

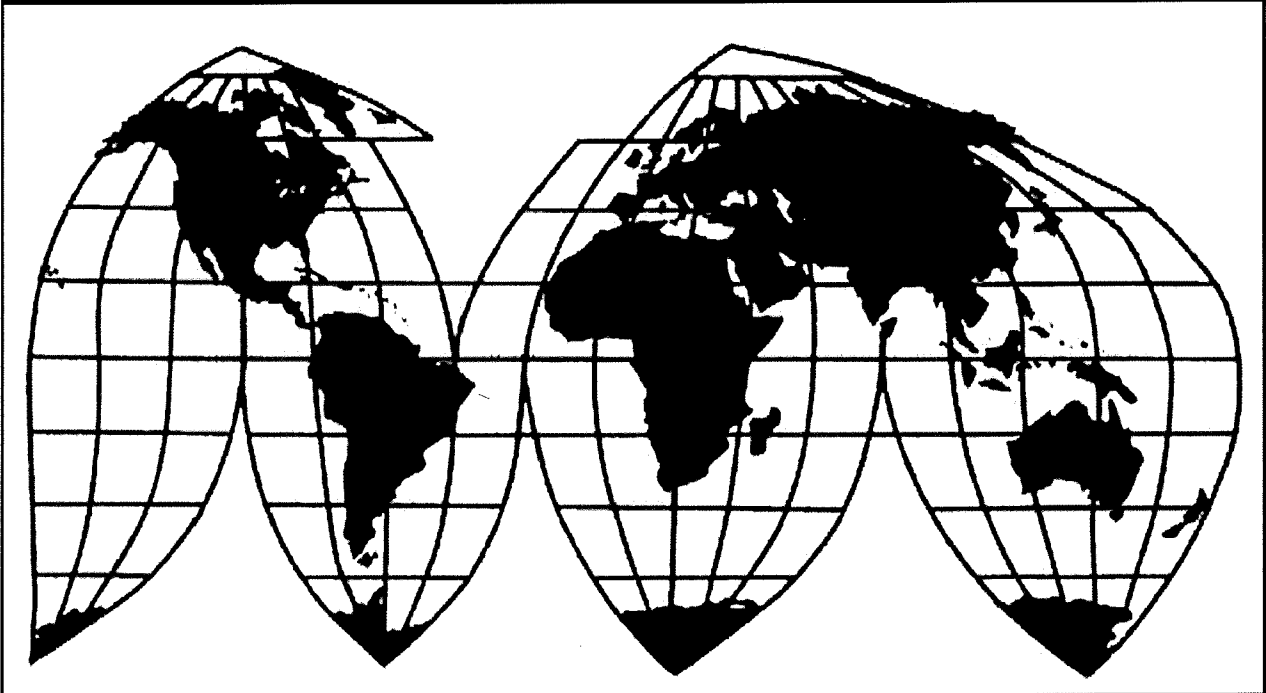
Crepe Paper from China

Investigation No. 731-TA-1070A (Second Review)

Publication 4560

August 2015

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Nataline Viray-Fung, Attorney
Chris Cassise, Supervisory Investigator

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1070A (Second Review)

Crepe Paper from China

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930, that revocation of the antidumping duty order on crepe paper from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), instituted this review on April 1, 2015 (80 F.R. 17499) and determined on July 6, 2015 that it would conduct an expedited review (80 F.R. 43118, July 21, 2015).²

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

² Chairman Broadbent and Commissioner Kieff concluded that the respondent group response was inadequate, but that the circumstances warranted a full review.

Views of the Commission

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

I. Background

In January 2005, the Commission determined that an industry in the United States was materially injured by reason of LTFV imports of crepe paper products from China.¹ The U.S. Department of Commerce (“Commerce”) issued an antidumping duty order with respect to imports from China on January 25, 2005.²

In April 2010, the Commission conducted its first review of the order and determined that revocation of the order would likely lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.³ The first five-year review was an expedited review. Commerce issued a continuation of the antidumping duty order on May 13, 2010.⁴

The Commission instituted this review on April 1, 2015.⁵ Seaman Paper Co. (“Seaman”), a domestic producer of crepe paper, submitted the sole response to the Commission’s notice of institution. The Commission did not receive a response from any respondent interested party. On July 6, 2015, the Commission found the domestic producer’s response to the notice individually adequate, the domestic interested party group response adequate, and the respondent interested party group response inadequate.⁶ In the absence of any circumstances warranting a full review, the Commission determined to conduct an expedited review of the order.⁷

¹ *Certain Crepe Paper Products from China*, Inv. No. 731-TA-1070A (Final), USITC Pub. 3749 (Jan. 2005) at 3 (“Final Determination”).

² *Certain Crepe Paper Products from the People’s Republic of China: Antidumping Duty Order*, 70 Fed. Reg. 3509 (Jan. 25, 2005).

³ *Certain Crepe Paper Products from China*, Inv. No. 731-TA-1070A (Review), USITC Pub. 4148 (April 2010) (“Review Determination”).

⁴ *Certain Crepe Paper Products from China: Continuation of the Antidumping Duty Order*, 75 Fed. Reg. 26919 (May 13, 2010).

⁵ *Crepe Paper from China: Institution of a Five-Year Review*, 80 Fed. Reg. 17499 (April 1, 2015).

⁶ Explanation of Commission Determination on Adequacy, EDIS Doc. 560428 (July 2015).

⁷ Explanation of Commission Determination on Adequacy, EDIS Doc. 560428. Chairman Broadbent and Commissioner Kieff voted to conduct a full review.

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.”⁸ 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.”⁹ 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.¹⁰

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

. . . crepe paper products that have a basis weight not exceeding 29 grams per square meter prior to being creped and, if appropriate, flameproofed. Crepe paper has a finely wrinkled surface texture and typically but not exclusively is treated to be flame-retardant. Crepe paper is typically but not exclusively produced as streamers in roll form and packaged in plastic bags. Crepe paper may or may not be bleached, dyecolored, surface-colored, surface decorated or printed, glazed, sequined, embossed, die-cut, and/or flame-retardant. Subject crepe paper may be rolled, flat or folded, and may be packaged by banding or wrapping with paper, by placing in plastic bags, and/or by placing in boxes for distribution and use by the ultimate consumer. Packages of crepe paper subject to the order may consist solely of crepe paper of one color and/or style, or may contain multiple colors and/or styles.¹¹

⁸ 19 U.S.C. § 1677(4)(A).

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

¹⁰ *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).

¹¹ *Certain Crepe Paper Products from the People’s Republic of China: Final Results of Expedited Sunset Review of the Antidumping Duty Order*, 80 Fed. Reg. 46954 (“Commerce Review Determination”) (Aug. 6, 2015).

