sup>

## **2. The Current Review**

### **a. Demand Conditions**

According to Ecker Textiles, demand for artists' canvas decreased in the first half of 2020 due to the Covid-19 pandemic, but increased in the second half of 2020 due to online orders.<sup>68</sup> It also notes that there was increased demand for print canvas during the period of review.<sup>69</sup> Apparent U.S. consumption of artists' canvas was \*\*\* square meters in 2021, which was higher than the \*\*\* square meters in 2005 during the original investigation, \*\*\* square meters in 2010 during the first review, and \*\*\* square meters in 2015 during the second review.<sup>70</sup>

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<sup>65</sup> *Second Review*, USITC Pub. 4674 at 13. As discussed earlier, the Commission found that print converters did not engage in sufficient production-related activity to be included in the domestic industry.

<sup>66</sup> *Second Review*, USITC Pub. 4674 at 13.

<sup>67</sup> *Second Review*, USITC. Pub. 4674 at 14.

<sup>68</sup> Comments at 11.

<sup>69</sup> Response at 15.

<sup>70</sup> CR/PR at Table I-4. These data may overstate apparent U.S. consumption of artists' canvas because the import data used to calculate apparent U.S. consumption are based upon HTS statistical reporting numbers 5901.90.2000 and 5901.90.4000, which include both in-scope and out-of-scope merchandise. *Id.* at I-5.

## b. Supply Conditions

The domestic industry was the second-largest supplier of artists' canvas to the U.S. market during the POR, accounting for \*\*\* percent of apparent U.S. consumption in 2021.<sup>71</sup> During the POR, Ecker Textiles purchased Tara's artists' canvas production assets and is now the sole domestic producer of canvas for painting.<sup>72</sup> Ecker Textiles believes that print converters Permalite, Inc., Aurora Specialty Textiles Group, Inc. and Worthen Industries continue to engage in fabric coating operations for print canvas in the United States.<sup>73</sup> Additionally, Ecker Textiles claims that the Covid-19 pandemic caused a 75 percent decrease in its production in the first half of 2020, and that production in the second half of 2020 was constrained by labor shortages.<sup>74</sup>

Subject imports were the smallest source of supply to the U.S. market during the period of review, accounting for \*\*\* percent of apparent U.S. consumption in 2021.<sup>75</sup> In contrast, nonsubject imports were the largest source of supply to the U.S. market during the period, accounting for \*\*\* percent of apparent U.S. consumption in 2021.<sup>76</sup> Cambodia and Vietnam

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<sup>71</sup> CR/PR at Table I-4. The domestic industry's market share may be understated because the domestic industry's U.S. shipments in 2021 include only in-scope artists' canvas, whereas apparent U.S. consumption is based upon import data that includes in-scope and out-of-scope merchandise. *Id.* at I-5.

<sup>72</sup> CR/PR at I-8; Response at 3; Comments at 11. Responding purchaser \*\*\* reported that \*\*\*. CR/PR at D-4.

<sup>73</sup> Response at 2 & 12.

<sup>74</sup> Comments at 11.

<sup>75</sup> CR/PR at Table I-4. Subject import market share may be overstated because import data are based upon HTS statistical reporting numbers 5901.90.2000 and 5901.90.4000, which include both in-scope and out-of-scope merchandise. *Id.* at I-5.

<sup>76</sup> CR/PR at Table I-4. Subject import market share may be overstated because import data are based upon HTS statistical reporting numbers 5901.90.2000 and 5901.90.4000, which include both in-scope and out-of-scope merchandise. *Id.* at I-5.

were the leading suppliers of nonsubject imports of tracing cloth, a category that includes artists' canvas and out-of-scope products, in 2020.<sup>77</sup>

Official import data may overstate the volume of subject imports from China because these data include artists' canvas finished in China but not primed or gessoed there, while only artists' canvas primed or gessoed in China is subject to the order under review.<sup>78</sup> Ecker Textiles contends that the sole reason subject producers use canvas primed and gessoed in third-countries is to avoid antidumping duties, and asserts that subject producers would return this production to China if the order were revoked.<sup>79</sup>

Responding purchaser \*\*\* reports that since January 1, 2016, \*\*\*.<sup>80</sup> It also anticipates \*\*\*.<sup>81</sup>

### **c. Substitutability**

Ecker Textiles argues that subject imports and the domestic like product continue to be highly substitutable and that price is the most important factor in purchasing decisions.<sup>82</sup> There is no new information on the record of this review indicating that the degree of substitutability between subject imports and the domestic like product and the importance of price in purchasing decisions have changed since the last review. Consequently, we again find that

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<sup>77</sup> CR/PR at Table I-6. These data concern HTS subheading 5901.90, which includes both subject and out-of-scope merchandise. *Id.*

<sup>78</sup> First Review, USITC Pub. 4273 at 11; Second Review, USITC Pub. 4674 at 12 n.56; *Certain Artist Canvas From the People's Republic of China: Final Results of the Third Expedited Sunset Review of the Antidumping Duty Order*, 87 Fed. Reg. 33722 and accompanying Issues and Decisions Memorandum at Attachment 1.

<sup>79</sup> Response at 6-7; Comments at 12-13.

<sup>80</sup> CR/PR at D-3.

<sup>81</sup> CR/PR at D-4.

<sup>82</sup> Response at 11.

imports of artists' canvas from China and the domestic like product are generally substitutable and that price continues to be of paramount importance in purchasing decisions.

Ecker Textiles claims that the Covid-19 pandemic and related supply chain issues caused its raw material costs to increase.<sup>83</sup>

Effective September 24, 2018, artists' canvas from China under subheadings 5901.90.20, 5901.90.40, 5903.90.10, 5903.90.20, 5903.90.25, 5907.00.60, and 5907.00.80 became subject to an additional 10 percent duty, which was subsequently increased to 25 percent effective May 10, 2019, under Section 301 of the Trade Act of 1974, as amended ("Section 301 tariffs").<sup>84</sup> The President excluded certain artists' canvas under statistical reporting number 5901.90.4000 from the additional Section 301 tariffs effective September 24, 2018, through August 7, 2020.<sup>85</sup>

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<sup>83</sup> Response at 15; Comments at 11.

<sup>84</sup> CR/PR at I-5-I-6. See 18 U.S.C. § 2411; *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 47974 (Sept. 21, 2018); *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 Fed. Reg. 20459 (May 9, 2019).

