

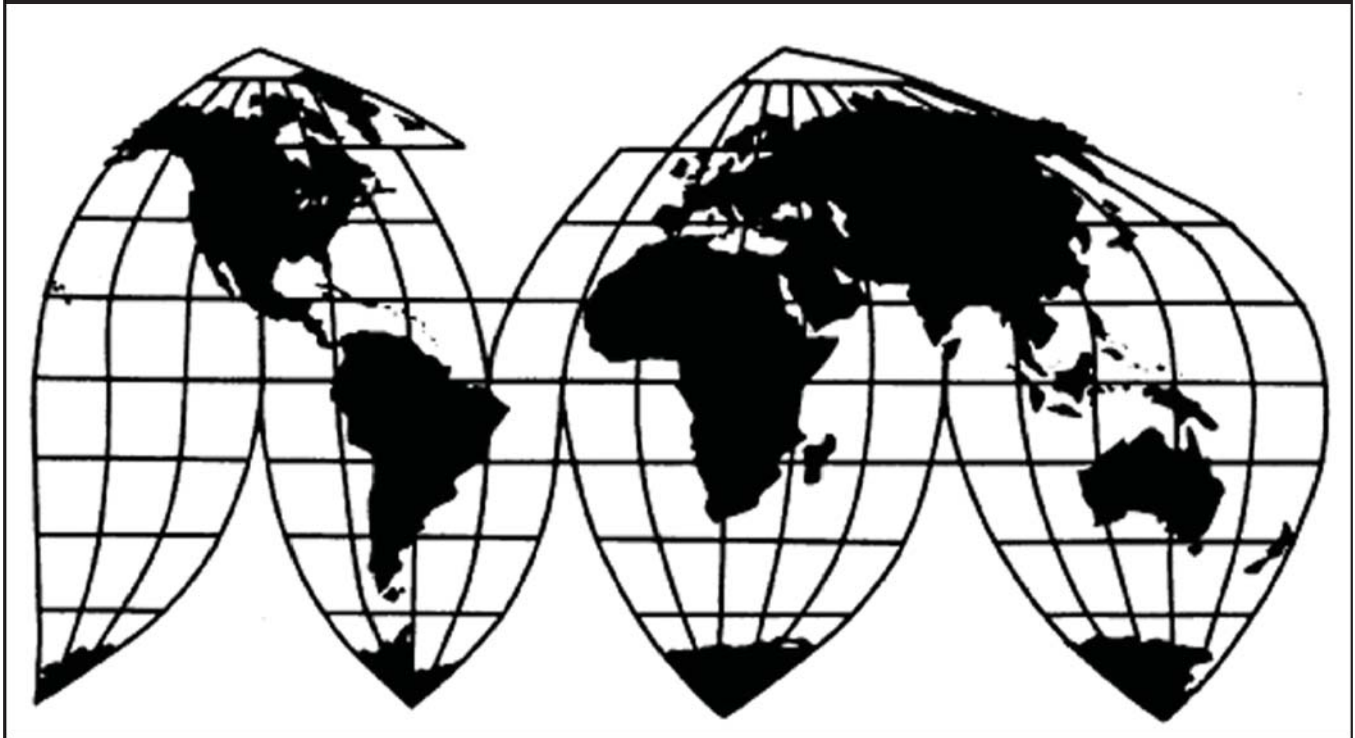
Narrow Woven Ribbons with Woven Selvedge from China and Taiwan

Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Review)

Publication 4634

September 2016

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Review)

Narrow Woven Ribbons with Woven Selvedge from China and Taiwan

DETERMINATIONS

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

BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on August 3, 2015 (80 FR 46048) and determined on November 6, 2015 that it would conduct full reviews (80 FR 73829, November 25, 2015). Notice of the scheduling of the Commission’s reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on February 29, 2016 (81 FR 10279). The hearing was held in Washington, DC, on July 12, 2016, and all persons who requested the opportunity were permitted to appear in person or by counsel.

¹ The record is defined in sec. 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 these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty orders on narrow woven ribbons with woven selvedge (“narrow woven ribbons” or “ribbons”) from China and Taiwan, and the countervailing duty order on narrow woven ribbons from China, would likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. Background

In August 2010, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of narrow woven ribbons from China that the U.S. Department of Commerce (“Commerce”) had determined were subsidized by the government of China and sold in the United States at less than fair value (“LTFV”). The Commission also determined that an industry in the United States was threatened with material injury by reason of imports of narrow woven ribbons from Taiwan that Commerce had determined were sold in the United States at LTFV.¹ Commerce issued antidumping duty orders with respect to narrow woven ribbons from both countries and a countervailing duty order with respect to such ribbons from China in September 2010.²

On August 3, 2015, the Commission instituted these first five-year reviews of the antidumping duty orders on narrow woven ribbons from China and Taiwan and the countervailing duty order on narrow woven ribbons from China.³ The Commission received a

¹ Commissioners Lane, Aranoff, and Williamson made affirmative determinations. Commissioners Okun and Pearson made negative determinations. Commissioner Pinkert made an affirmative determination with respect to subject imports from China and a negative determination with respect to subject imports from Taiwan. *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan*, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Final) (“Original Determinations”), USITC Pub. 4180 at 1 (August 2010).

² *Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China*, 75 Fed. Reg. 53642 (Sep. 1, 2010) (countervailing duty order); *Narrow Woven Ribbons with Woven Selvedge from Taiwan and the People’s Republic of China*, 75 Fed. Reg. 53632 (Sep. 1, 2010) (antidumping duty orders) as amended in *Narrow Woven Ribbons with Woven Selvedge from Taiwan and the People’s Republic of China*, 75 Fed. Reg. 56982 (Sep. 17, 2010). Commerce found *de minimis* dumping margins for Chinese producer/exporter Yama and Taiwan producer/exporters Dear Year and Shieng Huong/Hsien Chan/Novelty Handcrafts. Consequently, imports from China produced and exported by Yama and imports from Taiwan produced and exported by the two producer/exporter groups receiving *de minimis* margins were excluded from the antidumping duty orders. *Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China and Taiwan*, 80 Fed. Reg. 76266 (Dec. 8, 2015) (final results of the expedited sunset reviews of the antidumping duty orders). Imports from Yama are still subject to the countervailing duty order.

³ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan*, 80 Fed. Reg. 46048 (Aug. 3, 2015) (institution of five-year reviews).

response to its notice of institution from domestic producer Berwick Offray LLC (“Berwick”) and a joint response from the Taiwan Silk and Filament Weaving Industrial Association, Rong Shu Industry Corporation, King Young Enterprise Co. Ltd., Fujian Rongshu Industry Co. Ltd., and Xiamen Yi-He Textile Co. Ltd. (collectively, “Respondents”). On November 6, 2015, the Commission found the domestic interested party group response adequate for all reviews, found the respondent interested party group response adequate for the review of the order on narrow woven ribbons from Taiwan, and decided to conduct full reviews of all the orders.⁴

Berwick and Respondents filed prehearing and posthearing briefs, and appeared at the Commission’s hearing. Representatives of Hobby Lobby Stores, Inc., and May Arts, LLC, U.S. purchasers of narrow woven ribbons, also appeared at the Commission’s hearing in opposition to the continuation of the orders.

Data/Response Coverage. U.S. industry data are based on the questionnaire responses of two U.S. producers that are believed to account for the vast majority of domestic production of narrow woven ribbons in 2015.⁵ U.S. import data and related information are based on the questionnaire responses of 28 U.S. importers of narrow woven ribbons that accounted for *** percent of subject U.S. imports during 2015 and for *** percent of U.S. imports of ribbons from nonsubject sources during that year.⁶ Foreign industry data and related information are based on the questionnaire responses of two producers and exporters of narrow woven ribbons that accounted for *** percent of production in China in 2015, and on the questionnaire responses of six producers and exporters of narrow woven ribbons that accounted for *** percent of production in Taiwan in 2015.⁷

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 the “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

⁴ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan*, 80 Fed. Reg. 73829 (Nov. 25, 2015) (notice of Commission determinations to conduct full five-year reviews).

⁵ Confidential Report (“CR”) at I-9, Public Report (“PR”) at I-7.

⁶ CR at I-9, PR at I-7.

⁷ CR at I-9, PR at I-7. Responding producers’ reported exports to the United States were equivalent to *** percent of subject imports from China and *** percent of subject imports from Taiwan in 2015. Calculated from CR/PR at Tables IV-1, IV-8, and IV-12.

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 2006). (Continued...)

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 orders under review as follows:

The merchandise covered by the scope of the orders is narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof. Narrow woven ribbons subject to the orders may:

- Also include natural or other nonman-made fibers;
- Be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, doublefaced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;
- Have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;
- Have embellishments, including but not limited to applique', fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;
- Have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;
- Have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;
- Have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;

(...Continued)

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).

- Consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an “ornamental trimming;”
- Be wound on spools; attached to a card; hanked (*i.e.*, coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or
- Be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.

Narrow woven ribbons with woven selvedge subject to the orders include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of the {} orders.

The merchandise subject to the orders is classifiable under the HTSUS categories 5806.32.1020; 5806.32.1030; 5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise covered by the orders is dispositive.^{11 12}

¹¹ *Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China and Taiwan: Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders*, 80 Fed. Reg. 76266 (Dec. 8, 2015) (“*Commerce Final AD Sunset Review*”), and accompanying Issues and Decision Memorandum for the Expedited Review of the Antidumping Duty Order on Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China and Taiwan (Dec. 1, 2015) (“*Commerce AD Decision Memorandum*”) at 5-8; and *Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order*, 80 Fed. Reg. 75967, 75968 (Dec. 7, 2015) (“*Commerce Final CVD Sunset Review*”), and Issues and Decision Memorandum for the Expedited Review of the Countervailing Duty Order on Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China (Dec. 1, 2015) (“*Commerce CVD Decision Memorandum*”) at 4-6.