The scope definition set out above is unchanged from Commerce’s scope definition in the original investigation and the first review.

Crepe paper products are manufactured from lightweight, flat tissue paper using a wet creping process that imparts a regular, finely wrinkled surface to the paper. Crepe paper may be colored, decorated, or customized in a variety of ways; it is typically cut into streamers that are used for decorative purposes.¹² The crepe paper products at issue in this review are distinguishable from the dry creped tissue paper used for cleaning or other household purposes and the creped papers used in industrial applications such as air, fuel, and oil filters.¹³

In its original determination and first review, the Commission defined a single domestic like product consisting of crepe paper, coextensive with the scope of Commerce’s investigation. There is no new information obtained during this review that would suggest any reason to revisit the Commission’s domestic like product definition in the original determination and first review, and Seaman agrees with that definition.¹⁴ Therefore, we define the domestic like product as crepe paper, coextensive with Commerce’s scope definition.

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.”¹⁵ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original determination and first review, the Commission defined the domestic industry as consisting of all domestic producers of crepe paper and did not exclude any domestic producer as a related party. There are no related party or other domestic industry issues in this review. Accordingly, we define the domestic industry as all domestic producers of crepe paper. Seaman is *** domestic producer of crepe paper.¹⁶

¹² Confidential Report (“CR”) at I-6, Public Report (“PR”) at I-6.

¹³ CR at I-6, PR at I-5.

¹⁴ Seaman Response at 7.

¹⁵ 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.

¹⁶ At the time of the original investigation, there were four U.S. domestic producers of crepe paper (Seaman, American Crepe Paper Corporation, Cindus, and the Beistle Company). At the time of the first review in 2010, three companies were identified as domestic producers (Seaman, Cindus, and Unique).

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.”¹⁷ The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”¹⁸ Thus, the likelihood standard is prospective in nature.¹⁹ The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.²⁰

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.”²¹ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but

¹⁷ 19 U.S.C. § 1675a(a).

¹⁸ Uruguay Round Agreements Act, Statement of Administrative Action (“SAA”), H.R. Rep. 103-316, vol. 1 at 883-84 (1994). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

¹⁹ 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.

²⁰ 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’”).

²¹ 19 U.S.C. § 1675a(a)(5).

normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”²²

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.”²³ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).²⁴ 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.²⁵

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.²⁶ 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.²⁷

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the

²² 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.*

²³ 19 U.S.C. § 1675a(a)(1).

²⁴ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings. CR at I-11, PR at I-9.

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

²⁶ 19 U.S.C. § 1675a(a)(2).

²⁷ 19 U.S.C. § 1675a(a)(2)(A-D).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.²⁸

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.²⁹ 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.³⁰

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

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”³¹ The following conditions of competition inform our determination.

²⁸ 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.

²⁹ 19 U.S.C. § 1675a(a)(4).

³⁰ 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.

³¹ 19 U.S.C. § 1675a(a)(4).

1. Demand Conditions

In the original investigation, the Commission found that demand for crepe paper was unchanged over the January 2001 – September 2004 period of investigation (“POI”).³² In the first review, information on the record indicated that demand was relatively steady but had declined during the latter portion of the period of review due to the general economic downturn.³³ The Commission found that demand for crepe paper was generally tied to the U.S. economy, reasoning that consumers tend to spend less on party supplies when the economy is down.³⁴

In this review, the available information indicates that the conditions of competition that influence demand for crepe paper have not changed significantly since the original investigation and first review.³⁵ Because there are no precise HTS classification numbers for crepe paper and no importer or producer of subject merchandise provided data to the Commission, the record contains no reliable U.S. import or apparent consumption data for crepe paper during the period of review.³⁶ Demand for crepe paper remains heavily reliant on the strength of the economy and consumer spending. The record indicates that consumer spending has increased irregularly since 2011 and that Seaman projects that demand for crepe paper will fluctuate in the future.³⁷

2. Supply Conditions

In the original investigation, the Commission found that the U.S. market was supplied by domestic production and subject imports, as there were no reported nonsubject imports during the POI. The Commission also found that the domestic industry’s share of apparent U.S. consumption fell substantially over the POI and that its production capacity remained stable until 2004.³⁸ In the first review, information on the record indicated that subject imports had retreated from the U.S. market and there was still no evidence of nonsubject imports of crepe paper.³⁹

In this review, information on the record indicates that the domestic crepe paper industry has consolidated. ***.⁴⁰ The record also indicates that subject imports remain present

³² Original Determination, USITC Pub. 3749 at 8.

³³ Review Determination, USITC Pub. 4148 at 8.

³⁴ Review Determination, USITC Pub. 4148 at 8.

³⁵ CR at D-4, PR at D-4.

³⁶ CR at I-18, PR at I-14.

³⁷ Seaman Response at 21.

³⁸ Original Determination, USITC Pub. 3749 at 9.

³⁹ Review Determination, USITC Pub. 4148 at 8. There were no reliable import data available in the prior review.

⁴⁰ CR at I-5, PR at I-5.

in the U.S. market at very low levels during this review period and that there continues to be no evidence of nonsubject imports.⁴¹

3. Substitutability and Other Conditions

In the original investigation, the Commission found that there was a high degree of substitutability between domestically produced crepe paper and subject imports from China.⁴² All domestic producers and the majority of purchasers reported that domestic crepe paper and subject imports were “always” interchangeable and purchasers reported that price was one of the most important factors in purchasing decisions.⁴³ The Commission also found that U.S. producers’ shipments to distributors, and to a lesser extent to retailers, decreased during the POI, whereas their shipments to end users increased over the POI.⁴⁴ The Commission found that U.S. shipments of subject merchandise increased to retailers and decreased to end users.⁴⁵ The Commission found that subject imports and the domestic like product competed directly in all channels of distribution and that such competition appeared to be growing, particularly in sales to retailers.⁴⁶ In the first review, information on the record indicated that there continued to be a high degree of substitutability between domestically produced crepe paper and subject imports and that price continued to be an important factor in purchasing decisions.⁴⁷ The information on the record also indicated that overlapping channels of distribution continued to exist in the U.S. market.⁴⁸

In this review, Seaman asserts that crepe paper remains a highly substitutable product.⁴⁹ The limited information available in this review does not indicate that the substitutability between subject and domestic crepe paper has changed since the original investigation and first review. Accordingly, we again find that there is a high degree of substitutability between domestic and subject crepe paper, and that price continues to be an important factor in purchasing decisions.

⁴¹ CR at I-15, PR at I-12; Seaman Response at 22.

⁴² Original Determination, USITC Pub. 3749 at 10.

⁴³ Original Determination, USITC Pub. 3749 at 10.

⁴⁴ Original Determination, USITC Pub. 3749 at 9.