<sup>85</sup> *Notice of Product Exclusions: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 85 Fed. Reg. 32094 (May 28, 2020). Artists' canvas excluded from the additional Section 301 duties included prepared painting canvas panel boards, each board containing by weight 50 percent canvas, other than of canvas man-made fibers, and 50 percent paper, in sizes measuring at least 9 cm but not more than 29 cm in width, at least 14 cm but not more than 37 cm in height and at least 0.6 cm but not more than 3.5 cm in thickness, put up for retail sale in kits each containing not more than 12 boards (described in statistical reporting number 5901.90.4000). *Id.*

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

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

*Original Investigation.* The Commission found that subject import volume increased steadily and sharply throughout the period of investigation and that subject imports' share of apparent U.S. consumption also increased steadily and sharply, in quantity and value terms. It indicated that the increase in subject imports' market share came at the expense of the domestic industry, which lost market share. The Commission further observed that the domestic industry's decline in market share was greater in value than quantity terms, reflecting the shift by the domestic industry to sell lower-value bulk canvas in response to the increase in subject imports. As a result, the Commission found that the quantity of subject imports, while significant, understated the harmful impact of subject imports on U.S. producers. It also observed that the domestic industry's market share was displaced to a far lesser degree by nonsubject imports.<sup>86</sup>

*First Review.* The Commission determined that subject import volume was likely to be significant, both in absolute terms and as a share of the U.S. market, if the order were to be revoked. It observed that, despite the antidumping duty order, imports of artists' canvas from China continued to enter the U.S. market in substantial quantities and increased substantially in 2010 relative to 2009, obtaining a market share in 2010 that was only somewhat below the peak during the original investigation, as the domestic industry's market share fell to levels below those in the original investigation. The Commission recognized that subject import

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<sup>86</sup> *Original Determination*, USITC Pub. 3853 at 17-18.

volume was likely overstated due to imports of artists' canvas that only were finished in China and therefore not considered subject merchandise. Nevertheless, it found that the increase in the volume of imports from China reflected in the data was a strong indicator of continued interest in the U.S. market. The Commission found that the limited information in the record indicated that the artists' canvas industry in China had expanded since the original investigation and was heavily export oriented. Accordingly, based on the increasing presence of imports of artists' canvas from China in the U.S. market, the large size of the industry in China and its export orientation, and its continued interest in the U.S. market, the Commission found that Chinese producers would likely increase their exports to United States significantly if the order were to be revoked.<sup>87</sup>

*Second Review.* The Commission observed that, despite the antidumping duty order, subject imports continued to enter the U.S. market in substantial quantities and reached their highest levels during the period of review, as compared to the levels prevailing in the original investigation and first review. It recognized that subject import volume was likely overstated due to imports of artists' canvas that only were finished in China and therefore not considered subject merchandise, but found the increased volume of imports from China a strong indicator of the subject producers' continued interest in the U.S. market. The Commission also found that the Chinese industry's available capacity and production would likely continue to be directed to export markets, and to the U.S. market in particular. Based on the continued and substantial presence of subject imports in the U.S. market, the large size and export orientation

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<sup>87</sup> *First Review*, USITC Pub. 4273 at 12-13.

of the industry in China, and the Chinese industry's continued interest in the U.S. market, the Commission found that subject import volume was likely to be significant, both in absolute terms and as a share of the U.S. market, if the order were revoked.<sup>88</sup>

## 2. The Current Review

The record in this review indicates that subject imports continued to maintain a presence in the U.S. market throughout the period of review, while under the disciplining effect of the order. During the period of review, the volume of subject imports ranged from a period low of 4.9 million square meters in 2021 to a high of 23.8 million square meters in 2018.<sup>89</sup> Subject imports accounted for \*\*\* percent of apparent U.S. consumption in 2021, compared with \*\*\* percent in 2015, \*\*\* percent in 2010, and \*\*\* percent in 2005.<sup>90</sup>

We recognize that the above data likely overstate subject import volume due to the inclusion of imports of artists' canvas primed or gessoed in third countries and finished in China, which are out-of-scope merchandise. Nevertheless, we find that the substantial volume of artists' canvas imported from China reflected in official import statistics data, which are the data available that most closely reflect subject import volumes, is a strong indicator of the Chinese industry's continued interest in the U.S. market.

Due to the expedited nature of this review, the record contains limited information on the industry in China. The information available indicates that subject producers continue to

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<sup>88</sup> *Second Review*, USITC Pub. 4674 at 15-16.

<sup>89</sup> CR/PR at Table I-3.

<sup>90</sup> CR/PR at Table I-4. Subject import market share may be overstated because import data are based upon HTS statistical reporting numbers 5901.90.2000 and 5901.90.4000, which include both in-scope and out-of-scope merchandise. *Id.* at I-5.

have the ability to produce and export substantial volumes of subject merchandise and have the means to increase their exports of subject merchandise to the U.S. market if the order were revoked. Ecker Textiles has identified nine possible artists' canvas producers in China.<sup>91</sup> Ecker Textiles contends that to the extent that Chinese producers manufacture out-of-scope artists' canvas using gessoed fabric from third countries to avoid antidumping duties, they would likely revert to producing in-scope artists' canvas using fabric coated in China if the order were revoked.<sup>92</sup> Global Trade Atlas ("GTA") data show that exports from China of tracing cloth, a category that includes artists' canvas and out-of-scope products, were \$249.9 million in 2020, and that China was the world's largest exporter of tracing cloth during the 2016-2020 period.<sup>93</sup>

Available information also indicates that the U.S. market remains attractive to subject producers. Even with the disciplining effect of the order, subject imports maintained a substantial presence in the U.S. market throughout the period of review, accounting for \*\*\* percent of apparent U.S. consumption in 2021, indicating that subject producers have maintained ready distribution networks and customers in the U.S. market.<sup>94</sup> Furthermore, the

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<sup>91</sup> CR/PR at I-15.

<sup>92</sup> Response at 8, 15.

<sup>93</sup> CR/PR at Table I-6. Ecker Textiles claims that the COVID-19 pandemic temporarily reduced the Chinese industry's production while leaving its production capacity in place, resulting in reduced subject import volumes in 2021 and 2022. *Id.* at 9.

<sup>94</sup> CR/PR at Table I-4. Ecker Textiles asserts that "the massive and growing quantities of artists' canvas shipped annually to the United States demonstrate that a substantial production and export capacity remains in place {in China}. It also indicates that the United States continues to be a prime destination for the Chinese products." Response at 7-8.

GTA data show that the United States was the largest destination for Chinese exports of tracing cloth during the 2016-2020 period.<sup>95</sup>

Given the significant volume of subject imports during the original investigation, the continued presence of subject imports in the U.S. market during the period of review and the prior periods of review, the Chinese industry's substantial capacity and exports of tracing cloth, and the attractiveness of the U.S. market to subject producers, we find that the volume of subject imports would likely be significant, both in absolute terms and relative to consumption in the United States, if the order were revoked.<sup>96 97</sup>

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

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

*Original Investigation.* The Commission found that the domestic like product and subject imports were substitutable, price was an important factor in purchasing decisions, and the quality of subject imports was deemed comparable to that of the domestic like product. It observed that subject imports undersold the domestic like product in 78 out of 83 (or 93.9 percent of) quarterly comparisons, by margins ranging from 0.7 percent to 72.1 percent. The

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<sup>95</sup> CR/PR at Tables I-5 & I-6. These data concern HTS subheading 5901.90, which includes both subject and out-of-scope merchandise. *Id.*

<sup>96</sup> The information available indicates that there are no barriers to the importation of artists' canvas from China in third-country markets. CR/PR at I-16. We also observe that the record of this expedited review contains no current information concerning inventories of the subject merchandise or the subject producers' potential for product shifting.

<sup>97</sup> While Section 301 tariffs currently impose a 25 percent *ad valorem* duty on certain subject imports from China, neither Ecker Textiles nor the responding purchaser reported that these tariffs had an effect on either the supply of or demand for subject imports or that they anticipated such effects within a reasonably foreseeable time. See CR/PR at D-3-4. Furthermore, the U.S. market is sufficiently attractive to encourage subject producers to export significant volumes of artists' canvas in the absence of the order.