¹² Commerce’s memoranda accompanying the notices provide the following exclusions from the scope: (1) Formed bows composed of narrow woven ribbons with woven selvedge; (2) “Pull-bows” (*i.e.*, an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons; (3) Narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (*i.e.*, filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the (Continued...)

The scope description has remained unchanged since the original investigations.¹³

Narrow woven ribbons are fabrics with widths equal to or less than 12 centimeters that typically are used to adorn or embellish apparel, footwear, home furnishings, crafts, or floral arrangements.¹⁴ They are constructed with a woven selvedge that provides a durable, longitudinal seam. Such ribbons are available in a wide variety of designs, widths, colors, and patterns. Production of ribbons occurs in five distinct processes: warping, weaving, dyeing, embellishment, and spooling.¹⁵

In the original investigations, the Commission defined a single domestic like product that was coextensive with the scope.¹⁶ The definition of the domestic like product was not disputed in the final phase investigations.¹⁷

(...Continued)

United States (“HTSUS”), Section XI, Note 13) or rubber thread; (4) Narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons; (5) Narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding eight centimeters; (6) Narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag; (7) Cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sonobonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon; (8) Narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher; (9) Narrow woven ribbons constructed from pile fabrics (*i.e.*, fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric); (10) Narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise; (11) Narrow woven ribbon that is (a) affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to nonsubject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such nonsubject merchandise, such as a “belly band” around a pair of pajamas, a pair of socks or a blanket; (12) Narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel; and (13) Narrow woven ribbon(s) included with non-subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches, none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit. *Commerce AD Decision Memorandum* at 6-7 and *Commerce CVD Decision Memorandum* at 5-6.

¹³ See Original Determinations, USITC Pub. 4180 at 5-6.

¹⁴ CR at I-17-18, PR at I-14.

¹⁵ CR at I-18, PR at I-14.

¹⁶ Original Determinations, USITC Pub. 4180 at 7.

¹⁷ Original Determinations, USITC Pub. 4180 at 7.

In these reviews, Berwick agrees with the domestic like product definition from the original investigations.¹⁸ Respondents also state that they accept this definition of the domestic like product.¹⁹ There is no new information obtained during these reviews that would suggest any reason to revisit this issue.²⁰ Accordingly, we again define a single domestic like product that is coextensive with Commerce's scope.

B. Domestic Industry and Related Parties

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."²¹ 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.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.²² Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.²³

¹⁸ Berwick Prehearing Brief at 9.

¹⁹ Respondents Prehearing Brief at 2.

²⁰ See generally, CR at I-16 to I-22, PR at I-14 to I-17.

²¹ 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.

²² See *Torrington Co v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

²³ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

Domestic producer Berwick is a related party in these reviews because it imported subject merchandise from *** during the January 2010 to December 2015 period of review (“POR”).²⁴ Berwick asserts that it should not be excluded as a related party because its domestic shipments of subject imports as a ratio of its total shipments have declined since the original period of investigation (“POI”).²⁵ Respondents do not comment on whether Berwick should be excluded as a related party.

Berwick is the larger of the two current ribbon producers in the United States.²⁶ It produced ribbons throughout the review period and accounted for *** percent of reported domestic production of ribbons in 2015.²⁷ Its ratio of subject imports to U.S. production was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015.²⁸ Berwick states that ***.²⁹ Berwick’s ratio of subject imports to domestic production during the review period was low, its exclusion from the domestic industry would skew the industry data given that it accounts for *** current production of the domestic like product, and no party advocates for its exclusion. We therefore find that appropriate circumstances do not exist to exclude Berwick from the domestic industry.

We consequently define the domestic industry to include all domestic producers of narrow woven ribbons.

III. Cumulation

A. Legal Standard

With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.³⁰

²⁴ CR/PR at Table III-4.

²⁵ Berwick Prehearing Brief at 11-12.

²⁶ CR/PR at III-1.

²⁷ CR/PR at Table I-7.

²⁸ CR/PR at Table III-4.

²⁹ CR at III-8, PR at III-5.

³⁰ 19 U.S.C. § 1675a(a)(7).

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.³¹ The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

B. Original Investigations

In the original investigations, the Commission cumulated subject imports from China and Taiwan for purposes of its present material injury determinations and exercised its discretion to cumulate subject imports for purposes of its threat of material injury determinations.³² The Commission found that narrow woven ribbons were a fungible product sold in overlapping channels of distribution, including wholesalers/distributors, industrial end users, and retailers.³³ Additionally, there was geographic overlap between subject imports from both countries and the domestic like product, and subject imports from both countries were present in the U.S. market throughout the original POI.³⁴

For purposes of its threat analysis in the original investigations, the Commission found that subject imports from China and Taiwan were competing under the same conditions of competition and there was no indication that this would change in the imminent future. It also found that, while there were some differences in volume trends between subject imports from China and Taiwan, the volume of such imports declined overall from 2007 to 2009.³⁵ The Commission found that subject producers in China and Taiwan produced the same type of ribbon products and sold them in the same channels of distribution. It also observed that the price trends for subject imports from China and Taiwan were sufficiently similar to support cumulation.³⁶

³¹ 19 U.S.C. § 1677(7)(G)(i); *see also, e.g., Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

³² Original Determinations, USITC Pub. 4180 at 13, 30-31. Commissioner Pinkert declined to cumulate subject imports for purposes of his threat of material injury analysis. *See id.* at 43.

³³ Original Determinations, USITC Pub. 4180 at 12.

³⁴ Original Determinations, USITC Pub. 4180 at 13.

³⁵ Original Determinations, USITC Pub. 4180 at 30.

³⁶ Original Determinations, USITC Pub. 4180 at 30.

C. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.³⁷ Neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.³⁸ With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Based on the record in these reviews, we do not find that imports from either subject country would likely have no discernible adverse impact on the domestic industry in the event of revocation.

China. In the original investigations, the volume of subject imports from China fluctuated and was at its lowest at the end of the January 2007-December 2009 POI.³⁹ During the period of review, subject imports from China fluctuated but increased overall. They were *** square yards in 2010, *** square yards in 2011, *** square yards in 2012, *** square yards in 2013, *** square yards in 2014, and *** square yards in 2015.⁴⁰ As a share of apparent U.S. consumption, subject imports from China displayed similar trends. They were *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015.⁴¹

Two Chinese producers that accounted for *** percent of China’s production of ribbons in 2015 responded to the Commission’s questionnaires.⁴² The limited data on the record indicate that reported capacity in China was *** square yards in 2010, *** square yards in 2011, *** square yards in 2012 and 2013, and *** square yards in 2014 and 2015.⁴³ Capacity utilization of the responding producers ranged from a period low of *** percent in 2015 to a period high of *** percent in 2011.⁴⁴ Chinese exports of narrow woven ribbons ranged from *** to *** percent of total shipments over the period of review.⁴⁵ The Philippines accounted for the largest share of Chinese exports of narrow woven fabrics of man-made fibers in 2015,

³⁷ 19 U.S.C. § 1675a(a)(7).

³⁸ SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

³⁹ Confidential Report from the Final Investigation, EDIS Doc. 430458, at Table IV-2.

⁴⁰ CR/PR at Table IV-1.

⁴¹ CR/PR at Table I-10.

⁴² The two Chinese producers that supplied usable information in these reviews estimated they accounted for *** percent of subject exports to the United States in 2015. CR at IV-15, PR at IV-7.

⁴³ CR/PR at Table IV-8.

⁴⁴ CR/PR at Table IV-8.

⁴⁵ CR/PR at Table IV-8. This range describes total exports to all countries, including the United States.

followed by Hong Kong and the United States.⁴⁶ In light of the foregoing, we do not find that subject imports from China would likely have no discernible adverse impact on the domestic industry if the orders on China were revoked.

Taiwan. In the original investigations, subject imports from Taiwan decreased steadily over the POI.⁴⁷ During the period of review, the quantity of subject imports from Taiwan fluctuated, but was larger in 2015 than in 2010. It was *** square yards in 2010, *** square yards in 2011, *** square yards in 2012, *** square yards in 2013, *** square yards in 2014, and *** square yards in 2015.⁴⁸ Subject imports from Taiwan as a share of apparent U.S. consumption were *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015.⁴⁹ Subject producers in Taiwan reported capacity for production of narrow woven ribbons of 8.2 million square yards in 2010, 9.8 million square yards in 2011, 9.7 million square yards in 2012, 8.9 million square yards in 2013, 7.9 million square yards in 2014, and 7.6 million square yards in 2015.⁵⁰ These producers' capacity utilization ranged from a period low of 38.8 percent in 2015 to a period high of 77.2 percent in 2010.⁵¹ They reported that *** to *** percent of total shipments were exported on an annual basis, and that the largest share of exports (*** percent) went to the United States.⁵² In light of the foregoing, we do not find that subject imports from Taiwan would likely have no discernible adverse impact on the domestic industry if the order on Taiwan were revoked.

D. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.⁵³ Only a "reasonable overlap" of competition is required.⁵⁴ In five-year reviews, the

⁴⁶ CR/PR at Table IV-9. The HS classification used in table IV-9 (5806.32) is significantly broader than in-scope merchandise.

⁴⁷ Confidential Report from the Final Investigation at Table IV-2.

⁴⁸ CR/PR at Table IV-1.

⁴⁹ CR/PR at Table I-10.