⁴⁵ Original Determination, USITC Pub. 3749 at 9.

⁴⁶ Original Determination, USITC Pub. 3749 at 9.

⁴⁷ Review Determination, USITC Pub. 4148 at 10.

⁴⁸ Review Determination, USITC Pub. 4148 at 9.

⁴⁹ Seaman Response at 19.

C. Revocation of the Antidumping Duty Order Is Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

In the original investigation, subject import volume increased sharply throughout the POI, rising from 3.8 million square meters in 2001 to 12.2 million square meters in 2002 and 20.8 million square meters in 2003. The increase between 2001 and 2003 was approximately 444 percent.⁵⁰ The market share held by subject imports also increased over the POI, and the increase coincided precisely with the decrease in the market share held by the domestic industry.⁵¹ The Commission concluded that the volume of subject imports was significant, both in absolute terms and relative to U.S. consumption.⁵²

In the first review, the Commission found that the imposition of the antidumping duty order had a disciplining effect on subject imports. It observed that available data on the record suggested that the Chinese crepe paper industry's capacity had increased and that Chinese producers remained export oriented and interested in the U.S. market.⁵³ The Commission concluded that the volume of subject imports would likely be significant and would likely increase significantly should the order be revoked.⁵⁴

The information available in this review indicates that the order continues to have a disciplining effect on the volume of subject imports. Official import statistics for "kraft paper," a category which encompasses other paper products in addition to crepe paper, show that imports from China increased slightly over the review period.⁵⁵ Imports from China were 22,000 kilograms in 2010, 47,000 kilograms in 2011, 45,000 kilograms in 2012, 52,000 kilograms in 2013, and 173,000 kilograms in 2014.⁵⁶ Import volume in 2014, while overstated (for the reasons stated above) remained below peak import volumes observed in the original investigations.

The record does not contain any current data specific to crepe paper production or capacity in China because subject producers did not participate or furnish information in this

⁵⁰ Original Determination, USITC Pub. 3749 at 10.

⁵¹ Original Determination, USITC Pub. 3749 at 10.

⁵² Original Determination, USITC Pub. 3749 at 10.

⁵³ Review Determination, USITC Pub. 4148 at 11-12.

⁵⁴ Review Determination, USITC Pub. 4148 at 12.

⁵⁵ CR/PR at Table I-3. U.S. import data for all the HTS subheadings identified in the antidumping duty order appear to significantly overstate crepe paper import volume. While the four HTS subheadings most specific to crepe paper (4808.20, 4808.30, 4808.40, and 4808.90.20) also appear to overstate crepe paper import volume, we rely on these subheadings as a reasonable indicator of crepe paper import trends. *Id.*

⁵⁶ CR/PR at Table I-3; Seaman Response at Exh. 6.

review.⁵⁷ Nonetheless, the information available in this review indicates that Chinese producers of crepe paper have increased their capacity since the first review.⁵⁸ Furthermore, information on the record suggests that tissue paper producers in China have the ability to shift production to crepe paper, as tissue paper is the base paper used to produce crepe paper.⁵⁹ The record also suggests that should the order be revoked, the subject producers would have the incentive to increase exports to the United States in light of their export orientation and ***.⁶⁰

Based on the increase in the volume and market share of subject imports during the original investigation, the substantial Chinese production capacity and unused capacity at the end of the original investigation, the ability of Chinese producers to increase capacity and production, the evidence on the record of the Chinese industry's current capacity to produce crepe paper, and the export orientation of the Chinese industry, we find that Chinese producers have the ability and the incentive to increase their exports to the United States significantly if the order were revoked. Therefore, we find that the likely volume of subject imports, both in absolute terms and relative to production and consumption in the United States, would likely be significant within the reasonably foreseeable future if the order were revoked.

2. Likely Price Effects

In the original investigation, the Commission found that the domestic like product and subject imports were highly interchangeable and that price played an important role in purchasing decisions.⁶¹ The Commission also observed that several significant purchasers confirmed that they switched from domestic to subject sources to take advantage of lower prices and that domestic producers lowered their prices to compete with subject imports.⁶² The Commission expressed concern with the comparability of the domestic and subject import pricing data.⁶³ It concluded that because the domestic industry made a greater proportion of its sales to distributors than did importers, it had lower weighted average prices.⁶⁴ The Commission did not find significant underselling by subject imports, but found that subject imports had significant price suppressing effects because significant price competition by the

⁵⁷ The record also does not contain any current information about inventories of the subject merchandise. The record does indicate that there are no outstanding antidumping or countervailing duty orders in other markets concerning crepe paper from China. CR at I-18-20, PR at I-15.

⁵⁸ CR at I-18, PR at I-14; Seaman Response at 24-27 (listing Chinese producers and their capacity) and Exh. 9.

⁵⁹ Seaman Response at 28-29.

⁶⁰ See, e.g., Seaman Response at 30 and Exh. 10.

⁶¹ Original Determination, USITC Pub. 3749 at 11.

⁶² Original Determination, USITC Pub. 3749 at 11.

⁶³ Original Determination, USITC Pub. 3749 at 12. The pricing data showed more overselling than underselling by subject imports.

⁶⁴ Original Determination, USITC Pub. 3749 at 12.

rapidly increasing volume of subject imports forced the domestic industry to spread its fixed costs over reduced sales volumes and prevented it from raising its prices.⁶⁵

In the first review, the Commission found again that subject imports were highly interchangeable with the domestic like product and that price continued to be an important factor in purchasing decisions. It found that if the order were revoked, subject imports would likely compete with the domestic like product on the basis of price, as they did in the original investigation, in order to gain market share. The Commission concluded that if the order were revoked, subject imports would likely increase significantly and would likely have depressing or suppressing effects on prices for the domestic like product.⁶⁶

There is no new product-specific pricing information on the record of this review. The record in this review indicates, as explained above, that crepe paper produced in the United States and China remains highly substitutable and that price continues to be an important factor in purchasing decisions. Although the quantity of subject imports has been significantly reduced as a result of the antidumping duty order, we find that Chinese producers likely would increase their exports to the United States to a significant level in the reasonably foreseeable future if the antidumping duty order were revoked. Consequently, we find that the high volume of subject imports would likely compete with the domestic like product on the basis of price in order to gain market share, just as they did during the original POI.

We find that, absent the disciplining effects of the antidumping duty order, subject imports would likely re-enter the U.S. market in large volumes and be aggressively marketed at low prices. Therefore, we conclude that if the order were revoked, subject imports from China would likely increase significantly and those imports would likely have a depressing or suppressing effect on prices for the domestic like product.