Commission also found evidence of significant price depression by subject imports based on price declines for five of the six products for which comparisons were available. In addition, the Commission found some evidence of price suppression, noting that underselling prevented U.S. producers from raising their prices to cover increased material and production costs, resulting in a cost-price squeeze. Based on the significant and rising volume of subject imports, the general substitutability of the products, the importance of price in purchasing decisions, the consistent pattern of significant underselling by subject imports, generally declining U.S. prices, the cost-price squeeze that subject imports placed on the domestic industry, and confirmed lost sales allegations, the Commission concluded that subject imports had significant price effects on the U.S. industry.<sup>98</sup>

*First Review.* The Commission observed that the degree of substitutability between subject imports and the domestic like product had not changed since the original investigation and that price remained important in purchasing decisions. The Commission found that, although there was no new product-specific pricing information on the record of the review, the limited data indicated that imports of artists' canvas from China remained lower in price than the domestic like product despite the antidumping duty order. These data, the Commission found, indicated that importers of subject merchandise would be able to undersell the domestic like product by significant margins if the order were revoked. Given the attractiveness of the U.S. market, it found that importers likely would intensify their underselling to gain market share, as had occurred in the original investigation, after

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<sup>98</sup> *Original Determination*, USITC Pub. 3853 at 19-22.

revocation, forcing the domestic industry to either lower prices or relinquish market share. Accordingly, the Commission determined that, if the order were revoked, the likely significant increase in subject import volume at prices that would undersell the domestic like product would likely have significant price effects on the domestic industry.<sup>99</sup>

*Second Review.* The Commission found that subject imports and the domestic like product are generally substitutable and that price continued to be an important purchasing factor. Based on the likely significant increase in subject imports upon revocation and the continued attractiveness of the U.S. market, the Commission found that subject producers would likely resume the behavior observed in the original investigation, exporting subject merchandise at low prices to gain additional market share. It found that these subject imports would likely undersell domestically produced artists' canvas to a significant degree, as they did during the original investigation, and force the domestic industry to either lower its prices or lose sales. In light of these considerations, the Commission concluded that subject imports would likely have significant depressing or suppressing effects on prices for the domestic like product upon revocation.<sup>100</sup>

## **2. The Current Review**

As discussed above, we continue to find that imports of artists' canvas from China and the domestic like product are generally substitutable and that price remains an important factor in purchasing decisions.

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<sup>99</sup> *First Review*, USITC Pub. 4273 at 14-15.

<sup>100</sup> *Second Review*, USITC Pub. 4674 at 17-18.

The record does not contain new product-specific pricing information due to the expedited nature of this review. Based on the available information, including the general substitutability of subject imports and the domestic like product, the importance of price in purchasing decisions, and the attractiveness of the U.S. market to subject producers, we find that, if the order were revoked, significant volumes of subject imports would likely undersell the domestic like product, as they did in the original investigation. Absent the discipline of the order, the significant volumes of low-priced subject imports would likely take sales and market share from domestic producers and/or force the domestic industry to cut prices or restrain price increases necessary to cover increasing costs. Consequently, we find that if the order were revoked, significant volumes of subject imports would likely undersell the domestic like product and cause significant price effects.

**E. Likely Impact**

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

*Original Investigation.* The Commission found that despite a steadily growing U.S. market for artists' canvas, the domestic industry's condition worsened over the period of investigation across a number of indicators, the most striking of which was the steep decline in market share in terms of quantity and value. It also found that the increasing presence of finished product from China relegated domestic producers to selling more lower-value bulk canvas; as a result, although the volume of the domestic industry's U.S. shipments increased, the value of those shipments declined. Further, as the U.S. market for artists' canvas grew over the original period of investigation, the Commission observed that the domestic industry

increased its capacity and production for bulk canvas, but its capacity for production of finished product remained flat and its production of finished canvas declined.<sup>101</sup>

The Commission also found that the domestic industry's financial indicators worsened over the period of investigation. It attributed the domestic industry's declines in performance in significant part to the rapid increase in subject import volume and market share, and subject imports' significant price effects. The Commission found that subject producers had used low prices to gain a significant share of the U.S. market, allowing them to become the market leader in finished artists' canvas products. It also found that Tara's decision to move production capacity to Mexico was due in part to compete with subject imports, rejecting respondents' arguments to the contrary. The Commission also indicated that the declines in U.S. finished-product canvas production and shipments could not be attributed to nonsubject imports from Mexico because nonsubject imports' share of the U.S. finished canvas market declined during the period of investigation. It determined that, despite market growth, the condition of the domestic industry declined as a result of consistent underselling and a significant gain in market share by subject imports, which led to significantly depressed U.S. prices and some evidence of price suppression. Accordingly, the Commission determined that subject imports had a significant impact on the domestic industry in the original investigation.<sup>102</sup>

*First Review.* The Commission found that, because of the limited information collected in the expedited review, it was unable to make a finding on whether the domestic industry was vulnerable to the continuation or recurrence of material injury if the order were revoked. It

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<sup>101</sup> *Original Determination*, USITC Pub. 3853 at 22.

<sup>102</sup> *Original Determination*, USITC Pub. 3853 at 23-25.

observed that the data showed that, compared to the original investigation, the domestic industry was smaller. The Commission further observed that the domestic industry's capacity, production, capacity utilization rate, U.S. shipments, and market share generally were lower than reported in the original investigation. It also found that the domestic industry's operating income and operating margins indicated poorer financial performance than in the original investigation, when the domestic industry was profitable. The Commission observed that reduced sales coupled with rising raw material costs led to a higher cost of goods sold to net sales ratio, resulting in a sizable operating loss for 2010.<sup>103</sup>

The Commission also considered the role of factors other than subject imports so as not to attribute injury from such factors to subject factors. Observing that nonsubject imports' market share was greater in 2010 than during the original period of investigation, the Commission determined that despite their increased presence, nonsubject imports were not likely to sever the causal nexus between subject imports and their likely significant impact on the domestic industry if the order were revoked. It found that a significant portion of the increase in subject imports would continue to be at the expense of the domestic industry given the likelihood of subject import underselling and adverse price effects. The Commission also recognized that the United States was in a weak economic recovery in 2010, but it observed that apparent U.S. consumption of artists' canvas increased from 2005 to 2010, indicating that demand for artists' canvas did not deteriorate significantly in the economic downturn.<sup>104</sup>

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<sup>103</sup> *First Review*, USITC Pub. 4273 at 16-17.

<sup>104</sup> *First Review*, USITC Pub. 4273 at 17.

Thus, the Commission found that the likely volume and price effects of the subject imports, if the order were revoked, would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. It concluded that declines in these indicators of industry performance would have a direct impact on the domestic industry's profitability and employment, as well as its ability to raise capital, to make and maintain capital investments, and to fund research and development. Accordingly, the Commission determined that, if the antidumping duty order were revoked, subject imports from China would likely have a significant adverse impact on the domestic industry.<sup>105</sup>

*Second Review.* The Commission found that the limited information on the record was insufficient to make a finding as to whether the domestic industry was vulnerable to continuation or recurrence of material injury in the event of revocation of the order. It observed that the domestic industry continued to shrink, with several domestic producers ceasing operations. The Commission observed that the domestic industry's capacity, production, U.S. shipments, and market share were all generally lower than in the prior proceedings, although its capacity utilization was higher. It found that although the domestic industry's financial performance had improved since the first review, it remained worse than during the original investigation, when the industry was profitable.<sup>106</sup>

The Commission found that if the order were revoked, the likely significant increase in subject import volume would have significant price effects on the domestic industry and place pricing pressure on domestic producers, forcing them to cut prices or cede market share to

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<sup>105</sup> *First Review*, USITC Pub. 4273 at 17-18.