⁵⁰ CR/PR at Table IV-12.

⁵¹ CR/PR at Table IV-12.

⁵² CR/PR at Table IV-12.

⁵³ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

⁵⁴ See *Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); *Wieland Werke*, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); *United States Steel Group v.* (Continued...)

relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.⁵⁵

Fungibility. The record in these reviews indicates that there is likely a high degree of substitutability among subject imports from both subject countries and between these imports and the domestic like product. All U.S. producers and most responding importers reported that narrow woven ribbons from China, Taiwan, and the United States are always or frequently interchangeable.⁵⁶ A majority of reporting purchasers indicated that domestically produced ribbons are sometimes or frequently interchangeable with ribbons produced in China or Taiwan. A majority of purchasers also indicated that ribbons produced in the subject countries are always or frequently interchangeable with each other.⁵⁷

Channels of Distribution. Domestic producers sold ribbon primarily to retailers, whereas importers sold to a mix of retailers, end users, and final consumers. During the period of review, the annual share of shipments to retailers from domestic producers and imports from each subject country was at least *** percent and the annual share of shipments to industrial end users was at least *** percent.⁵⁸

Geographic Overlap. Domestic producer Berwick reported selling ribbons to *** of the *** United States. Most responding importers reported selling ribbons to all regions in the continental United States.⁵⁹

Simultaneous Presence in Market. The domestic like product and subject imports from China were present in the U.S. market throughout the entire POR, while subject imports from

(...Continued)

United States, 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g., Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

⁵⁵ *See generally, Cheflene Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

⁵⁶ CR/PR at Table II-9.

⁵⁷ CR/PR at Table II-9. Majorities or pluralities of responding purchasers found that the domestic like product and subject imports from China and Taiwan were comparable in three of the five non-price factors most frequently identified as very important in purchasing decisions (availability, product consistency, and quality meets industry standards), and that the domestic like product was superior to subject imports from China or Taiwan in two of these factors (delivery time and reliability of supply). CR/PR at Tables II-6 and II-8.

⁵⁸ CR/PR at Table II-1. The domestic industry's annual share of shipments to retailers ranged from *** percent, and its annual share of shipments to industrial end users ranged from *** percent over the POR. The annual share of shipments to retailers for subject imports from China ranged from *** percent, and the annual share of shipments to industrial end users ranged from *** percent over the POR. The annual share of shipments to retailers for subject imports from Taiwan ranged from *** percent, and the annual share of shipments to industrial end users ranged from *** percent over the POR. *Id.*

⁵⁹ CR/PR at Table II-2.

Taiwan were present in all but the first month of the period of review.⁶⁰ The domestic like product was sold in the U.S. market throughout the period of review.⁶¹

Conclusion. The record of these reviews indicates that, upon revocation, there would likely be a reasonable overlap of competition between subject imports from China and Taiwan and between subject imports from China and Taiwan and the domestic like product. The domestic like product and subject imports from China and Taiwan remain fungible. Upon revocation, subject imports from China and Taiwan would likely have the common channels of distribution, geographic overlap, and simultaneous presence in the market that they had both during the POR and prior to the imposition of the orders.

E. Other Likely Conditions of Competition

In determining whether to exercise our discretion to cumulate the subject imports, we next consider whether subject imports from the subject countries are likely to compete under different conditions of competition in the U.S. market if the orders under review were revoked.

The record in these reviews does not indicate that there would likely be any significant differences in the conditions of competition between subject imports from China and Taiwan upon revocation. Subject producers in both China and Taiwan have substantial capacity to produce narrow woven ribbons, have available capacity, and are highly export oriented.⁶² In addition, the record indicates that there are some affiliations between subject producers in China and Taiwan.⁶³ Contrary to Respondents' arguments, we cannot discern any material differences in price or volume trends between subject imports from China and Taiwan. During the original investigations, imports from both sources declined from 2007 to 2009 in both absolute and relative terms,⁶⁴ and generally undersold the domestic like product.^{65 66} Moreover, subject imports from both China and Taiwan remained present in the U.S. market in fluctuating quantities during the period of review, quantities of subject imports from each

⁶⁰ CR/PR at Table III-2 and IV-4.

⁶¹ CR/PR at Table III-2.

⁶² CR/PR at Tables IV-8 and IV-12.

⁶³ Fujian Rongshu, which is estimated to account for *** percent of production of narrow woven ribbons in China (CR at IV-15 n.13, PR at IV-7 n.13), is affiliated with Taiwan producer Rong Shu Industry Corporation ("Rong Shu"), which is estimated to account for *** percent of production of narrow woven ribbons in Taiwan. CR at IV-21 n.21, PR at IV-11 n.21. Rong Shu has narrow woven ribbon manufacturing facilities in both China and Taiwan. *Id.* and Hearing Transcript at 200 (Lo); see also Petitioners Posthearing Brief at 4 and Exhibit 6 (listing additional producers in Taiwan with affiliates in China).

⁶⁴ CR/PR at Table I-1.

⁶⁵ CR/PR at Table V-9 n.1.

⁶⁶ Commissioner Pinkert notes that he found differences in the original investigations in volume and price trends, as well as the lesser ability of producers in Taiwan to respond to increases in U.S. demand, were sufficient to decumulate China and Taiwan for purposes of the threat analysis.

source were higher in 2015 than in 2010,⁶⁷ and subject imports from each source continued to undersell the domestic like product during the POR.⁶⁸ For these reasons, we do not find any differences in likely conditions of competition between subject imports from China and Taiwan that would be sufficient for us to exercise our discretion not to cumulate these imports.

F. Conclusion

We find that the subject imports from China and Taiwan would not have no discernible adverse impact upon revocation and that there would likely be a reasonable overlap of competition between subject imports from these countries and between subject imports from each country and the domestic like product. We also determine that subject imports from China and Taiwan would likely compete under similar conditions of competition upon revocation. Accordingly, we exercise our discretion to cumulate subject imports from China and Taiwan for purposes of these reviews.

IV. Revocation of the Antidumping and Countervailing Duty Orders 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.”⁶⁹ 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.”⁷⁰ Thus, the likelihood standard is prospective in nature.⁷¹ The U.S. Court of International Trade has found that

⁶⁷ CR/PR at Table IV-1.

⁶⁸ CR/PR at Table V-9.

⁶⁹ 19 U.S.C. § 1675a(a).

⁷⁰ 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.

⁷¹ 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 (Continued...)”

“likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.⁷²

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.”⁷³ 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.”⁷⁴

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.”⁷⁵ 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).⁷⁶ 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.⁷⁷

(...Continued)

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.

⁷² 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’”).

⁷³ 19 U.S.C. § 1675a(a)(5).

⁷⁴ 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.*

⁷⁵ 19 U.S.C. § 1675a(a)(1).

⁷⁶ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to either the antidumping or the countervailing duty orders on narrow woven ribbons with woven selvedge from China and Taiwan.

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

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.⁷⁸ 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.⁷⁹

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁸⁰

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.⁸¹ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.⁸²

⁷⁸ 19 U.S.C. § 1675a(a)(2).

⁷⁹ 19 U.S.C. § 1675a(a)(2)(A-D).

⁸⁰ 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.

⁸¹ 19 U.S.C. § 1675a(a)(4).

⁸² The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁸³ The following conditions of competition inform our determinations.

1. Demand Conditions

In the original investigations, the Commission found that demand for ribbons was largely determined by the overall economy and fashion trends. Demand as measured by apparent U.S. consumption increased between 2007 and 2008, but declined between 2008 and 2009 for a net overall decline.⁸⁴ Firms provided mixed questionnaire responses regarding changes in demand, with some firms reporting increased demand while others reported decreased demand.⁸⁵ Some firms cited a decline in demand in the U.S. apparel industry, and others reported increased demand in the arts and crafts industry, particularly for scrapbooking purposes.⁸⁶ The Commission found in its threat analysis that demand for narrow woven ribbons was likely to recover in the imminent future as the economy recovered.⁸⁷

The record in these current reviews indicates that narrow woven ribbons continue to be used for decorative purposes and for packaging of gifts and other consumer products such as flowers.⁸⁸ ***, 23 of 24 importers, and 7 of 8 foreign producers reported no changes in these end uses since 2010, and all but two firms anticipated no changes in end uses.⁸⁹ The record also indicates a prevalence of large mass market retailers among U.S. purchasers of narrow woven ribbons.⁹⁰

The record indicates that demand for narrow woven ribbons was relatively flat during the period of review. ***, a majority of importers, and most purchasers and foreign producers reported that there had been no change in demand for ribbons since January 1, 2010, and that they do not anticipate any change in demand for the foreseeable future.⁹¹ At the hearing, a Berwick representative testified that the trim and package market had declined due to an increase in the use of gift bags and gift cards and that demand in the arts and craft market had

⁸³ 19 U.S.C. § 1675a(a)(4).

⁸⁴ Original Determinations, USITC Pub. 4180 at 19.

⁸⁵ Original Determinations, USITC Pub. 4180 at 19.

⁸⁶ Original Determinations, USITC Pub. 4180 at 19-20.

⁸⁷ Original Determinations, USITC Pub. 4180 at 31.

⁸⁸ CR/PR at II-1.

⁸⁹ CR at II-13, PR at II-8.

⁹⁰ CR at I-29, PR at I-22 (these purchasers include ***); *see also* Berwick Prehearing Brief at 53-56 and *** U.S. Producer questionnaire Response at IV-16d.