3. Likely Impact

In the original investigation, the Commission found that virtually every indicator of the domestic industry's condition showed declines over the POI. There were declines in production, capacity, output, capacity utilization, shipment volumes, and employment indicators.⁶⁷ The Commission also found that the domestic industry's financial condition worsened considerably over the POI.⁶⁸ It concluded that subject imports had a significant adverse impact on the domestic industry.

In the first review, the Commission found that the high volume of low-priced subject imports that would likely re-enter the U.S. market if the order were revoked would have a significant adverse impact on the domestic industry. It found that the domestic industry would likely lose market share to subject imports and that this would likely have an adverse impact on

⁶⁵ Original Determination, USITC Pub. 3749 at 12-13.

⁶⁶ Review Determination, USITC Pub. 4148 at 13-14.

⁶⁷ Original Determination, USITC Pub. 3749 at 13.

⁶⁸ Original Determination, USITC Pub. 3749 at 13-14.

the domestic industry's production, shipments, sales, revenue, and employment, as it did in the original investigation.⁶⁹

In this review, the information available concerning the domestic industry's condition consists of the data that Seaman provided in its response to the notice of institution. Because this is an expedited review, we have only limited information with respect to the domestic industry's financial performance. The limited record in this review is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

The information on the record indicates that the domestic industry has shown slight improvement in its operating and financial performance since the original investigation and first review. While its capacity has decreased, its output and shipments have increased. The domestic industry produced *** square meters of crepe paper in 2014, which is more than it produced during the original POI or in 2008.⁷⁰ Capacity utilization was *** percent in 2014. Domestic shipments were *** square meters in 2014 valued at \$***. Both figures are greater than those reported from the original POI or 2008. Seaman reported an operating income margin of *** percent in 2014. This is higher than during the original POI but slightly lower than 2008.⁷¹

Based on the limited record of this review, we find that should the order be revoked, the likely significant volume and price effects of the subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenue of the domestic industry. These declines would likely have an adverse impact on the domestic industry's profitability and employment, its ability to raise capital, to make and maintain capital investments, and to fund research and development.

We also have considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. The available data indicate that nonsubject imports are not present in the U.S. market.⁷² We therefore conclude that the likely adverse effects of revocation we have identified are not attributable to nonsubject imports.

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

⁶⁹ Review Determination, USITC Pub. 4148 at 15.

⁷⁰ CR/PR at Table I-2. Besides data from the original investigation POI, 2008 is the only other time period for which information was available.

⁷¹ CR/PR at Table I-2.

⁷² As noted above, the HTS subheadings most specific to crepe paper significantly overstate the actual import volume of crepe paper. Thus, although these HTS subheadings appear to show substantial imports from several non-subject countries (CR/PR at Table I-3), domestic producer Seaman has stated that nonsubject imports of crepe paper do not have a meaningful place in the U.S. market. Seaman Response at 22.

IV. Conclusion

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

INFORMATION OBTAINED IN THESE REVIEWS

BACKGROUND

On April 1, 2015, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted a review to determine whether revocation of an antidumping duty order on crepe paper from China would likely lead to the continuation or recurrence of material injury to a domestic industry.² All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.^{3 4} The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
April 1, 2015	Notice of institution and initiation by Commerce and Commission
July 6, 2015	Commission vote on adequacy
July 30, 2015	Commerce results of its expedited review
August 31, 2015	Commission statutory deadline to complete expedited review
March 28, 2016	Commission statutory deadline to complete full review

¹ 19 U.S.C. 1675(c).

² *Crepe Paper From China; Institution of a Five-Year Review*, 80 FR 17499, April 1, 2015.

In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 80 FR 17388, April 1, 2015. Pertinent *Federal Register* notices are referenced in Appendix A, and may be found at the Commission’s website (www.usitc.gov).

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

⁴ Interested parties were also asked to provide a list of three to five leading purchasers in the U.S. market of the subject merchandise. Presented in Appendix D are the responses received from purchaser questionnaires mailed to the purchasers identified in the adequacy phase of this review.

RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

Individual responses

The Commission received one submission in response to its notice of institution in the subject review. It was filed on behalf of Seaman Paper Company of Massachusetts, Inc. (“Seaman”), a domestic producer of crepe paper.

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 the table below.

Table I-1

Crepe paper: Summary of responses to the Commission’s notice of institution

Type of interested party	Completed responses	
	Number	Coverage
Domestic	1	***% ¹
Respondents	0	0%

¹The coverage figure represents the domestic interested party’s estimate of its share of total U.S. production of crepe paper. *Seaman’s Response to Notice of Institution*, April 30, 2015, p.6 and exh. 5.

Party comments on adequacy

The Commission received one submission from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The submission was on behalf of Seaman. In its comments, Seaman maintains that the respondent interested parties’ response is inadequate since there was no response from producers in China or from importers in the United States. They contend that the lack of responses from respondent interested parties warrants an expedited review.⁵

RECENT DEVELOPMENTS IN THE INDUSTRY

Since the Commission’s last five-year review, the following developments have occurred in the crepe paper industry:

1. In *** ceased production of crepe paper. ***.⁶
2. In *** ceased production of crepe paper and ***.⁷

⁵ *Seaman’s Comments on Adequacy*, June 15, 2015.

⁶ *Seaman’s Response to Notice of Institution*, April 30, 2015, pp. 3-4.

THE PRODUCT

Commerce's scope

Commerce has defined the subject merchandise as:

...crepe paper products that have a basis weight not exceeding 29 grams per square meter prior to being creped and, if appropriate, flame-proofed. Crepe paper has a finely wrinkled surface texture and typically but not exclusively is treated to be flame-retardant. Crepe paper is typically but not exclusively produced as streamers in roll form and packaged in plastic bags. Crepe paper may or may not be bleached, dye-colored, surface-colored, surface decorated or printed, glazed, sequined, embossed, die-cut, and/or flame-retardant. Subject crepe paper may be rolled, flat or folded, and may be packaged by banding or wrapping with paper, by placing in plastic bags, and/or by placing boxes for distribution and use by the ultimate consumer. Packages of crepe paper subject to this investigation may consist solely of crepe paper of one color and/or style, or may contain multiple colors and/or styles.⁸

Description and uses⁹

Crepe paper is manufactured from flat tissue paper using a wet creping process that imparts a regularly wrinkled surface to the paper. The crepe paper products at issue in this review are distinguishable from the dry creped tissue paper used for sanitary and other household purpose and the creped kraft papers used in industrial applications such as air, fuel, and oil filters. Subject crepe paper products may be colored, decorated, or customized in a variety of ways. According to testimony presented at the staff conference in the original investigation, the consistency of color matching and crimping of crepe paper produced in the United States reportedly is superior to that produced in China.