<sup>106</sup> *Second Review*, USITC Pub. 4674 at 19-20.

subject imports, having a negative effect on the industry's market share, domestic production, capacity utilization, shipments, net sales values and quantities, employment levels, operating income, operating income margins, and capital investments.<sup>107</sup> It therefore concluded that subject imports would likely have a significant impact on the domestic industry after revocation.<sup>108</sup>

In its non-attribution analysis, the Commission considered the role of nonsubject imports in the U.S. market. While recognizing that the volume of nonsubject imports had increased since the first review, the Commission found that nonsubject imports, along with the domestic like product, had lost market share to subject imports between 2010 and 2015. It found that if the order were revoked, the likely significant increase in subject import volume would continue to take market share from both the domestic industry and nonsubject imports. In addition, it observed that, with the exception of 2014, the average unit value of nonsubject imports was higher than that of subject imports.<sup>109</sup>

## **2. The Current Review**

Due to the expedited nature of this review, the record contains limited information concerning the domestic industry's performance since the prior proceedings.

The information available indicates that the domestic industry's performance was mixed in 2021 as compared to its performance in prior periods. The domestic industry's capacity was higher in 2021 than in prior periods, but its production and capacity utilization were lower. In

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<sup>107</sup> *Second Review*, USITC Pub. 4674 at 20.

<sup>108</sup> *Second Review*, USITC Pub. 4674 at 21.

<sup>109</sup> *Second Review*, USITC Pub. 4674 at 21.

2021, the domestic industry's capacity was \*\*\* square meters, production was \*\*\* square meters, and capacity utilization was \*\*\* percent.<sup>110</sup> The industry's U.S. shipments were higher in 2021 than in 2015, but lower than in 2010 and 2005, while its market share was lower than in the prior periods. Its U.S. shipments were \*\*\* square meters in 2021, equivalent to \*\*\* percent of apparent U.S. consumption that year.<sup>111</sup> Finally, the industry's net sales value was lower in 2021 than in prior periods, but its operating income and operating income margin were higher. The industry's net sales were \$\*\*\*, its operating income was \$\*\*\*, and its ratio of operating income to net sales was \*\*\* percent in 2021.<sup>112</sup> This limited information is insufficient for us to make a finding as to whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

Based on the information available on the record, we find that revocation of the order would likely result in a significant increase in subject import volume that would likely undersell the domestic like product, causing the domestic industry to lose sales and market share and/or significantly suppressing or depressing U.S. prices. The likely significant volume of low-priced

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<sup>110</sup> CR/PR at Table I-2. By comparison, the domestic industry's capacity was \*\*\* square meters in 2015, \*\*\* square meters in 2010, and \*\*\* square meters in 2005; its production was \*\*\* square meters in 2015, \*\*\* square meters in 2010, and \*\*\* square meters in 2005; and its capacity utilization rate was \*\*\* percent in 2015, \*\*\* percent in 2010, and \*\*\* percent for bulk artists' canvas production and \*\*\* percent for finished artists' canvas in 2005. *Id.*

<sup>111</sup> CR/PR at Tables I-2, I-4. The domestic industry's U.S. shipments were \*\*\* square meters in 2015, \*\*\* square meters in 2010, \*\*\* square meters in 2005; its share of the U.S. market was \*\*\* percent in 2015, \*\*\* percent in 2010, and \*\*\* percent in 2005. We recognize that domestic industry market share in 2021 may be understated because the import data for 2021 in Table I-4 concern HTS statistical reporting numbers 5901.90.2000 and 5901.90.4000, which include both in-scope and out-of-scope merchandise. *Id.* at I-5, Tables I-2 & I-4.

<sup>112</sup> CR/PR at Table I-2. The domestic industry's net sales were \$\*\*\* in 2015, \$\*\*\* in 2010, and \$\*\*\* in 2005; operating income was \$\*\*\* in 2015, \$\*\*\* in 2010, and \$\*\*\* in 2005. The operating income to net sales ratio was \*\*\* percent in 2015, \*\*\* percent in 2010, and \*\*\* percent in 2005. *Id.*

subject imports and their adverse price effects would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry, which, in turn, would have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments. We conclude that, if the order were revoked, subject imports from China would be likely to have a significant impact on the domestic industry within a reasonably foreseeable time.

We have also considered the role of factors other than subject imports, including nonsubject imports, so as not to attribute any injury from other factors to subject imports. Although nonsubject imports have substantially increased their presence in the U.S. market since the last review, and accounted for \*\*\* percent of apparent U.S. consumption in 2021,<sup>113</sup> the record provides no indication that the presence of nonsubject imports would prevent subject imports from entering the U.S. market in significant quantities, adversely affecting the domestic industry's prices, and/or taking market share from the industry after revocation of the order. Indeed, as noted above, even with the disciplining effect of the order, subject imports entered the U.S. market throughout the period of review, and accounted for \*\*\* percent of apparent U.S. consumption in 2021. Given the substitutability between subject imports and the domestic like product and the importance of price in purchasing decisions, the likely increase in subject imports after revocation would likely undersell the domestic like product and take market share from both the domestic industry and nonsubject imports. Consequently, we find

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<sup>113</sup> CR/PR at Table I-4. We recognize that nonsubject import market share may be overstated because it is based upon import data concerning HTS statistical reporting numbers 5901.90.2000 and 5901.90.4000, which include both in-scope and out-of-scope merchandise. *Id.* at Tables I-4 & I-5.

that any effects of nonsubject imports would be distinct from the likely effects attributable to the subject imports.

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

#### **IV. Conclusion**

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



# Information obtained in this review

## Background

On February 1, 2022, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of antidumping duty order on artists’ canvas from China would likely lead to the continuation or recurrence of material injury.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective date	Action
February 1, 2022	Notice of initiation by Commerce (87 FR 5467, February 1, 2022)
February 1, 2022	Notice of institution by Commission (87 FR 5513, February 1, 2022)
May 9, 2022	Commission’s vote on adequacy
June 1, 2022	Commerce’s results of its expedited review
September 29, 2022	Commission’s determination(s) and views

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

<sup>2</sup> 87 FR 5513, February 1, 2022. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order. 87 FR 5467, February 1, 2022. Pertinent Federal Register notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

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

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

## Responses to the Commission’s notice of institution

### Individual responses

The Commission received one submission in response to its notice of institution in the subject review. They were filed on behalf of Ecker Textiles, LLC (“Ecker Textiles”)<sup>5</sup>, a domestic producer of artists’ canvas (referred to herein as “domestic interested party”).<sup>6</sup>

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

**Table I-1**  
**Artists’ Canvas: Summary of completed responses to the Commission’s notice of institution**

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

<sup>1</sup> In its supplemental response to the notice of institution, the domestic interested party indicated that Ecker Textiles’ production and shipment data were separate in 2021 from Tara Materials’ due to the asset sale that was discussed in its response to the notice of institution. Ecker Textiles acquired the assets of Tara Materials in April 2021. Ecker Textiles and Tara Materials’ production, capacity, have been combined in the domestic interested party’s supplemental response to the notice of institution. Domestic interested party’s supplemental response to the notice of institution, March 25, 2022, pp. 3-4.

Note: The U.S. producer coverage figure presented is the domestic interested party’s estimate of its share of total U.S. production of artists’ canvas during 2021. Domestic interested party’s response to the notice of institution, March 3, 2022, p. 3.