⁹¹ CR/PR at Table II-3. *Cf.* Respondents Prehearing Brief at 7 (arguing that demand increased significantly between 2010 and 2015).

declined due, in large part, to a reduction in scrapbooking.⁹² Demand as measured by apparent U.S. consumption showed relatively minor fluctuations during the POR. It was *** square yards in 2010, *** square yards in 2011, *** square yards in 2012, *** square yards in 2013, *** square yards in 2014, and *** square yards in 2015.⁹³

2. Supply Conditions

During the original investigations, the U.S. market was supplied by subject imports from China and Taiwan, imports from producers in Taiwan that ultimately were excluded from the order, imports from nonsubject sources, and the domestic industry. The domestic industry's market share increased over the POI, and cumulated subject imports as a share of the market decreased.⁹⁴ Nonsubject imports as a share of the U.S. market increased during the original POI.⁹⁵ The Commission observed that a growing number of retailers were choosing to import ribbons directly from subject and nonsubject sources during the POI, rather than rely on U.S. producers to arrange or facilitate importation.⁹⁶

In these reviews, the domestic industry continues to supply the domestic market. The U.S. market is supplied by Berwick and L.A. Najarian, with Berwick accounting for more than *** percent of domestic production of narrow woven ribbons in 2015.⁹⁷ The domestic industry's reported capacity increased slightly from *** square yards in 2010 to *** square yards in 2011, then declined to *** square yards in 2012, *** square yards in 2014, and *** square yards in 2015, a level below that of 2010.⁹⁸ Reported capacity was considerably less than apparent U.S. consumption throughout the POR.⁹⁹ The domestic industry's share of the

⁹² Hearing Transcript at 61-62 (Munyan).

⁹³ CR/PR at Table I-1.

⁹⁴ Original Determinations, USITC Pub. 4180 at 20-21.

⁹⁵ Original Determinations, USITC Pub. 4180 at 21.

⁹⁶ Original Determinations, USITC Pub. 4180 at 21.

⁹⁷ CR/PR at II-1, *see also* CR/PR at I-3. Domestic producer Lawrence Schiff Silk Mills ("Schiff") declared bankruptcy in April 2016. Schiff accounted for *** percent of reported net sales in 2009. It did not provide a questionnaire response in these reviews and therefore its data are not included in the apparent U.S. consumption, pricing, and domestic industry data for the period of review even though it manufactured and supplied ribbon to the U.S. market during the POR. *Id.*; *see also* Berwick Posthearing Brief at 12. Schiff's failure to provide a producer questionnaire response therefore serves to understate the domestic industry's reported production, shipment, and employment data during the POR.

⁹⁸ CR/PR at Table III-1. Berwick's reported capacity was based on its average production capacity, which is considerably lower than its theoretical production capacity. The difference between theoretical production capacity and actual production capacity is the additional weaving capacity from idled looms operating at less than full capacity at Berwick's facilities that could be brought online with minimal additional fixed capital investment. Berwick provided a theoretical production capacity for weaving of *** square yards based on operating all of its *** looms, 24 hours a day, 7 days a week, for 52 weeks per year and a theoretical dyeing capacity of *** square yards. Berwick noted that ***. CR/PR at Table III-1 note.

⁹⁹ *See* CR/PR at Tables I-10 and III-2.

U.S. market declined overall during the period from *** percent in 2010 to *** percent in 2015.¹⁰⁰

Cumulated subject imports continue to supply the U.S. market and made a small gain in market share during the period of review despite the presence of the orders. They held *** percent of the U.S. market in 2010 and *** percent in 2015.¹⁰¹ Two Chinese producers accounting for *** percent of narrow woven ribbon production in China in 2015 indicated that their capacity had decreased over the period of review, from *** square yards in 2010 to *** square yards in 2015.¹⁰² Two of six producers accounting for *** percent of ribbon production in Taiwan in 2015 also reported declining capacity, with an industry-wide decline from 8.2 million square yards in 2010 to 7.6 million square yards in 2015.¹⁰³

Major nonsubject sources for ribbons during the POR were Mexico, India, Thailand, and those producers and exporters from Taiwan not subject to the antidumping duty order.¹⁰⁴ Imports from nonsubject producers in Taiwan increased their presence in the U.S. market during the POR, while nonsubject imports from all other sources decreased. Nonsubject imports from Taiwan held *** percent of the U.S. market in 2010 and *** percent in 2015.¹⁰⁵ By contrast, nonsubject imports from all other sources held *** percent of the U.S. market in 2010 and *** percent in 2015.¹⁰⁶

3. Substitutability and Other Conditions

In the original investigations, the Commission found that domestically produced ribbons and subject imports were moderately substitutable. It observed that ribbons are available in a large variety of widths, colors, and patterns and that within the broad product mix, ribbons were generally substitutable within each of the distinct categories of ribbon, such as grosgrain or sheer.¹⁰⁷ U.S. ribbon producers reported that the majority of their sales were on a short-term contract or spot sale basis. By contrast, the majority of responding importers reported

¹⁰⁰ CR/PR at Table I-10.

¹⁰¹ CR/PR at Table I-10. We observe that U.S. import data (and by extension, market share data) in these reviews are understated. See CR at I-3 to I-4, PR at I-3.

¹⁰² CR/PR at Table IV-8.

¹⁰³ CR/PR at Table IV-12; see also CR at I-9, PR at I-7.

¹⁰⁴ CR at IV-3 n.3, PR at IV-2 n.3; Hearing Transcript at 133 (Lo).

¹⁰⁵ The market share of nonsubject imports from Taiwan was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. CR/PR at Table I-1.

¹⁰⁶ The market share of nonsubject imports from all other sources was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. CR/PR at Table I-1.

¹⁰⁷ Original Determinations, USITC Pub. 4180 at 21.

that all or nearly all of their sales were made on a spot basis.¹⁰⁸ The principal raw materials used to produce ribbons were polyester, nylon, acetate, and rayon yarns.¹⁰⁹

In these reviews, the record indicates that the substitutability of narrow woven ribbons has increased from moderately substitutable to highly substitutable.¹¹⁰ This increase results from *** than the domestic industry possessed during the original POI.¹¹¹ Moreover, the record indicates that purchaser perceptions of the quality and product range of the domestic like product have improved since the original POI.¹¹² All domestic producers and most responding importers reported that ribbons from the United States, China, and Taiwan are always or frequently interchangeable. A large majority of purchasers indicated that domestically produced ribbons are sometimes or frequently interchangeable with subject merchandise and that ribbons from China and Taiwan are always or frequently interchangeable.¹¹³

The record in these reviews indicates that price is an important factor in purchasing decisions, along with product consistency, availability, reliability of supply, delivery time, and quality.¹¹⁴ All responding purchasers reported that product consistency and reliability of supply are very important factors in purchasing decisions.¹¹⁵ Fourteen responding purchasers indicated that availability was very important, and one purchaser reported that it was somewhat important. Twelve purchasers reported that price and delivery time were very important factors in purchasing decisions whereas three purchasers reported they were somewhat important factors.¹¹⁶

At the hearing, industry representatives testified that direct-to-consumer internet sales were a growing part of the U.S. market, particularly for sales of subject imports.¹¹⁷ They also stated that consumers are now using the internet to compare prices of ribbon from different sources.¹¹⁸ Industry representatives stated that the internet sales take place at multiple levels of trade and that sales could be from a producer, distributor, or a mass market retailer.¹¹⁹

In these reviews, Berwick asserts that there are a few large mass market retail purchasers that wield substantial market leverage through the use of “resets.”¹²⁰ Resets are periodic opportunities provided by purchasers to allow new firms to compete for purchasing

¹⁰⁸ Original Determinations, USITC Pub. 4180 at 22.

¹⁰⁹ Original Determinations, USITC Pub. 4180 at 22.

¹¹⁰ CR at II-20, PR at II-12.

¹¹¹ CR/PR at III-3; *see also* Berwick Prehearing Brief at 42.

¹¹² CR at II-31 n.25, PR at II-19 n.25. Berwick ***. Berwick Prehearing Brief at 40.

¹¹³ CR/PR at Table II-9.

¹¹⁴ CR/PR at Table II-6.

¹¹⁵ CR/PR at Table II-6.

¹¹⁶ CR/PR at Table II-6.

¹¹⁷ Hearing Transcript at 24 (Pajic), 26 (Lorenzini) (“Perhaps the most dramatic change over the past few years is the considerable competition and our own growth through internet sales.”), 111 (Munyan) (“[I]t’s multiples of orders of magnitudes of how different it is today.”).

¹¹⁸ *E.g.* Hearing Transcript at 30 (O’Dell).

¹¹⁹ Hearing Transcript at 100 (Kaplan).

¹²⁰ CR at II-17, PR at II-10 (noting ***); *see also* Berwick Posthearing Brief, Exhibit 3.

contracts.¹²¹ Berwick observes that the significant volumes of narrow woven ribbon purchased by these mass market retailers and their use of resets allows new suppliers significant influence over the final sales prices for narrow woven ribbons.¹²²

The participating parties agree that there is a wide range of products offered in the ribbons market.¹²³ Ten of 13 responding producers indicated that not all types of ribbon are available from a single source.¹²⁴ They stated that certain types of ribbon are not available domestically and that other types of ribbon are only produced by certain vendors because ***.¹²⁵

C. Likely Volume of Subject Imports

In the original investigations, for purposes of its present injury analysis, the Commission found that the volume of subject imports was significant, both in absolute terms and relative to apparent U.S. consumption and production. Cumulated subject imports first increased, then decreased sharply during the POI.¹²⁶ In its threat analysis, the Commission found that subject imports would likely increase in the imminent future as demand increased and retailers increased their direct imports.¹²⁷ The Commission also found that subject producers had the ability to respond to changes in the U.S. market by leaving the market when demand declined and reentering as demand increased. It observed that subject producers in China and Taiwan reported substantial production during the POI and that the record indicated there was available excess capacity in both countries for the production of additional quantities of narrow woven ribbon.¹²⁸

During the POR, subject imports were present in the U.S. market throughout the entire period. The record shows that the antidumping and countervailing duty orders have had a disciplining effect on the volume of subject imports.¹²⁹ Cumulated subject imports were lowest at the beginning of the period of review, peaked in 2013, and ended the period of review at higher levels than at the beginning. They were *** square yards in 2010, *** square yards in 2011 and 2012, *** square yards in 2013, *** square yards in 2014, and *** square yards in

¹²¹ See, e.g., Berwick Posthearing Brief, Exhibit 2 at 6 (***) and Exhibit 3.