Crepe paper generally is slit into narrow rolls, although a small amount of crepe folds are sold for arts and crafts end uses. While tissue paper (defined broadly) is an upstream product in the manufacture of crepe paper, crepe paper products have a finely wrinkled (creped) surface, usually are cut into streamers and treated with fire-retardant chemicals, and

(...continued)

⁷ *Id.*

⁸ *Certain Crepe Paper from the People's Republic of China; Continuation of Antidumping Duty Order*, 75 FR 26919, May 13, 2010.

⁹ Unless otherwise noted, this information is based on *Crepe Paper Products from China, Investigation No. 731-TA-1070A (Review)*, USITC Publication 4148, April 2010, pp. I-8 through I-9.

most often are used for decorative purposes. In addition, small amounts are sold in sheets to school supply companies, craft stores, or individuals for use in craft projects.¹⁰

Manufacturing Process¹¹

The crepe paper products subject to this review are produced from rolls of flat tissue paper, often referred to as “jumbo rolls,” rather than dry creped tissue paper such as that used for sanitary and other household purposes. The term “tissue paper” refers to a class of lightweight paper that generally exhibits a gauze-like, fairly transparent character and that has a basis weight of less than 29 grams per square meter (18 pounds per 3,000 square feet). The tissue paper used for the manufacture of crepe paper differs from that used for bulk and consumer tissue paper in that sizing is added to the pulp as the paper is manufactured.¹²

In contrast to the dry creping process that is used in the manufacture of sanitary tissue and toweling, crepe paper undergoes a wet creping process. Typically, the first step is to mix a solution of ammonia-based flameproof salts and, if necessary, dyes and other additives (e.g., softeners, mineral-based pearlescent coatings). For dyed crepe papers, proper color matching from batch to batch is critical. Once mixed, the solution is transferred to a creping machine, and a roll of tissue paper is mounted in its roll stand. As the sheet is unwound, it is bathed in the solution, which is circulated either in a trough or in the nip of a small roll which presses the sheet onto a large, rotating drum. The moistened sheet adheres to the drum, which is equipped with a doctor blade extending across the surface of the back side of the roll. Crepes are formed as the sheet is crowded against the doctor blade, and a felt picks the sheet off the doctor blade. The relative speeds of the felt and the rotating drum are set such that the felt will not pull the creping out of the sheet. The felt conveys the creped paper to a drier cylinder which dries the sheet. Once dry, the crepe paper is rewound on a roll. The roll of creped paper is then moved to a slitter, which cuts the sheet into streamer widths (typically 1-3/4 inches), winds them to the correct length and diameter, and applies adhesive to the end to keep the streamers from unraveling. The streamers are packed in preformed bags, wholesale bags (if needed), and finally into corrugated cartons.¹³

¹⁰ None of the three firms responding to the purchasers’ questionnaire identified any changes in the end uses and applications of crepe paper.

¹¹ Unless otherwise noted, this information is based on *Crepe Paper Products from China, Investigation No. 731-TA-1070A (Review)*, USITC Publication 4148, April 2010, p. I-9.

¹² The sizing prevents the sheet of paper from disintegrating during the creping operations.

¹³ None of the three firms responding to the purchasers’ questionnaire identified any changes in the technology, production methods, or development efforts to produce crepe paper.

U.S. tariff treatment

U.S. imports of crepe paper may be classified in the Harmonized Tariff Schedule of the United States (“HTS”) under several broad subheadings covering a range of paper goods.¹⁴ In its first five-year review, the Commission found that HTS subheadings 4808.20, 4808.30, and 4808.90.20¹⁵ were most specific to the subject crepe paper, and based the import data used in that report on these numbers.¹⁶ This report will do the same. Crepe paper from China enters the United States free of duty at normal trade relations (“NTR”) rates.

The definition of the domestic like product

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. In its original determination and its expedited first five-year review determination, the Commission defined single domestic like product – crepe paper – that was coextensive with Commerce’s scope definition.¹⁷

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate definition of the domestic like product. According to its response to the notice of institution, Seaman supports the definition of the domestic like product used in the original investigation and first five-year review.¹⁸

¹⁴ HTS subheadings 4802.30, 4802.54, 4802.61, 4802.62, 4802.69, 4804.39, 4806.40, 4808.30, 4808.90, 4811.90, 4818.90, 4823.90, and 9505.90.40.

¹⁵ HTS subheadings 4808.20 and 4808.30 were deleted from the HTS and replaced by subheading 4808.40 on February 3, 2012.

¹⁶ *Crepe Paper Products From China*, Investigation No. 731-TA-1070A (Review), USITC Publication 4148, Apr. 2010, p. 11.

¹⁷ *Certain Crepe Paper Products from China, Investigation No. 731-TA-1070A (Final)*, USITC Publication 3749, January 2005, pp. 3, 5-6. During the preliminary phase of the investigation, the Commission addressed two domestic like product issues: First, whether tissue and crepe paper were separate domestic like products; and second, whether bulk and consumer tissue paper constituted a separate domestic like product distinct from tissue paper. The Commission and Commerce found tissue and crepe paper to be two separate products and therefore the Commission conducted two separate final phase investigations, assigning investigation number 731-TA-1070A to crepe paper and 731-TA-1070B to tissue paper. *Certain Tissue Paper Products and Crepe Paper Products From China*, Investigation No. 731-TA-1070 (Preliminary), USITC Publication 3682, April 2004, pp. 8-11.

¹⁸ *Seaman’s Response to the Notice of Institution*, April 30, 2015, p. 7.

THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

The original investigation

The original investigation resulted from a petition filed on February 17, 2004 with Commerce and the Commission by Seaman Paper Company of Massachusetts, Inc., Otter River, Massachusetts; American Crepe Corporation, Montoursville, Pennsylvania; Eagle Tissue LLC, South Windsor, Connecticut; Flower City Tissue Mills Co., Rochester, New York; Garlock Printing & Converting, Inc., Gardner, Massachusetts; Paper Service Ltd., Hinsdale, New Hampshire; Putney Paper Co., Ltd., Putney, Vermont; and Paper, Allied-Industrial, Chemical and Energy Workers International Union AFL-CIO, CLC.¹⁹ On January 18, 2005, the Commission determined that an industry in the United States was materially injured by reason of less-than-fair-value imports of crepe paper from China and Commerce issued an antidumping duty order with respect to imports of crepe paper from China on January 25, 2005.^{20 21}

Data compiled during the original investigation and subsequent review is presented in appendix C.

The first five-year review

On December 1, 2009, the Commission instituted the first five-year review of the order and on March 8, 2010, the Commission gave notice that it would conduct an expedited review.²² On March 29, 2010, Commerce published its determination that revocation of the antidumping duty order on crepe paper from China would likely lead to continuation or recurrence of dumping at the rates determined in the original investigation.²³ On April 30, 2010, the Commission determined that absent the order, material injury would likely continue or recur within a reasonably foreseeable time.²⁴ On May 13, 2010, Commerce published notice of the continuation of the antidumping duty order.²⁵

¹⁹ *Certain Crepe Paper Products from China, Investigation No. 731-TA-1070A (Final)*, USITC Publication 3749, January 2005, p. 3.