### Party comments on adequacy

The Commission received party comments on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews from Ecker

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<sup>5</sup> Ecker Textiles purchased the artists’ canvas production assets of Tara Materials, Inc. (“Tara Materials”) in 2021, the petitioner in the original investigation and prior reviews. Ecker Textiles continues to operate the former Tara Materials production operation in the same manner as Tara Materials did. For purposes of the antidumping duty Order, including participation in this sunset review, Ecker Textiles is the successor in interest to Tara Materials. While Tara Materials remains in existence as a corporation, it no longer is a producer of artist canvas. This information is based on the domestic interested party’s response to the notice of institution, March 3, 2022, p. 2.

<sup>6</sup> Domestic interested party response to the notice of institution, March 3, 2022, p. 1.

Textiles. Ecker Textiles requests that the Commission conduct an expedited review of the antidumping duty order on artists' canvas.<sup>7</sup>

## **The original investigation and subsequent reviews**

### **The original investigation**

The original investigation resulted from a petition filed on April 1, 2005 with Commerce and the Commission by Tara Materials, Inc. of Lawrenceville, Georgia.<sup>8</sup> On March 30, 2006, Commerce determined that imports of artists' canvas from China were being sold at less than fair value ("LTFV").<sup>9</sup> The Commission determined on May 12, 2006 that the domestic industry was materially injured by reason of LTFV imports of artists' canvas from China.<sup>10</sup> On June 1, 2006, Commerce issued its antidumping duty order with the final weighted-average dumping margins ranging from 77.90 to 264.09.<sup>11</sup>

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

On August 5, 2011, the Commission determined that it would conduct an expedited review of the antidumping duty order on artists' canvas from China.<sup>12</sup> On August 30, 2011, Commerce determined that revocation of the antidumping duty order on artists' canvas from China would be likely to lead to continuation or recurrence of dumping.<sup>13</sup> On October 12, 2011, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>14</sup> Following an affirmative determination in the five-year reviews by Commerce and the Commission, effective November 9, 2011, Commerce issued a continuation of the antidumping duty order on imports of artists' canvas from China.<sup>15</sup>

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<sup>7</sup> Domestic interested party's comments on adequacy, April 15, 2022, p. 2.

<sup>8</sup> Artists' Canvas from China, Inv. No. 731-TA-1091 (Final), USITC Publication 3853, May 2006 ("Original publication"), p. I-1.

<sup>9</sup> 71 FR 16116, March 30, 2006.

<sup>10</sup> 71 FR 28706, May 17, 2006.

<sup>11</sup> 71 FR 31154, June 1, 2006.

<sup>12</sup> 76 FR 54789, September 2, 2011.

<sup>13</sup> 76 FR 55352, September 7, 2011.

<sup>14</sup> 76 FR 67208, October 31, 2011.

<sup>15</sup> 76 FR 69704, November 9, 2011.

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

On January 6, 2017, the Commission determined that it would conduct an expedited review of the antidumping duty order on artists' canvas from China.<sup>16</sup> On March 1, 2017, Commerce determined that revocation of the antidumping duty order on artists' canvas from China would be likely to lead to continuation or recurrence of dumping.<sup>17</sup> On March 2, 2017, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>18</sup> Following an affirmative determination in the five-year review by Commerce and the Commission, effective March 21, 2017, Commerce issued a continuation of the antidumping duty order on imports of artists' canvas from China.<sup>19</sup>

## **Previous and related investigations**

Artists' canvas has not been the subject of any prior related antidumping or countervailing duty investigations in the United States.

## **Commerce's five-year review**

Commerce announced that it would conduct an expedited review with respect to the order on imports of artists' canvas from China with the intent of issuing the final results of this review based on the facts available no later than June 1, 2022.<sup>20</sup> Commerce publishes its Issues and Decision Memoranda and its final results concurrently, accessible upon publication at <http://enforcement.trade.gov/frn/>. Issues and Decision Memoranda contain complete and up-to-date information regarding the background and history of the order, including scope rulings, duty absorption, changed circumstances reviews, and anticircumvention, as well as any decisions that may have been pending at the issuance of this report. Any foreign producers/exporters that are not currently subject to the antidumping duty order on imports of artists' canvas from China are noted in the sections titled "The original investigation" and "U.S. imports," if applicable.

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<sup>16</sup> 82 FR 8208, January 24, 2017.

<sup>17</sup> 82 FR 8723, January 30, 2017.

<sup>18</sup> 82 FR 13011, March 8, 2017.

<sup>19</sup> 82 FR 14502, March 21, 2017.

<sup>20</sup> Letter from Abdelali Elouaradia, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Nannette Christ, Director of Investigations, March 21, 2022.

## The product

### Commerce's scope

Commerce has defined the scope as follows:

*The products covered by this order are artist canvases regardless of dimension and/or size, whether assembled or unassembled, that have been primed/coated, whether or not made from cotton, whether or not archival, whether bleached or unbleached, and whether or not containing an ink receptive top coat. Priming/coating includes the application of a solution, designed to promote the adherence of artist materials, such as paint or ink, to the fabric. Artist canvases (i.e., pre-stretched canvases, canvas panels, canvas pads, canvas rolls (including bulk rolls that have been primed), printable canvases, floor cloths, and placemats) are tightly woven prepared painting and/or printing surfaces. Artist canvas and stretcher strips (whether or not made of wood and whether or not assembled) included within a kit or set are covered by this proceeding.*<sup>21</sup>

### U.S. tariff treatment

Artists' canvas is currently imported under Harmonized Tariff Schedule of the United States ("HTS") subheadings 5901.90.20, 5901.90.40, 5903.90.10, 5903.90.20, 5903.90.25, 5907.00.60, and 5907.00.80. The applicable HTS subheadings include certain merchandise outside of the scope of the review. Artists' canvas imported from China under HTS subheadings 5901.90.20 and 5901.90.40 enters the U.S. market at a column 1-general duty rate of 7 percent ad valorem and 4.1 ad valorem, respectively. Artists' canvas imported from China under HTS subheadings 5903.90.10, 5903.90.20, and 5903.90.25 enters the U.S. market at a column 1-general duty rate of 2.7 percent ad valorem, "free," and 7.5 percent ad valorem, respectively. Artists' canvas imported from China under HTS subheadings 5907.00.60, and 5907.00.80 enters the U.S. market at a column 1-general duty rate of "free." Effective May 10, 2019, artists' canvas produced in China is subject to an additional 25 percent ad valorem duty under Section

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<sup>21</sup> 82 FR 14503, March 21, 2017.

301 of the Trade Act of 1974.<sup>22</sup> Decisions on the tariff classification and treatment of imported goods are within the authority of the U.S. Customs and Border Protection.

### **Description and uses<sup>23</sup>**

Artists' canvas is used as a medium for the graphic expression of art, particularly involving paints, inks, or another graphic medium. Artists' canvas is made of a canvas fabric that, once coated with a specific chemical product, known as gesso or primer, will allow paint to be placed upon it without penetrating the original fabric. The coating provides the artist with the surface upon which to produce a graphic presentation, while the canvas provides the material which best supports the coated surface. The range of woven materials that may be used to produce artists' canvas include cotton, linen, muslin, jute, and polyester. Raw uncoated canvas may be used in a variety of applications, such as in sails for sailboats, tents, awnings, book covers, and in various industrial products; but once primed, it is used exclusively for artists' canvas.