¹²² CR at II-17, PR at II-10.

¹²³ Hearing Transcript at 132 (Lo) (“{T}housands of ribbons in the market”) and 177 (Griffith) (“It’s undisputed there’s a wide range of products that’s noted within ribbons”).

¹²⁴ CR at II-23, PR at II-14.

¹²⁵ CR at II-23 to II-24, PR at II-14.

¹²⁶ Original Determinations, USITC Pub. 4180 at 23.

¹²⁷ Original Determinations, USITC Pub. 4180 at 31.

¹²⁸ Original Determinations, USITC Pub. 4180 at 31.

¹²⁹ Based on a comparison of data from the responding importers in the original investigations and data from responding importers in the current reviews, we recognize that the U.S. importer data collected in these reviews are modestly understated. See CR/PR at I-3 to I-4, PR at I-3. Even taking this understatement into account, the record indicates that the antidumping and countervailing duty orders have had a disciplining effect on the volume of subject imports.

2015.¹³⁰ Cumulated subject imports as a share of apparent U.S. consumption followed similar patterns, beginning the period at *** percent, peaking in 2013 at *** percent before declining somewhat to *** percent in 2015.¹³¹

We find that several factors support a conclusion that the volume of subject imports would likely be significant in the event of revocation. As a preliminary matter, we note that the cumulated questionnaire data covering the foreign industry's production and exports to the United States are understated.¹³² Nonetheless, the available data show that the subject industries have considerable unused capacity to produce additional subject merchandise and the incentive to ship it to the U.S. market in large quantities absent the orders.

The production and production capacity of the reporting producers in both China and Taiwan decreased over the POR, but remained significant.^{133 134} Capacity utilization fluctuated over the period, but was significantly lower in 2015 than in 2010, indicating an increasing volume of excess capacity.¹³⁵ End-of-period inventories also fluctuated over the period and were lower in 2015 than in 2010, but the volume in 2015 remained over *** square yards.¹³⁶

¹³⁰ CR/PR at Table IV-1. The value of subject imports also increased over the POR and was \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, \$*** in 2014, and \$*** in 2015. *Id.*

¹³¹ CR/PR at Table I-10.

¹³² As noted earlier, the two Chinese producers that supplied usable data in these reviews estimated they account for *** percent of total production of narrow woven ribbons in China and *** percent of subject exports to the United States in 2015. CR at IV-15, PR at IV-7. The six subject producers and exporters from Taiwan that provided usable information in these reviews estimate that they collectively account for *** percent of total production of narrow woven ribbons and *** percent of subject exports to the United States in 2015. CR at IV-21, PR at IV-11.

¹³³ Production capacity in square yards for subject producers in China was *** in 2010, *** in 2011, *** in 2012 and 2013, and *** in 2014 and 2015. Production in square yards for subject producers in China was *** in 2010 and 2011, *** in 2012, *** in 2013, *** in 2014, and *** in 2015. CR/PR at Table IV-8.

¹³⁴ Production capacity in square yards for subject producers in Taiwan was 8.2 million in 2010, 9.8 million in 2011, 9.7 million in 2012, 8.9 million in 2013, 7.9 million in 2014, and 7.6 million in 2015. Production in square yards for subject producers in Taiwan was 6.3 million in 2010, 6.6 million in 2011, 6.7 million in 2012, 6.6 million in 2013, 3.9 million in 2014, and 3.0 million in 2015. CR/PR at Table IV-12. The record indicates that decreases in capacity and production, particularly between 2013 and 2015, are attributable to producers ***. *** reported that capacity decreases occurred in 2014 ***. *** also noted that ***. *** also cited ***. CR at IV-24 n.26, PR at IV-13 n.26.

¹³⁵ Capacity utilization for subject producers in China was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. CR/PR at Table IV-8. Capacity utilization for subject producers in Taiwan was 77.2 percent in 2010, 67.0 percent in 2011, 69.5 percent in 2012, 74.7 percent in 2013, 49.5 percent in 2014, and 38.8 percent in 2015. CR/PR at Table IV-12.

¹³⁶ End-of-period inventories of narrow woven ribbons in square yards held by subject producers in China were *** in 2010, *** in 2011, *** in 2012, *** in 2013, *** in 2014, and *** in 2015. End-of-period inventories as a share of production in square yards held by subject producers in China were *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, (Continued...)

Thus, the reporting producers in both China and Taiwan themselves have significant capacity, excess capacity, and significant inventory levels that could be directed to the U.S. market if the orders were revoked. Because the capacity of all subject producers of narrow woven ribbons is far greater than that of the reporting producers, the data in the record concerning the reporting producers' capacity and capacity utilization are likely substantially understated and indicate that the industries producing subject merchandise have the ability to increase exports of narrow woven ribbons to the United States significantly.¹³⁷

The desire to use their substantial excess capacity would likely provide a strong incentive for subject producers to increase shipments to the U.S. market if the orders were revoked. Several additional factors further support a finding that the subject producers have the incentive to increase exports of subject merchandise upon revocation. Subject producers in both China and Taiwan are highly export oriented. Exports comprised the vast majority of narrow woven ribbons shipments from reporting subject producers in China, ranging from *** percent to *** percent of total shipments over the POR.¹³⁸ Exports also comprised the vast

(...Continued)

and *** percent in 2015. CR/PR at Table IV-8. End-of-period inventories of narrow woven ribbons in square yards held by subject producers in Taiwan was *** in 2010, *** in 2011, *** in 2012, *** in 2013, *** in 2014, and *** in 2015. End-of-period inventories as a share of production in square yards held by subject producers in Taiwan was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. CR/PR at Table IV-12. In 2015, there were *** square yards of inventories of subject merchandise from China in the United States, or *** percent of subject imports from China that year; during the POR, the annual ratio of end-of-period inventories to subject imports from China ranged from *** to *** percent. CR/PR at Table IV-3. In 2015, there were *** square yards of inventories of subject merchandise from Taiwan in the United States, or *** percent of subject imports from Taiwan that year; during the POR, the ratio of end-of-period inventories to subject imports from Taiwan ranged from *** to *** percent. *Id.*

¹³⁷ The record also shows that subject producers can and did shift production from other types of products to in-scope ribbons using the same machinery and employees during the POR. The proportion of in-scope narrow woven ribbons produced on the same equipment used to produce other products by subject producers in China increased from *** percent in 2010 to *** percent in 2015; overall capacity utilization levels have decreased through the period, from *** percent in 2011 to *** percent in 2015. The *** responding producers in China identified *** products in particular as alternative products produced on the same machinery. CR at II-7, PR at II-5, and CR/PR at Table IV-7.

The proportion of subject narrow woven ribbons produced on the same equipment that subject producers in Taiwan used to produce other products declined from *** percent in 2010 to *** percent in 2015. ***. CR at II-9, PR at II-6, and CR/PR at Table IV-11.

¹³⁸ CR /PR at Table IV-8. Total exports of narrow woven ribbons from China as a percentage of total shipments for the reporting subject producers were *** percent in 2010 and 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. CR/PR at Table IV-8. The two subject producers of narrow woven ribbons from China that responded to the Commission's questionnaires did not export any subject merchandise to the United States during the POR. *Id.* Trade data from the Global Trade Atlas covering China's exports of narrow woven fabrics of man-made fibers include, but are not limited to, exports of narrow woven ribbons. These data indicate that the largest (Continued...)

majority of narrow woven ribbons shipments from producers in Taiwan, accounting for *** percent of total shipments from reporting subject producers in 2015 and higher annual percentages from 2010 to 2014; export shipments to the United States were *** percent of these subject producers' total shipments in 2015.¹³⁹

That the subject producers have both interest in the U.S. market and the ability to increase shipments to the U.S. market is evidenced by their behavior during the POR. As previously discussed, subject imports from both China and Taiwan maintained a substantial presence in the market throughout the POR, and volumes increased by substantial percentages during individual years even with the orders in place.¹⁴⁰ Moreover, the U.S. market is very attractive, as the United States was the world's largest importer of narrow woven fabrics, accounting for 15.8 percent of world imports in 2015,¹⁴¹ and has higher prices than in all other world markets.¹⁴²

The size of the U.S. market, the prices available, and the continued presence of the subject imports in the U.S. market during the POR make it likely that producers of the subject merchandise would use their excess capacity to direct further exports to the United States upon revocation of the orders. Indeed, the record indicates that several importers and purchasers plan to increase subject imports upon revocation.¹⁴³ In light of these facts, we find that additional volumes of subject imports are likely upon revocation of the orders.¹⁴⁴

(...Continued)

market for China's exports in 2015 was the Philippines, followed by Hong Kong and the United States. CR/PR at Table IV-8.