²⁰ *Certain Crepe Paper Products From China*, 70 FR 3385 (January 24, 2005). The Commission also made a negative finding with respect to critical circumstances. *Id.*

²¹ *Certain Crepe Paper From the Peoples' Republic of China: Antidumping Duty Order*, 70 FR 3509 (January 25, 2005).

²² *Crepe Paper Products From China, Scheduling of an Expedited Five-Year Review*, 75 FR 13779 (March 23, 2010).

²³ *Certain Crepe Paper Products From the People's Republic of China: Final Results of Expedited Sunset Review of Antidumping Order*, 75 FR 15415 (March 29, 2010).

²⁴ *Crepe Paper From China Determination*, 75 FR 24968 (May 6, 2010)

²⁵ *Certain Crepe Paper Products From the People's Republic of China: Continuation of Antidumping Duty Order*, 75 FR 26919 (May 13, 2010).

Prior related investigations

Crepe paper has not been the subject of any prior antidumping or countervailing duty investigations in the United States.

ACTIONS AT COMMERCE

Crepe paper has not been the subject of any scope rulings, anti-circumvention findings, changed circumstance reviews, or duty absorption findings at Commerce.

Current review results

Commerce notified the Commission that it had not received adequate responses from respondent interested parties to its notice of initiation of the current five-year review. Consequently it intends to conduct an expedited review of the antidumping duty order and to issue its final determination by July 30, 2015.²⁶

THE INDUSTRY IN THE UNITED STATES

U.S. producers

At the time of the original investigation, four companies produced crepe paper in the United States: Seaman, American Crepe Paper Corporation, Cindus, and the Beistle Company. Three companies provided information and data on their crepe paper operations to the Commission.²⁷

At the time of the first five-year expedited review, three companies were identified as producers of crepe paper in the United States: Seaman, Unique, and Cindus. Unique, a U.S. importer of crepe paper from China in the original investigation, acquired American Crepe Paper Corp. in 2007, continued to produce crepe paper in the United States, and ceased importation of crepe paper from China. Seaman provided the only response to the notice of institution and estimated its share of 2008 domestic production of crepe paper was between *** percent.²⁸

²⁶ Letter to Catherine DeFilippo, Director, Office of Investigations, U.S. International Trade Commission from Edward Yang, Director, Office VII, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce International Trade Administration, May 20, 2015.

²⁷ *Certain Crepe Paper Products from China: Inv. No. 731-TA-1070A (Final)*, INV-BB-161, December 28, 2004, p. III-2, Table III-1. Beistle Co. did not provide data and ceased production of crepe paper thereafter.

²⁸ *Crepe Paper Products from China, Investigation No. 731-TA-1070A (Review)*, USITC Publication 4148, April 2010, p. I-12, Table I-3.

In response to the Commission's notice of institution in this current review, Seaman indicated that it is currently *** domestic producer of crepe paper.²⁹ In *** ceased production of the subject product ***.³⁰ In *** ceased production of the domestic like product and ***. In its response to the notice of institution, Seaman listed *** among its current purchasers of crepe paper.³¹

Definition of the domestic industry and related parties issues

The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. In the original investigation, the Commission defined the domestic industry as all domestic producers of crepe paper, whether integrated or converters.³² The Commission found that *** were related parties because they imported the subject product from China, but that appropriate circumstances did not exist to exclude them from the U.S. industry.³³

In the first five-year review the Commission again defined the domestic industry as all domestic producers of crepe paper whether integrated or converters. There were no related party exclusions.³⁴

In the current review, Seaman reported that ***.³⁵

U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.³⁶ Table I-2 presents data submitted by Seaman, the only responding U.S. producer, as well as trade and financial data submitted by U.S. producers in the original investigation and prior five-year review.

²⁹ *Seaman's Response to Notice of Institution*, April 30, 2015, p. 4.

³⁰ *Id.*

³¹ *Seaman's Response to Notice of Institution*, April 30, 2015, p. 6, exh. 4.

³² *Certain Crepe Paper Products from China, Investigation No. 731-TA-1070A (Final)*, USITC Publication 3749, January 2005, p. 7.

³³ *Id.*

³⁴ *Crepe Paper Products from China, Investigation No. 731-TA-1070A (Review)*, USITC Publication 4148, April 2010, p. 5.

³⁵ *Seaman's Response to Notice of Institution*, April 30, 2015, p. 4.

³⁶ Individual company trade and financial data are presented in Appendix B.

Table I-2

Crepe paper: Trade and financial data submitted by U.S. producers, 2001-03, 2008, and 2014¹

Quantity=1,000 square meters; value=1,000 dollars; Unit values, unit labor costs, and unit financial data are per pound					
Item	2001	2002	2003	2008	2014
Capacity	***	***	***	***	***
Production	***	***	***	***	***
Capacity utilization	***%	***%	***%	***%	***%
U.S. commercial shipments:					
Quantity	***	***	***	***	***
Value	\$***	\$***	\$***	\$***	\$***
Unit value	\$***	\$***	\$***	\$***	\$***
Net sales (\$1,000)	\$***	\$***	\$***	\$***	\$***
COGS (\$1,000)	\$***	\$***	\$***	(²)	\$***
COGS/Net Sales	***%	***%	***%	(²)	***%
Gross profit or (loss) (\$1,000)	\$***	\$***	\$***	(²)	\$***
SG&A expenses (loss) (\$1,000)	\$***	\$***	\$***	(²)	\$***
Operating income/(loss) (\$1,000)	\$***	\$***	\$***	\$***	\$***
Operating income (loss)/Net sales	***%	***%	***%	***%	***%
¹ Data presented for 2001-03 were provided by three producers (American Crepe, Cindus, and Seaman) in the final phase of the original investigation. These three firms were believed to have represented *** U.S. production of crepe paper during the period of investigation. Data presented for 2008 and 2014 were provided exclusively by Seaman, which represented approximately *** percent of U.S. production in 2008 and *** percent in 2014 ² Not available.					