Artists' canvas can be sold in a variety of physical formats. The most common format is stretched (or assembled) canvas, in which coated canvas is wrapped around (and attached to) wooden frames. Stretched canvas is produced and sold in a variety of shapes and sizes. Artists' canvas may also be sold in bulk rolls, which are often used by converters - or by artists themselves - to produce stretched canvas products. Other common formats of artists' canvas include panels and archival boards, in which canvas pieces are glued to either a chipboard or hard board surface; print canvas, in which artists' canvas is treated with an additional ink receptive coating for use in inkjet printers; and canvas pads, in which loose artists' canvas sheets are bound together. Less common formats of artists' canvas include floor cloths, or heavy-weight canvas coated on one side and used as decorative floor covering, and placemats, in which artists' canvas is cut into oval or rectangular shapes and coated on both sides.

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<sup>22</sup> Certain artists' canvas ("prepared painting canvas panel boards, each board containing by weight 50 percent canvas, other than of canvas man-made fibers, and 50 percent paper, in sizes measuring at least 9 cm but not more than 29 cm in width, at least 14 cm but not more than 37 cm in height and at least 0.6 cm but not more than 3.5 cm in thickness, put up for retail sale in kits each containing not more than 12 boards (described in statistical reporting number 5901.90.4000)") were excluded from the additional Section 301 duties through August 7, 2020. 85 FR 32094, May 28, 2020.

<sup>23</sup> Unless otherwise noted, this information is based on Artists' Canvas from China, Investigation No. 731-TA-1091 (Second review), USITC Publication 4674, December 2016 ("second review publication"), pp. I-5-I-6.

## Manufacturing process<sup>24</sup>

The production process for artists' canvas proceeds as follows: raw canvas is purchased by a producer and coated (or primed) with a latex paint known as a gesso (or primer) that is mixed using various chemical compounds, based on the application for which it is intended. This paint-receptive coating provides the surface upon which art can be produced and provides a barrier that prevents paint from penetrating into the woven fibers of the canvas. Raw canvas will receive two to four coats of gesso, depending upon the application of the final product. Coated canvas may be sold as-is, in bulk rolls, or it may be converted into a finished canvas product, the most common of which is stretched canvas. There are three main types of companies involved with creating artists' canvas: "coaters," "non-print converters," and "print converters." Companies that coat raw canvas with gesso or primer and produce bulk rolls of artists' canvas are considered "coaters." "Non-print converters" take the bulk rolls of artists' canvas and create finished products such as stretched canvas and canvas panels. "Print converters" apply an additional ink-receptive coating to previously coated artists' canvas making the canvas suitable for digital printing. "Print converters" are not typically involved in creating finished canvas products.<sup>25</sup>

The production of stretched canvas begins with the production of "stretcher strips," around which canvas is stretched and fixed. Raw lumber is machine-ripped and fed into a chop saw that "defects" the wood and cuts it to the appropriate size, producing a "blank." Blanks are stretched. Once molded, blanks are fed into tenoners that cut a 45-degree interlocking corner that allows blanks to be joined together. The resulting product is called a stretcher strip. Four stretcher strips are joined to form a frame, and a piece of cut canvas is stretched over the frame to produce a stretched canvas product. Stretched canvas is either stapled to the side or rear of the frame or tucked into a groove in the frame to produce what is known as a "splined" canvas.

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<sup>24</sup> Unless otherwise noted, this information is based on second review publication, pp. I-6-I-7.

<sup>25</sup> Domestic interested party's response to the notice of institution, March 3, 2022, p. 2; Investigation No. 731-TA-1091 (Second Review): Artists' Canvas from China, Confidential Report, INV-OO-121, December 21, 2016.

## The industry in the United States

### U.S. producers

During the final phase of the original investigation, the Commission received U.S. producer questionnaires from 10 firms, which accounted for approximately 100 percent of production of artists' canvas in the United States during 2005.<sup>26</sup> During the first five-year review, domestic interested parties provided a list of 5 known and currently operating U.S. producers of artists' canvas. Tara, the largest domestic producer, reported that it \*\*\* in the United States, but stated that it still produced the subject bulk artists' canvas at its Lawrenceville, Georgia plant. During the second five-year review, domestic interested parties provided a list of 4 known and currently operating U.S. producers of artists' canvas of which Tara is the sole domestic producer of canvas specifically intended for painting in the United States.<sup>27</sup>

In response to the Commission's notice of institution in this current review, domestic interested parties provided a list of 3 known and currently operating U.S. producers of artists' canvas.<sup>28</sup> One firm, the domestic interested party, provided U.S. industry data in response to the Commission's notice of institution accounted for artists' canvas in the United States during 2021.<sup>29</sup>

### Recent developments

Since the Commission's last five-year review, the following developments have occurred in the artists' canvas industry:

- Ecker Textiles purchased the artists' canvas production assets of Tara Materials on March 31, 2021, the sole domestic producer in the Commission's last five-year review for artists' canvas.<sup>30</sup>

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<sup>26</sup> Investigation No. 731-TA-1091 (Final): Artists' Canvas from China, Confidential Report, INV-DD-047, April 13, 2006

<sup>27</sup> Investigation No. 731-TA-1091 (Second Review): Artists' Canvas from China, Confidential Report, INV-OO-121, December 21, 2016.

<sup>28</sup> These U.S. producers are Aurora Specialty Textiles Group, Inc. (coater), Permalite, Inc. (print converter), and Worthen Industries (coater) based on the domestic interested party's response to the notice of institution, March 3, 2022, p. 12.

<sup>29</sup> Domestic interested party's response to the notice of institution, March 3, 2022, p. 3.

<sup>30</sup> Domestic interested party's response to the notice of institution, March 3, 2022, p. 2.

- The domestic interested party identified a potential additional domestic producer, Permalite. Permalite was previously considered a “print converter” and outside the domestic industry, but the domestic interested party claims Permalite is “engaged in canvas coating, and therefore is not merely a converter.”<sup>31</sup>
- The domestic interested party noted that its production of artists’ canvas decreased 75 percent in the first half of 2020 due to Covid-19 pandemic disruptions leading to uncertainty and reduced customer demand.<sup>32</sup> The domestic interested party also noted that production returned to 80 percent of 2019 levels in the second half of 2020 due to increased online orders, but further increases to production capacity were limited due to labor shortages.<sup>33</sup>
- The domestic interested party noted that raw material prices for textiles increased by 20-40 percent and the costs for chemicals for coatings increased by 30-50 percent because of supply chain issues due to the Covid-19 pandemic.<sup>34</sup>

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

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution in the current five-year review.<sup>35</sup> Table I-2 presents a compilation of the trade and financial data submitted from all responding U.S. producers in the original investigation and subsequent five-year reviews.

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<sup>31</sup> Print converters were considered outside the domestic industry in the last five-year review. Second five-year review, P. I-9; Domestic interested party’s response to the notice of institution, March 3, 2022, p. 2.

<sup>32</sup> Domestic interested party’s cure response, March 24, 2022, p. 3.

<sup>33</sup> Domestic interested party’s cure response, March 24, 2022, p. 3.

<sup>34</sup> Domestic interested party’s response to the notice of institution, March 3, 2022, p. 15.

<sup>35</sup> Individual company trade and financial data are presented in app. B.