¹³⁹ CR/PR at Table IV-12. Total exports of narrow woven ribbons from Taiwan as a percentage of reporting subject producers' total shipments was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. CR/PR at Table IV-12. Exports of subject merchandise from Taiwan to the United States as a percentage of these producers' total shipments was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. *Id.*

The record also indicates that China is the world's largest exporter of the broader category of narrow woven fabrics of man-made fibers, including the subject narrow woven ribbons, accounting for approximately 32.7 percent of the world's total exports in 2015. CR/PR at Table IV-15. Taiwan is the third largest exporter, accounting for approximately 8.7 percent of the world's total exports in 2015. *Id.*

¹⁴⁰ CR/PR at Table IV-1 (showing substantial increases in subject imports from China from 2012 to 2013 and in subject imports from Taiwan from 2010 to 2011).

¹⁴¹ CR/PR at Table I-1; *see also* Berwick Confidential Hearing Exhibit at 33, 35.

¹⁴² Berwick Prehearing Brief, Exhibit 11. Foreign producers ***, as well as importer ***, have stated that prices are higher in the United States. CR at IV-29, PR at IV-18. Respondents also recognize that prices for narrow woven ribbon are higher in the United States than in other markets. Hearing Transcript at 56 (Kaplan); 20 and 134 (Lo) (“{w}hile it is true that price{s} in the U.S. market are sometimes higher, it must be noted that the quality of ribbons sold in the U.S. generally is higher than in other markets, meaning production costs are higher as well for ribbons sold . . . to the U.S.”).

¹⁴³ Notably, foreign producer *** established sales offices and distribution centers in multiple locations in the United States, including one near Bentonville, Arkansas, where mass market retailer Walmart has its corporate headquarters. CR at II-17 to II-18, PR at II-10; *see also* Berwick Prehearing Brief at 45 and Exhibit 8. Moreover, the record indicates that additional U.S. customers would likely (Continued...)

Accordingly, based on the subject producers' substantial production capacity, significant excess capacity, and export orientation, and the attractiveness of the U.S. market, we find that the volume of cumulated subject imports, in absolute terms and relative to both U.S. production and consumption, would likely be significant in the event of revocation.

D. Likely Price Effects

In the original investigations, the Commission first observed that given the extremely wide variety of products within the scope, it was difficult to achieve the same level of pricing product coverage as it did in investigations involving more homogenous products. The Commission placed greater weight on pricing product comparisons that involved higher volumes. The Commission found significant underselling by subject imports.¹⁴⁵ Nonetheless, it also found that prices for the domestic like product increased and that the domestic industry's ratio of cost of goods sold ("COGS") to net sales increased and then decreased over the POI.¹⁴⁶ It concluded that subject imports were not currently having a significant effect on domestic producers' prices. In its threat analysis, the Commission observed that demand was expected to recover in the imminent future and found that the underselling that occurred during the POI would likely persist as subject imports used lower prices to gain market share. The Commission also observed that price was often the determining factor in purchasing decisions and concluded that subject imports would likely have significant price effects in the imminent future.¹⁴⁷

In these reviews, as described above, the record indicates that there is generally a high degree of substitutability between subject imports from China and Taiwan and between these imports and the domestic like product. Moreover, price plays an important role in purchasing decisions, although other factors are also important.

(...Continued)

begin purchasing and importing narrow woven ribbon from China and Taiwan if the orders were revoked. See CR/PR at Appendix D (narrative responses of ***).

Respondents argue that the subject producers are not likely to increase exports to the United States in the event of revocation because more attractive alternative export markets are available. See, e.g., Respondents Posthearing Brief at 12 and Exhibit 1 at 16-17. For the reasons discussed above, these arguments are not supported by the record, which demonstrates the significant presence of subject imports in the U.S. market throughout the POR despite the orders, declining exports during the POR by reporting producers to other markets, the subject producers' significant unused capacity, the establishment of U.S. sales offices during the POR, and the receptiveness of U.S. purchasers to additional subject imports. CR at II-17 to II-18, and IV-29, PR at II-10 and IV-18; CR/PR at Tables IV-8 and IV-12; Hearing Transcript at 56 (Kaplan), 20 and 134 (Lo).

¹⁴⁴ We note that there are no known antidumping or countervailing duty orders on narrow woven ribbons from China and Taiwan in other markets. CR at IV-28, PR at IV-17.

¹⁴⁵ Original Determinations, USITC Pub. 4180 at 24-25.

¹⁴⁶ Original Determinations, USITC Pub. 4180 at 25.

¹⁴⁷ Original Determinations, USITC Pub. 4180 at 33.

In these reviews, the Commission collected pricing data on six narrow woven ribbon products.¹⁴⁸ One U.S. producer and 12 importers of subject product provided usable pricing data, although not all firms reported pricing for all products in all quarters. Pricing data reported by these firms accounted for approximately *** percent by value of U.S. producers' commercial U.S. shipments of narrow woven ribbons, *** percent by value of U.S. shipments of subject imports from China, and *** percent by value of U.S. shipments of subject imports from Taiwan in 2015.¹⁴⁹ ¹⁵⁰

During the period of review, the cumulated subject imports undersold the domestic like product in 240 of 246 quarterly comparisons, with margins of underselling ranging from 3.4 percent to 75.1 percent.¹⁵¹ Thus, even with the discipline of the orders, subject imports continued to undersell the domestic like product at significant margins. We find that, in the absence of the orders, subject producers would price their product aggressively to gain market share. As a result, the prevalent underselling observed during both the original POI and the POR would likely continue.

The record indicates that, in light of the significant and increased volume of subject imports likely upon revocation and the importance of price in purchasing decisions, the likely prevalent underselling would be significant. In particular, Berwick has submitted reports describing negotiations it conducted with mass market retailers that purchase ribbons. These reports demonstrate that in an attempt to gain price concessions, purchasers cite the availability of low-priced imported ribbons, including those from subject sources, in their

¹⁴⁸ These products are:

Product 1.—Single faced satin of solid color, without woven or applied embellishments, with a woven selvedge with no wire, with a width of 3/8”.

Product 2.—Single faced satin of non-solid color, with or without woven or applied embellishments, with a woven selvedge with no wire, with a width of 7/8”.

Product 3.—Double faced satin of solid color, without woven or applied embellishments, with a woven selvedge with no wire, with a width of 3/8”.

Product 4.—Sheers of solid color, without woven or applied embellishments, with a woven selvedge with wire, with a width of 1½”.

Product 5.—Sheers of non-solid color, with or without woven or applied embellishments, with a woven selvedge, with wire, with a width of 7/8”.

Product 6.—Grosgrain of non-solid color, with or without applied embellishments, with a woven selvedge, with no wire, with a width of 7/8”.

CR at V-8, PR at V-5.

¹⁴⁹ See CR at V-8 to V-9, PR at V-5.

¹⁵⁰ We have also examined data on the record pertaining to direct imports. Five importers reported purchase cost data for narrow woven ribbons imported from China and five reported data for narrow woven ribbons imported from Taiwan. Importers reported data for all six pricing products, but fewer quarters of purchase cost data were reported than import sales data. CR at V-26, PR at V-9, and CR/PR at Tables V-10 to V-16 and Figures V-8 to V-13. In almost every quarterly comparison, the imports were priced below the domestic like product, and often by at least \$*** per square yard. CR/PR at Tables V-10 to V-16.

¹⁵¹ CR at V-24, PR at V-8, and CR/PR at Table V-9.

negotiations with Berwick, which is responsible for *** current domestic production.¹⁵² Consequently, absent the discipline of the orders, the subject imports would likely seek to increase their market share by offering product at reduced prices, and mass marketers would likely use their bargaining leverage through the use of resets to attempt to obtain pricing concessions from the domestic industry. Similarly, the increasing use of internet sales, which permit purchasers to compare the prices of domestically produced narrow woven ribbons and the subject imports directly, would intensify pressure on the domestic industry to offer product at competitive prices.¹⁵³ As a result, in the face of increasing subject import competition, domestic producers would likely be forced either to cut prices or absorb any rising costs or risk losing market share.¹⁵⁴ We consequently find that the likely significant and increasing volumes of cumulated subject imports would likely significantly undersell the domestic like product and that this underselling would likely have adverse effects on the domestic industry.

E. Likely Impact

In the present injury analysis in the original investigations, the Commission found that there was no correlation between subject imports and the domestic industry's declining financial performance. The Commission found that the domestic industry's employment indicators generally declined over the POI, as did many of its financial indicators, but also found that this deterioration coincided with an economic downturn and appeared to be demand driven.¹⁵⁵ The Commission observed that the market share of the subject imports declined in each year of the POI while the domestic industry gained market share and that the domestic industry was profitable in each year of the POI. It concluded that there was not a sufficient causal nexus between any present injury to the domestic industry and the subject imports.¹⁵⁶ In its threat analysis, the Commission first observed that the downward trends in the domestic

¹⁵² Berwick Posthearing Brief, Exhibit 2 at 11-18, Exhibits B-2 to B-4, and CR/PR at Table I-8 (***); Berwick Posthearing Brief, Exhibit 2 at 21-27, Exhibits C-1 to C-2, C-4 to C-6 (***); Berwick Posthearing Brief, Exhibit 2 at 28-38, Exhibits D-1 to D-4, D-6, and D-8 to D-10 (***). We observe that Respondents did not address this material in their Final Comments.

¹⁵³ See Berwick Posthearing Brief at 7-8, 14-15, and Exhibit 1 at 7-8 and 20-21; see also Hearing Transcript at 26-27 (Lorenzini) (“{W}e hear from our customers when they find ribbons available on the Internet at low prices, because they use this to lower our prices.”), 30 (O’Dell) (“Internet price comparison shopping has increased”), 50 (Kaplan) (“Internet sales are of growing importance, making price discovery faster and easier.”), and 190 (Duffey) (“{E}ven small customers that I serve have more buying power today because . . . {of} the internet availability of pricing and costs.”).