U.S. IMPORTS AND APPARENT CONSUMPTION

U.S. importers

In the final phase of the original investigation, the Commission received questionnaire responses from 13 U.S. importers of crepe paper from China, which staff believed represented

all known major importers of crepe paper. No U.S. imports from nonsubject countries were reported.³⁷

In response to the Commission's notice of institution in the first five-year review, Seaman listed 28 potential U.S. importers of crepe paper from China but also indicated that since the period of the original investigation, the volume of U.S. imports of crepe paper from China declined "dramatically," and "Chinese imports retreated virtually entirely from the U.S. market." No duties were collected in 2005 and only limited duties were collected in the years leading up to the first expedited five-year review.³⁸

In response to the Commission's notice of institution in this review, domestic producer Seaman stated ***.³⁹

U.S. imports

In its original investigation, the Commission found that the volume of subject imports and the increase in that volume were significant, both in absolute terms and relative to consumption and production in the United States. Subject import volume increased throughout the period of investigation, rising from 3.8 million square meters in 2001 to 20.8 million square meters in 2003.⁴⁰ Subject imports retreated virtually entirely from the U.S. market between the original investigation and the first expedited five-year review, exemplified by the sharp decline in volumes and values of the three HTS subheadings most specific to the subject merchandise.⁴¹

Seaman noted in its response to the notice of institution in this current review that the data demonstrate that the volume of subject imports has remained significantly reduced since 2008. Seaman reported that import volumes from China of crepe paper dipped lower than ever in 2009 and 2010, before rising again during 2011-14. The highest import volumes in 2014, 173,000 kilograms, were still less than half the pre-order peak volume in 2002, 355,000 kilograms.⁴²

Table I-3 presents official Commerce statistics for crepe paper⁴³, which were imported under HTS subheadings most specific to crepe paper, 4808.20, 4808.30, 4808.40, and

³⁷ *Certain Crepe Paper Products from China, Investigation No. 731-TA-1070A (Final)*, USITC Publication 3749, January 2005, p. 9.

³⁸ *Crepe Paper Products from China, Investigation No. 731-TA-1070A (Review)*, USITC Publication 4148, April 2010, p. 8.

³⁹ *Id.* at 11. In its response to the notice of institution, Seaman provided a list of 120 potential U.S. importers of "party supplies", a product category much broader than the scope of this review. *Seaman's Response to the Notice of Institution*, April 30, 2015, exh. 2.

⁴⁰ *Certain Crepe Paper Products from China, Investigation No. 731-TA-1070A (Final)*, USITC Publication 3749, January 2005, p. 10.

⁴¹ *Crepe Paper Products from China, Investigation No. 731-TA-1070A (Review)*, USITC Publication 4148, April 2010, p. 11.

⁴² *Seaman's Response to Notice of Institution*, April 30, 2015, p. 15.

⁴³ Import data collected via official Commerce statistics are reported in kilograms as opposed to square meters.

4808.90.20, from 2008 through 2014.⁴⁴ The quantity of total U.S. imports increased by 66.6 percent, while the landed, duty-paid value increased by 98.4 percent over the same period. U.S. imports from China fluctuated slightly throughout 2008-13 before more than doubling in 2014.

Table I-3
Kraft paper (including creped or crinkled): U.S. imports, 2008-14

Item	2008	2009	2010	2011	2012	2013	2014
Quantity (1,000 kilograms)							
France	1,411	1,967	1,834	2,238	1,755	2,469	3,236
Germany	256	197	266	175	298	323	321
China (subject)	37	24	22	47	45	52	173
Canada	265	58	50	135	137	178	87
Italy	224	297	132	76	74	75	67
All other imports	201	241	144	70	1093	424	102
Total imports	2,394	2,784	2,448	2,741	3,402	3,521	3,986
Landed, duty-paid value (\$1,000)							
France	2,621	4,339	4,421	6,505	5,840	6,962	8,683
Germany	705	589	801	610	974	1,016	1,038
China (subject)	135	62	61	177	152	236	335
Canada	582	132	87	220	362	336	328
Italy	764	928	439	285	245	380	282
All other imports	772	622	547	491	3,035	1,700	404
Total imports	5,580	6,671	6,355	8,288	10,609	10,630	11,069

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

Source: Official statistics of Commerce for HTS subheadings most specific to subject crepe paper (4808.20, 4808.30, 4808.40, and 4808.90.20 of the Harmonized Tariff Schedule of the United States (“HTS”). U.S. import data for all of the HTS subheadings identified in the antidumping order (4802.30, 4802.54, 4802.61, 4802.62, 4802.69, 4804.39, 4806.40, 4808.30, 4808.90, 4811.90, 4818.90, 4823.90 and 9505.90.40) appear to significantly overstate crepe paper import volume. Similarly, import data for the HTS subheadings most specific to crepe paper similarly appear to overstate crepe paper quantity and volume, however, the Commission recognized these classifications as a reasonable indicator of import trends as they occur with regard to crepe paper specifically. *Crepe Paper Products from China, Investigation No. 731-TA-1070A (Review)*, USITC Publication 4148, April 2010, p. 11.

⁴⁴ Data from these subheadings appear to overstate crepe paper-specific import volume and value figures but were utilized by the Commission to analyze import trends in the first five-year review. *Crepe Paper Products from China, Investigation No. 731-TA-1070A (Review)*, USITC Publication 4148, April 2010, p. 11.

Apparent U.S. consumption and market shares

Data regarding apparent consumption for the original period of investigation (2001-03) are found in appendix C, table I-7. Data regarding apparent consumption for both the first expedited review and this review are unavailable because no reliable U.S. import data were available due to the lack of a precise HTS classification for crepe paper.

THE INDUSTRY IN CHINA

Foreign producers

During the final phase of the original investigation, the Commission issued foreign producer questionnaires to 78 firms identified as possible producers or exporters of crepe paper in China. Two producers and one exporter responded to the Commission's questionnaire; however, only one foreign producer reported actual production of crepe paper.⁴⁵ In its response to the notice of institution in the first five-year review, Seaman listed 73 known Chinese producers of crepe paper.⁴⁶

According to Seaman's response to the notice of institution in this five-year review, Chinese capacity has increased since the original investigation. In its response, Seaman listed 82 Chinese producers/exporters and included multiple reports of Chinese firms expanding their facilities, hiring more laborers, and adding manufacturing equipment.⁴⁷

Table I-4 presents the largest Chinese export markets during 2010-14.

⁴⁵ *Certain Crepe Paper Products from China, Investigation No. 731-TA-1070A (Final)*, USITC Publication 3749, January 2005, p. VII-1.

⁴⁶ *Crepe Paper Products from China, Investigation No. 731-TA-1070A (Review)*, USITC Publication 4148, April 2010, p. I-20.

⁴⁷ *Seaman's Response to Notice of Institution*, April 30, 2015, pp.24-29, exh. 9.