**Table I-2  
Artists' Canvas: Trade and financial data submitted by U.S. producers, by period**

Quantity in 1,000 square meters; value in 1,000 dollars; unit value in dollars per square meter; ratio is in percent

Item	Measure	2005	2010	2015	2021
Capacity	Quantity	***	***	***	***
Production	Quantity	***	***	***	***
Capacity utilization	Ratio	***	***	***	***
U.S. shipments	Quantity	***	***	***	***
U.S. shipments	Value	***	***	***	***
U.S. shipments	Unit value	***	***	***	***
Net sales	Value	***	***	***	***
COGS	Value	***	***	***	***
COGS to net sales	Ratio	***	***	***	***
Gross profit or (loss)	Value	***	***	***	***
SG&A expenses	Value	***	***	***	***
Operating income or (loss)	Value	***	***	***	***
Operating income or (loss) to net sales	Ratio	***	***	***	***

Source: For the years 2005-2015, data are compiled using data submitted in the Commission's second five-year review. For the year 2021, data are compiled using data submitted by domestic interested party. Domestic interested party's response to the notice of institution, March 3, 2022, pp. 3.

Note: For a discussion of data coverage, please see "U.S. producers" section.

<sup>(1)</sup> In the original investigation, capacity and production for bulk and finished artists' canvas were reported separately. The U.S. industry's bulk artists' canvas capacity was \*\*\* square meters and its finished artists' canvas capacity was \*\*\* square meters in 2005. Bulk artists' canvas production was \*\*\* square meters, and finished artists' canvas production was \*\*\* square meters in 2005. In 2005, capacity utilization for bulk artists' canvas was \*\*\* percent and \*\*\* percent for finished artists' canvas. Bulk artists' canvas capacity and production data are from table C-2 (INV-DD- 047, April 13, 2006). Finished artists' canvas capacity and production data are from table C-5 (INV-DD- 057, April 21, 2006).

Note: Ecker Textiles production data for the period April through December 2021 was \*\*\*. Shipment quantity was \*\*\* shipment value was \*\*\* for Ecker Textiles for April through December 2021. Tara Materials' production data for the period January through March 2021 was \*\*\* while shipment quantity was \*\*\*. Shipment value for this same period for Tara Materials' was \*\*\*.

## Definitions of the domestic like product and domestic industry

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

related parties provision, the Commission may exclude a U.S. producer from the domestic industry for purposes of its injury determination if “appropriate circumstances” exist.<sup>36</sup>

In its original determination and its expedited first and second five-year review determinations, the Commission found a single domestic like product consisting of all artists’ canvas meeting the physical specifications of Commerce’s scope definition. In its original determination and its expedited first and second five-year review determinations, the Commission defined the domestic industry as all U.S. producers of artists’ canvas, that is, all U.S. coaters (i.e., bulk canvas producers) and non-print converters of artists’ canvas, but not print converters.<sup>37</sup> Certain Commissioners defined the domestic industry differently in the original determination and the first five-year review determination.<sup>38</sup>

## **U.S. imports**

### **U.S. importers**

During the final phase of the original investigation, the Commission received U.S. importer questionnaires from 20 firms, with two firms (\*\*\*) accounting for the majority of both subject and nonsubject imports of artists’ canvas in 2005. Import data presented in the original investigation are based on a combination of questionnaire data and official Commerce statistics.

Although the Commission did not receive responses from any respondent interested parties in its first five-year review, the domestic interested parties provided a list of 11 firms that may have imported artists’ canvas from China and the domestic interested party listed 26 firms in the second review.<sup>39</sup>

Although the Commission did not receive responses from any respondent interested parties in this current review, in its response to the Commission’s notice of institution, the

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<sup>36</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>37</sup> Print converters were determined not to be domestic producers because they did not engage in sufficient production-related activities due to the modest value add and low employment needs from print conversion. {Investigation No. 731-TA-1091 (Second Review): Artists’ Canvas from China, Confidential Report, INV-OO-121, December 21, 2016, 8}.

<sup>38</sup> 87 FR 5514, February 1, 2022.

<sup>39</sup> Second review confidential report, p. I-17.

domestic interested party provided a list of 29 potential U.S. importers of artists' canvas from China.<sup>40</sup>

## U.S. imports

Table I-3 presents the quantity, value, and unit value of U.S. imports from China as well as the other top sources of U.S. imports for 2016-21 (shown in descending order of 2021 imports by quantity).

**Table I-3**  
**Artists' Canvas: U.S. imports, by source and period**

Quantity in 1,000 square meters; value in 1,000 dollars; unit value in dollars per square meter

U.S. imports from	Measure	2016	2017	2018	2019	2020	2021
China	Quantity	8,643	9,047	23,831	8,662	5,778	4,884
Subject sources	Quantity	8,643	9,047	23,831	8,662	5,778	4,884
Cambodia	Quantity	578	1,736	2,115	3,450	6,860	8,069
Vietnam	Quantity	2,331	2,559	3,723	4,802	7,097	7,141
India	Quantity	1,870	4,036	3,127	2,203	6,077	4,450
Bangladesh	Quantity	-	-	-	-	533	1,315
Burma	Quantity	-	-	-	-	879	709
Mexico	Quantity	852	723	594	518	480	523
Dominican Republic	Quantity	24	85	125	85	861	268
All other sources	Quantity	635	629	728	1,396	3,050	2,997
Nonsubject sources	Quantity	6,290	9,768	10,413	12,966	25,838	25,472
All import sources	Quantity	14,933	18,815	34,244	21,628	31,616	30,357

<sup>40</sup> Domestic interested party's response to the notice of institution, March 3, 2022, p. 13.

**Table I-3 Continued**  
**Artists' Canvas: U.S. imports, by source and period**

U.S. imports from	Measure	2016	2017	2018	2019	2020	2021
China	Value	68,393	53,084	69,494	48,047	32,437	33,023
Subject sources	Value	68,393	53,084	69,494	48,047	32,437	33,023
Vietnam	Value	19,000	18,894	19,897	29,601	38,954	40,972
India	Value	13,585	14,285	14,610	13,491	17,019	13,613
Bangladesh	Value	-	-	-	-	4,521	7,497
Burma	Value	-	-	-	2,732	9,036	6,759
Mexico	Value	5,536	6,963	5,229	5,224	4,405	4,843
Dominican Republic	Value	163	734	780	1,371	7,474	2,526
Cambodia	Value	4,134	5,198	12,556	21,694	46,607	50,201
All other sources	Value	3,678	3,162	3,636	5,589	7,696	10,322
Nonsubject sources	Value	46,095	49,236	56,709	79,702	135,711	136,734
All import sources	Value	114,487	102,320	126,203	127,749	168,148	169,758
China	Unit value	7.9	5.9	2.9	5.5	5.6	6.8
Subject sources	Unit value	7.9	5.9	2.9	5.5	5.6	6.8
Cambodia	Unit value	7.2	3	5.9	6.3	6.8	6.2
Vietnam	Unit value	8.2	7.4	5.3	6.2	5.5	5.7
India	Unit value	7.3	3.5	4.7	6.1	2.8	3.1
Bangladesh	Unit value	-	-	-	-	8.5	5.7
Burma	Unit value	-	-	-	-	10.3	9.5
Mexico	Unit value	6.5	9.6	8.8	10.1	9.2	9.3
Dominican Republic	Unit value	6.8	8.6	6.2	16.1	8.7	9.4
All other sources	Unit value	5.8	5.0	5.0	4.0	2.5	3.4
Nonsubject sources	Unit value	7.3	5.0	5.4	6.1	5.3	5.4
All import sources	Unit value	7.7	5.4	3.7	5.9	5.3	5.6

Source: Compiled from official Commerce statistics for HTS statistical reporting numbers 5901.90.2000, 5901.90.4000, accessed April 4, 2022.

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

## Apparent U.S. consumption and market shares

Table I-4 presents data on U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares.