¹⁵⁴ Consequently, Respondents’ proposition that subject imports did not gain market share during the period of review due to underselling, see Respondent Posthearing Brief at 8-10, provides an insufficient basis for a conclusion of no likely significant price effects. This argument does not reflect that revocation of the orders would likely affect the pricing of the subject imports and that additional volumes of subject imports at reduced prices may have adverse effects on the domestic industry other than reduced market share.

¹⁵⁵ Original Determinations, USITC Pub. 4180 at 26-27.

¹⁵⁶ Original Determinations, USITC Pub. 4180 at 27-28.

industry's performance weighed heavily in its analysis. It found that the domestic industry was vulnerable to material injury and that the industry would likely continue to experience even lower employment levels, net sales, operating income, and profitability as demand for ribbons recovered and increasing volumes of subject imports entered the U.S. market.¹⁵⁷ The Commission concluded that, given the industry's vulnerable state, these effects would be significant and the domestic industry was therefore threatened with material injury by reason of subject imports.¹⁵⁸

In these reviews, the domestic industry's condition improved somewhat after imposition of the orders in 2010, but then deteriorated in later years of the POR as demand for ribbons declined. U.S. production capacity decreased from *** square yards in 2010 to *** square yards in 2015.¹⁵⁹ Production declined from *** square yards in 2010 to *** square yards in 2015.¹⁶⁰ Capacity utilization was *** percent in 2010 and, higher, at *** percent, in 2015.¹⁶¹ The domestic industry's commercial U.S. shipments showed slight declines over the period of review, falling from *** square yards in 2010 to *** square yards in 2015.¹⁶² End of period inventories increased slightly over the period of review and ended the review period at their highest volume. They were *** square yards in 2010 and *** square yards in 2015.¹⁶³

Employment indicators declined during the period of review. The number of domestic production and related workers ("PRWs") decreased from *** in 2010 to *** in 2015.¹⁶⁴ Total hours worked fell from *** in 2010 to *** in 2015.¹⁶⁵ Hours worked per worker declined from *** in 2010 to *** in 2015.¹⁶⁶ Wages paid also declined during the period of review. They were

¹⁵⁷ Original Determinations, USITC Pub. 4180 at 33-34.

¹⁵⁸ Original Determinations, USITC Pub. 4180 at 34.

¹⁵⁹ CR/PR at Table III-1. The domestic industry's capacity was *** square yards in 2010, *** in 2011, *** in 2012 and 2013, *** in 2014, and *** in 2015. *Id.*

¹⁶⁰ CR/PR at Table III-1. The domestic industry's production was *** square yards in 2010, *** in 2011, *** in 2012 and 2013, *** in 2014, and *** in 2015. *Id.*

¹⁶¹ CR/PR at Table III-1. The domestic industry's capacity utilization was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. *Id.*

¹⁶² CR/PR at Table III-2. The domestic industry's commercial U.S. shipments were *** square yards in 2010, *** in 2011, *** in 2012, *** in 2013, *** in 2014, and *** in 2015. *Id.*

¹⁶³ CR/PR at Table III-3. The domestic industry's end-of-period inventories per square yard were *** in 2010, *** in 2011, *** in 2012, *** in 2013 and 2014, and *** in 2015. The domestic industry's ratio of inventories to U.S. production was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. *Id.*

¹⁶⁴ The domestic industry's number of PRWs was *** in 2010, *** in 2011, *** in 2012, *** in 2013, *** in 2014, and *** in 2015. CR/PR at III-5.

¹⁶⁵ Total hours worked were *** in 2010, *** in 2011, *** in 2012, *** in 2013, *** in 2014, and *** in 2015. CR/PR at III-5.

¹⁶⁶ Hours worked per PRW were *** in 2010, *** in 2011, *** in 2012, *** in 2013, *** in 2014, and *** in 2015.

\$*** in 2010 and \$*** in 2015.¹⁶⁷ Hourly wages, however, increased overall during the period of review, from \$*** per hour in 2010 to \$*** per hour in 2015.¹⁶⁸

The domestic industry's financial condition showed declines over the period of review. The value of total net sales was \$*** in 2010, peaked at \$*** in 2012, and declined to \$*** in 2015.¹⁶⁹ The domestic industry's COGS was \$*** in 2010, peaked at \$*** in 2012, and declined to \$*** in 2015.¹⁷⁰ The industry reported operating income of \$*** in 2010, a period high of \$*** in 2012, and a period low of \$*** in 2015.¹⁷¹ Net income as a ratio to net sales was *** percent in 2010, peaked at *** percent in 2012, and was a period low *** percent in 2015.¹⁷² Capital expenditures increased over the period of review, from \$*** in 2010 to a period high of \$*** in 2015.¹⁷³ We find, based on these data, that the domestic industry is in a weakened state and therefore is vulnerable to material injury if the orders are revoked.

As discussed above, we conclude that the revocation of the antidumping duty orders on imports of ribbons from China and Taiwan and the countervailing duty order on imports of ribbons from China would likely lead to an increased and significant volume of cumulated subject imports that would likely significantly undersell the domestic like product. This increased volume of low-priced subject imports would in turn likely have the effect of requiring the domestic industry to choose whether to cut prices, forego price increases or forfeit market share, all of which would have a negative impact on the domestic industry's performance. In light of these likely adverse effects, we find that the cumulated subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenue of the domestic industry. These reductions would have a direct adverse impact on the domestic industry's profitability and employment, as well as on its ability to raise capital and make and maintain necessary capital investments. We conclude that, if the orders were revoked, subject imports from China and Taiwan would be likely to have a significant impact on the domestic industry within a reasonably foreseeable time.

¹⁶⁷ Wages paid were \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, and \$*** in 2014 and 2015. CR/PR at Table III-5.

¹⁶⁸ Hourly wages paid were \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, \$*** in 2014, and \$*** in 2015. CR/PR at Table III-5.

¹⁶⁹ The value of the domestic industry's total net sales was \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, \$*** in 2014, and \$*** in 2015. CR/PR at Table III-6.

¹⁷⁰ The domestic industry's COGS was \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, \$*** in 2014, and \$*** in 2015. CR/PR at Table III-6.

¹⁷¹ The domestic industry reported operating income of \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, \$*** in 2014, and \$*** in 2015. CR/PR at Table III-6.

¹⁷² The domestic industry's net income as a ratio to net sales was *** percent in 2010, *** percent in 2011, *** percent in 2013, *** percent in 2013, *** percent in 2014, and *** percent in 2015. CR/PR at Table III-6.

¹⁷³ The domestic industry's capital expenditures were \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2103, \$*** in 2014, and \$*** in 2015. The domestic industry's return on assets percentage was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015. CR/PR at Table III-8. ***.

We have also considered the likely role of nonsubject imports in the U.S. market. As described above, nonsubject imports' share of the U.S. market increased slightly during the POR, but the market share of the domestic industry remained higher than in the original investigations.¹⁷⁴ We find that nonsubject imports are not likely to prevent subject imports from increasing their presence in the U.S. market in the event of revocation, given the amount of unused capacity in the subject countries, the subject producers' export orientation, and the size and attractiveness of the U.S. market. As previously stated, in the event of revocation, additional subject imports would be likely to compete at reduced prices without the discipline of the orders and these prices would likely place additional competitive pressures on the domestic industry. In light of this, we find that the subject imports would likely have adverse effects distinct from those of nonsubject imports and that subject imports would likely gain market share from the domestic industry as well as from nonsubject imports.

Thus, we conclude that revocation of the antidumping duty orders on ribbons from China and Taiwan and the countervailing duty order on ribbons from China would likely lead to a continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

V. Conclusion

For the foregoing reasons, we determine that revocation of the antidumping duty orders on narrow woven ribbons from China and Taiwan and the countervailing duty order on narrow woven ribbons from China would likely lead to a continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

¹⁷⁴ Based on a comparison of the responding importers in the original investigations and the current reviews, we recognize that U.S. importer data in these reviews appear to be modestly understated and that, due to the absence of questionnaire data for domestic producer Schiff in these reviews, the domestic industry's share of the apparent U.S. consumption also is understated. See CR/PR at I-3 to I-4, PR at I-3.

PART I: INTRODUCTION

BACKGROUND

On August 3, 2015, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted reviews to determine whether revocation of the countervailing duty order on narrow woven ribbons with woven selvedge (“narrow woven ribbons”) from China and the antidumping duty orders on narrow woven ribbons from China and Taiwan would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On November 6, 2015, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.⁴ The following tabulation presents information relating to the background and schedule of this proceeding:⁵

Effective date	Action
September 1, 2010	Commerce’s countervailing duty order on narrow woven ribbon from China (75 FR 53642) and antidumping duty orders on narrow woven ribbons from China and Taiwan (75 FR 53632)
August 3, 2015	Commission’s institution of five-year reviews (80 FR 46048)
August 3, 2015	Commerce’s initiation of five-year reviews (80 FR 45945)

¹ 19 U.S.C. 1675(c).

² *Narrow Woven Ribbons With Woven Selvedge From China and Taiwan; Institution of Five-Year Reviews*, 80 FR 46048, August 3, 2015. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

³ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 80 FR 45945, August 3, 2015.

⁴ *Narrow Woven Ribbons With Woven Selvedge From China and Taiwan; Notice of Commission Determinations To Conduct Full Five-Year Reviews*, 80 FR 73829, November 25, 2015. The Commission found that the domestic interested party group response to its notice of institution was adequate, as was the Taiwan respondent interested party group response. Although the Commission received a response to its notice of institution from Chinese respondent interested parties, the Commission found that the respondent interested party group response with respect to the reviews on subject imports from China was inadequate. However, the Commission determined to conduct full reviews to promote administrative efficiency in light of its decision to conduct a full review with respect to the review on subject imports from Taiwan.