Table I-4**Kraft paper (including creped or crinkled): Chinese exports to major markets, 2010-14**

Item	2010	2011	2012	2013	2014
Quantity (1,000 kilograms)					
Taiwan	333	321	237	215	1,355
Brazil	56	16	60	124	964
Hong Kong	506	1,752	1,407	1,359	767
Malaysia	258	842	1,302	1,249	506
Iran	309	298	389	65	444
United States	287	586	876	1,369	371
Venezuela	434	446	343	226	368
Peru	339	167	299	297	340
Vietnam	143	194	396	284	285
Korea	441	290	345	268	277
All other	5,320	6,437	7,421	8,602	5,649
Total	8,426	11,349	13,075	14,058	11,326

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

Source: Global Trade Information Services, Inc., *Global Trade Atlas*, HS subheadings 4808.20, 4808.30, 4808.40, and 4808.90, which are considered rough approximations of trade in crepe paper and may include products other than crepe paper.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Based on available information, crepe paper products have not been subject to other antidumping or countervailing duty investigations outside the United States.

THE GLOBAL MARKET

Table I-5 presents the largest global export sources of crepe paper during 2010-14.

Table I-5**Kraft paper (including creped or crinkled): Global exports by major sources, 2010-14**

Item	2010	2011	2012	2013	2014
Quantity (1,000 kilograms)					
EU28 (External Trade)	43,509	45,200	50,293	50,172	44,977
United States	33,601	33,681	39,005	40,593	27,560
Switzerland	20,360	18,314	16,930	18,546	19,274
China	8,426	11,349	13,075	14,058	11,326
Brazil	6,035	6,493	5,713	6,889	6,631
Malaysia	3,428	4,683	6,592	7,272	5,509
Singapore	1,047	2,744	2,678	3,944	5,199
South Korea	4,531	6,048	4,605	4,479	4,192
Hong Kong	3,579	2,847	3,371	3,178	2,556
Taiwan	1,595	1,084	1,006	1,048	2,202
All other	77,761	60,734	60,356	58,458	13,588
Total	203,872	193,177	203,624	208,638	143,014

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

Source: Global Trade Information Services, Inc., *Global Trade Atlas*, HS subheadings 4808.20, 4808.30, 4808.40, and 4808.90, which are considered rough approximations of trade in crepe paper and may include products other than crepe paper.

APPENDIX A

FEDERAL REGISTER NOTICES

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

Citation	Title	Link
80 FR 17499 April 1, 2015	<i>Crepe Paper From China; Institution of Five-Year Review</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-04-01/pdf/2015-06941.pdf
80 FR 17388 April 1, 2015	<i>Crepe Paper From the People's Republic of China: Initiation of Five-Year ("Sunset") Review</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-04-01/pdf/2015-07500.pdf

APPENDIX B
COMPANY-SPECIFIC DATA

RESPONSE CHECKLIST FOR THE U.S. PRODUCER IN THE FIVE-YEAR REVIEW OF CREPE PAPER FROM CHINA

Item	Seaman Paper Company of Massachusetts, Inc.
	Quantity=1,000 square meters; value=1,000 dollars;
Nature of operation	✓
Statement of intent to participate	✓
Statement of likely effects of revoking the order	✓
U.S. producer list	✓
U.S. importer/foreign producer list	✓
List of 3-5 leading purchasers	✓
List of sources for national/regional prices	✓
Production:	
Quantity	***
Percent of total reported	***%
Capacity	***
Commercial shipments:	
Quantity	***
Value	\$***
Internal consumption:	
Quantity	***
Value	\$***
Net sales	\$***
COGS	\$***
Gross profit or (loss)	\$***
SG&A expenses (loss)	\$***
Operating income/(loss)	\$***
Changes in supply/demand	✓
<p>Note.—The production, capacity, and shipment data presented are for calendar year 2014. The financial data are for fiscal year ended June 30.</p> <p>✓ = response proved; ✕ = response not provided; NA = not applicable; ? = indicated that the information was not known.</p>	

APPENDIX C

SUMMARY DATA COMPILED IN PRIOR PROCEEDINGS

This section is confidential in its entirety

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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 the top purchasers of crepe paper: ***. Purchaser questionnaires were sent to these five firms and three firms (***) provided responses which are presented below.

1. a.) Have any changes occurred in technology; production methods; or development efforts to produce crepe paper that affected the availability of crepe paper in the U.S. market or in the market for crepe paper in China since 2010?
- b.) Do you anticipate any changes in technology; production methods; or development efforts to produce crepe paper that will affect the availability of crepe paper in the U.S. market or in the market for crepe paper in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	No answer.	No answer.
***	No.	No.
***	No.	No.

2. a.) Have any changes occurred in the ability to increase production of crepe paper (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that affected the availability of crepe paper in the U.S. market or in the market for crepe paper in China since 2010?
- b.) Do you anticipate any changes in the ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that will affect the availability of crepe paper in the U.S. market or in the market for crepe paper in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	No answer.	No answer.
***	No.	No.
***	No.	No.

3. a.) Have any changes occurred in factors related to the ability to shift supply of crepe paper among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of crepe paper in the U.S. market or in the market for crepe paper in China since 2010?
- b.) Do you anticipate any changes in factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that will affect the availability of crepe paper in the U.S. market or in the market for crepe paper in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	No answer.	No answer.
***	No.	No.
***	No.	No.

4. a.) Have there been any changes in the end uses and applications of crepe paper in the U.S. market or in the market for crepe paper in China since 2010?
- b.) Do you anticipate any changes in the end uses and applications of crepe paper in the U.S. market or in the market for crepe paper in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	No answer.	No answer.
***	No.	No.
***	No.	No.

5. a.) Have there been any changes in the existence and availability of substitute products for crepe paper in the U.S. market or in the market for crepe paper in China since 2010?
- b.) Do you anticipate any changes in the existence and availability of substitute products for crepe paper in the U.S. market or in the market for crepe paper in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	No answer.	No answer.
***	No.	No.
***	No.	No.

6. a.) Have there been any changes in the level of competition between crepe paper produced in the United States, crepe paper produced in China, and such merchandise from other countries in the U.S. market or in the market for crepe paper in China since 2010?
- b.) Do you anticipate any changes in the level of competition between crepe paper produced in the United States, crepe paper produced in China, and such merchandise from other countries in the U.S. market or in the market for crepe paper in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	Dennecrepe has become the sole source in the US, creating a monopoly and therefore limiting competition. They protect their current customers and again limit real competition.	No answer.
***	No.	No.
***	***. Dennecrepe is now the sole producer of crepe paper in the United States. This has created a monopoly situation, with Dennecrepe Corporation having exclusive control over pricing in the domestic marketplace.	No.

7. a.) Have there been any changes in the business cycle for crepe paper in the U.S. market or in the market for crepe paper in China since 2010?

b.) Do you anticipate any changes in the business cycle for crepe paper in the U.S. market or in the market for crepe paper in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	No answer.	No answer.
***	No.	No.
***	No.	No.