**Table I-4**  
**Artists' canvas: Apparent U.S. consumption and market shares, by source and period**

Quantity in 1,000 square meters; value in 1,000 dollars; shares in percent

Source	Measure	2005	2010	2015	2021
U.S. producers	Quantity	***	***	***	***
China	Quantity	2,286	1,918	10,126	4,884
Nonsubject sources	Quantity	1,524	4,098	5,992	25,472
All import sources	Quantity	3,810	6,016	16,118	30,357
Apparent U.S. consumption	Quantity	***	***	***	***
U.S. producers	Value	***	***	***	***
China	Value	15,079	14,292	62,527	33,023
Nonsubject sources	Value	11,766	26,713	44,206	136,734
All import sources	Value	26,845	41,005	106,733	169,758
Apparent U.S. consumption	Value	***	***	***	***
U.S. producers	Share of quantity	***	***	***	***
China	Share of quantity	***	***	***	***
Nonsubject sources	Share of quantity	***	***	***	***
All import sources	Share of quantity	***	***	***	***
U.S. producers	Share of value	***	***	***	***
China	Share of value	***	***	***	***
Nonsubject sources	Share of value	***	***	***	***
All import sources	Share of value	***	***	***	***

Source: For the years 2005-15, data are compiled using data submitted in the Commission's second five-year review. For the year 2021, U.S. producers' U.S. shipments are compiled from the domestic interested party's response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS statistical reporting numbers 5901.90.2000, 5901.90.4000, accessed April 4, 2022.

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

Note: For 2021, apparent U.S. consumption is derived from U.S. shipments of imports, rather than U.S. imports.

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

## The industry in China

During the final phase of the original investigation, the Commission received foreign producer/exporter questionnaires from 4 firms, which accounted for approximately \*\*\* percent of artists' canvas exports from China during 2005.

Although the Commission did not receive responses from any respondent interested parties in its first five-year review, the domestic interested parties provided a list of 11 possible producers of artists' canvas in China in that proceeding and the domestic interested party identified 15 possible producers of artists' canvas in China in the second review.<sup>41</sup>

Although the Commission did not receive responses from any respondent interested parties in this five-year review, the domestic interested party provided a list of 9 possible producers of artists' canvas in China.<sup>42</sup>

There were no major developments in the Chinese industry since the continuation of the order in the second review identified by the domestic interested party in the proceeding.

Table I-5 presents Chinese export data for tracing cloth; prepared painting canvas; buckram and similar stiffened textile fabrics of a kind used for hat foundations, a category that includes artists' canvas and out-of-scope products, (by source in descending order of value for 2020).

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<sup>41</sup> Second review confidential report, p. I-21.

<sup>42</sup> Domestic interested party's response to the notice of institution, March 3, 2022, Attachment B.

**Table I-5**

**Tracing cloth; prepared painting canvas; buckram and similar stiffened textile fabrics of a kind used for hat foundations: Value of exports from China, by destination and period**

Value in 1,000 dollars

<b>Destination market</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
India	1,979,153	1,274,565	3,686,413	3,596,036	3,413,657
United States	8,554,829	7,239,546	8,676,362	4,414,509	2,119,286
Netherlands	1,253,959	1,007,421	1,472,600	1,594,289	2,094,311
Vietnam	1,106,573	1,587,764	1,815,581	1,732,811	1,923,246
Germany	1,335,538	1,246,191	1,542,276	1,426,434	1,435,355
Myanmar	452,230	517,083	999,291	1,465,731	1,222,391
Bangladesh	1,006,825	742,349	1,470,746	1,473,153	1,184,942
Korea, South	1,476,289	1,213,314	1,397,320	1,700,822	1,166,806
Cambodia	301,389	243,228	603,087	1,764,695	1,161,571
Thailand	843,646	837,662	1,219,273	1,289,760	1,060,525
All other markets	17,942,751	15,676,233	20,166,809	18,058,128	15,152,187
All markets	36,253,182	31,585,356	43,049,758	38,516,368	31,934,277

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheadings 5901.90, accessed April 7, 2022. These data may be overstated as HS subheadings 5901.90 may contain products outside the scope of this review.

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

## Third-country trade actions

Based on available information, artists' canvas from China has not been subject to other antidumping or countervailing duty investigations outside the United States.

## The global market

Table I-6 presents global export data for tracing cloth; prepared painting canvas; buckram and similar stiffened textile fabrics of a kind used for hat foundations, a category that includes artists' canvas and out-of-scope products, (by source in descending order of value for 2020).

**Table I-6****Tracing cloth; prepared painting canvas; buckram and similar stiffened textile fabrics of a kind used for hat foundations: Value of global exports by country and period**

Value in 1,000 dollars

<b>Exporting country</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
China	258,029,593	243,025,194	298,572,136	275,850,342	249,878,188
Cambodia	6,628,417	7,788,165	10,622,742	22,234,061	45,184,811
Vietnam	19,126,054	19,102,267	22,055,583	28,026,637	41,025,006
United States	12,331,329	13,839,197	13,966,637	13,609,389	15,686,472
Netherlands	11,171,302	11,742,656	12,036,453	13,073,059	14,495,482
Italy	8,480,825	8,024,561	9,293,445	7,745,499	9,265,415
Germany	7,668,931	9,023,472	9,671,541	9,057,119	8,789,215
Dominican Republic	7,055,732	8,705,486	6,838,836	5,618,310	8,049,021
Thailand	304,222	229,134	828,612	2,465,648	6,058,270
France	3,990,546	4,712,997	7,597,979	6,464,141	4,781,951
All other exporters	42,345,481	39,203,368	43,624,583	36,036,176	36,923,377
All exporters	377,132,432	365,396,497	435,108,547	420,180,381	440,137,208

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheadings 5901.90, accessed April 7, 2022. These data may be overstated as HS subheadings 5901.90 may contain products outside the scope of this review.

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



**APPENDIX A**  
**FEDERAL REGISTER NOTICES**



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

Citation	Title	Link
87 FR 5467 February 1, 2022	<i>Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.federalregister.gov/documents/2022/02/01/2022-02026/initiation-of-five-year-sunset-reviews">https://www.federalregister.gov/documents/2022/02/01/2022-02026/initiation-of-five-year-sunset-reviews</a>
87 FR 5513 February 1, 2022	<i>Artists' Canvas From China; Institution of a Five-Year Review</i>	<a href="https://www.federalregister.gov/documents/2022/02/01/2022-01912/artists-canvas-from-china-institution-of-a-five-year-review">https://www.federalregister.gov/documents/2022/02/01/2022-01912/artists-canvas-from-china-institution-of-a-five-year-review</a>



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



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**APPENDIX C**  
**SUMMARY DATA COMPILED IN PRIOR PROCEEDINGS**



**Table C-1**  
**Artists' canvas: Summary data concerning the U.S. market, 2002-2005**

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**Table C-2**  
**Bulk artists' canvas: Summary data concerning the U.S. market, 2002-2005**

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**Table C-3**  
**Finished artists' canvas: Summary data concerning the U.S. market, 2002-2005**

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**Table C-4**  
**Artists' canvas: Summary data concerning the U.S. market (excluding print converters), 2002-2005**

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**APPENDIX D**

**PURCHASER QUESTIONNAIRE RESPONSES**



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

1. Have there been any significant changes in the supply and demand conditions for artists' canvas that have occurred in the United States or in the market for artists' canvas in China since January 1, 2016?

<b>Purchaser</b>	<b>Yes / No</b>	<b>Changes that have occurred</b>
***	***	***

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

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

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

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