⁵ The Commission’s notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy are referenced in appendix A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct expedited or full reviews may also be found at the web site. A list of witnesses appearing at the hearing is presented in appendix B of this report.

November 6, 2015	Commission’s determinations to conduct full five-year reviews (80 FR 73829, November 25, 2015)
December 7, 2015	Commerce’s final results of expedited five-year reviews of the countervailing duty order (China) (80 FR 75967)
December 8, 2015	Commerce’s final results of expedited five-year reviews of the antidumping duty orders (China and Taiwan) (80 FR 76266)
February 23, 2016	Commission’s scheduling of the reviews (81 FR 10279, February 29, 2016)
July 12, 2016	Commission’s hearing
August 24, 2016	Commission’s vote
September 9, 2016	Commission’s determinations and views

The original investigations

On July 9, 2009, Berwick Offray, LLC and its wholly-owned subsidiary Lion Ribbon Company, Inc., Berwick, Pennsylvania, filed petitions with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission, alleging that an industry in the United States was materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of narrow woven ribbons from China and LTFV imports of narrow woven ribbons from Taiwan. Following notification by Commerce that imports of narrow woven ribbons from China were being subsidized and sold at LTFV and imports of narrow woven ribbons from Taiwan were being sold at LTFV, the Commission determined that a domestic industry was threatened with material injury by reason of subsidized and LTFV imports of narrow woven ribbons from China and LTFV imports of narrow woven ribbons from Taiwan.⁶ Commerce published the countervailing duty order on subject imports of narrow woven ribbons from China and the antidumping duty orders on subject imports of narrow woven ribbons from China and Taiwan on September 1, 2010.⁷

⁶ Commissioners Charlotte R. Lane, Shara L. Aranoff, and Irving A. Williamson made affirmative determinations. Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson made negative determinations. Commissioner Dean A. Pinkert made an affirmative determination with respect to China and a negative determination with respect to Taiwan. *Narrow Woven Ribbons With Woven Selvedge From China and Taiwan*, 75 FR 53711, September 1, 2010.

⁷ *Narrow Woven Ribbons with Woven Selvedge from the People’s Republic of China: Countervailing Duty Order*, 75 FR 53642, September 1, 2010. *Narrow Woven Ribbons With Woven Selvedge From Taiwan and the People’s Republic of China: Antidumping Duty Orders*, 75 FR 53632, September 1, 2010, as amended in *Narrow Woven Ribbons With Woven Selvedge From Taiwan and the People’s Republic of China: Amended Antidumping Duty Orders*, 75 FR 56982, September 17, 2010.

RELATED INVESTIGATIONS

Narrow woven ribbons have not been the subject of any other antidumping or countervailing duty investigations in the United States.

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations and the current full five-year reviews. In the original investigations and the current reviews, U.S. imports from all sources were compiled from data submitted in response to Commission questionnaires. The data from the original investigations and the current reviews are not comparable in two regards. First, Lawrence Schiff Silk Mills (“Lawrence Schiff”), which accounted for nearly *** of reported net sales in 2009, declared bankruptcy in April 2016 and did not provide a questionnaire response in these current reviews. Second, based on a comparison of the responding U.S. importers from the original investigations and the current reviews, U.S. import data appear to be modestly understated.⁸

Table I-1
Narrow woven ribbons: Comparative data from the original investigations and current reviews, 2007-09 and 2010-15

* * * * *

Table continued on following page.

⁸ ***, certified that it has not imported narrow woven ribbons since 2010. An official from *** stated that: ***. ***, email message to USITC staff, May 31, 2016.

Table I-1--Continued

Narrow woven ribbons: Comparative data from the original investigations and current reviews, 2007-09 and 2010-15

Item	Original investigations			Reviews					
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Quantity (1,000 square yards); value (1,000 dollars); and unit value (dollars per square yard)									
U.S. importers' U.S. shipments from: China									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Inventory	***	***	***	***	***	***	***	***	***
Taiwan, subject									
Quantity	12,226	10,880	8,634	***	***	***	***	***	***
Value	33,210	33,762	28,301	***	***	***	***	***	***
Unit value	\$2.72	\$3.10	\$3.28	***	***	***	***	***	***
Inventory	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Inventory	***	***	***	***	***	***	***	***	***
Taiwan, nonsubject:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Inventory	***	***	***	***	***	***	***	***	***
All other sources									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Inventory	***	***	***	***	***	***	***	***	***
Subtotal, nonsubject sources									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Inventory	***	***	***	***	***	***	***	***	***
All sources									
Quantity	28,655	29,083	21,994	***	***	***	***	***	***
Value	99,706	96,125	70,266	***	***	***	***	***	***
Unit value	\$3.48	\$3.31	\$3.19	***	***	***	***	***	***
Inventory	***	***	***	***	***	***	***	***	***

Table continued on following page.

Table I-1--Continued

Narrow woven ribbons: Comparative data from the original investigations and current reviews, 2007-09 and 2010-15

* * * * *

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

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

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

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

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

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

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

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

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

*(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and
(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*

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

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

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

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

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

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

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

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

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

Organization of report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for narrow woven ribbons as collected in the reviews is presented in appendix C, followed by historical data from the original investigations. Responses by U.S. producers, importers, and foreign producers of narrow woven ribbons to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation of such orders are presented in appendix D.

U.S. industry data are based on the questionnaire responses of two U.S. producers of narrow woven ribbons that currently account for the vast majority of current U.S. production and sales of narrow woven ribbons.

U.S. import data and related information are based on the questionnaire responses of 28 U.S. importers of narrow woven ribbons that are believed to have accounted for *** percent of the subject U.S. imports, *** percent of nonsubject U.S. imports, and *** percent of total U.S. imports during 2015.

Foreign industry data and related information are based on the questionnaire responses of eight producers of narrow woven ribbons. Two responding producers in China accounted for *** percent of total production in China and six responding producers in Taiwan accounted for *** percent of total production in Taiwan in 2015.

COMMERCE'S REVIEWS

Administrative reviews

Commerce has completed one administrative review of the outstanding countervailing duty order on narrow woven ribbons from China.⁹ The results of the administrative review are shown in table I-2.

Table I-2

Narrow woven ribbons: Administrative reviews of the countervailing duty order for China

Date results published	Period of review	Producer or exporter	Margin (percent)
79 FR 78036, Dec. 29, 2014	Jan. 1, 2012 - Dec. 31, 2012	Yangzhou Bestpak Gifts & Crafts	88.49

Source: Cited *Federal Register* notices.

There have been four administrative review cycles relating to the antidumping duty order on narrow woven ribbons from China. One administrative review was initiated, but later rescinded on May 7, 2013. In another administrative review, Commerce determined that the

⁹ *Narrow Woven Ribbons with Woven Selvedge From the People's Republic of China: Rescission of Countervailing Duty Administrative Review*, 76 FR 72903, November 28, 2011.

sole company under review, Yama Ribbons, did not have any reviewable transactions during the period of review.¹⁰ The results of the completed administrative reviews are shown in table I-3.

Table I-3

Narrow woven ribbons: Administrative reviews of the antidumping duty order for China

Date results published	Period of review	Producer or exporter	Margin (percent)
78 FR 10130, Feb. 13, 2013	Sept. 1, 2010 - Aug. 31, 2011	Hubscher Ribbon Corp.	247.65
		Weifang Dongfang Ribbon Weaving Co..	123.83
79 FR 61288, Oct. 10, 2014	Sept. 1, 2012 - Aug. 31, 2013	PRC-Wide	247.65
		PRC-Wide	247.65

Source: Cited *Federal Register* notices.

Commerce has completed four antidumping duty administrative reviews with regard to subject imports of narrow woven ribbons from Taiwan. The results of the administrative reviews are shown in table I-4.

Table I-4

Narrow woven ribbons: Administrative reviews of the antidumping duty order for Taiwan

Date results published	Period of review	Producer or exporter	Margin (percent)
77 FR 72825, Dec. 6, 2012	Sept. 1, 2010 - Aug. 31, 2011	Hubscher Ribbon Corp.	137.20
78 FR 50377, Aug. 19, 2013	Sept. 1, 2011 - Aug. 31, 2012	Intercontinental Skyline and Pacific Imports	137.20
80 FR 19635, Apr. 13, 2015	Sept. 1, 2012 - Aug. 31, 2013	King Young Enterprise Co., Ltd/Ethel Enterprise Co., Ltd. And Glory Young Enterprise Co., Ltd.	30.64
		Hen Hao Trading Co. Ltd. Aka Taiwan Tulip Ribbons and Braids Co. Ltd.	137.20
81 FR 22578, Apr. 18, 2016	Sept. 1, 2013 – Aug. 31, 2014	Roung Shu Industry Corporation	0.00
		A-Madeus Textile Ltd	30.64

Source: Cited *Federal Register* notices.

Scope inquiry reviews

Commerce has issued several scope determinations regarding narrow woven ribbons. Responding to a scope request from Osborne & Little, Inc., an importer of narrow woven ribbons, Commerce was requested to determine whether 20 products were within the scope of the orders. The merchandise consisted of “trimmings,” *i.e.*, bands of fabric measuring less than 12 centimeters in width, with features, such as glass, shells, beads, or hanging adornments. The

¹⁰ *Narrow Woven Ribbon With Woven Selvedge From the People’s Republic of China: Rescission of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 26614, May 07, 2013. *Narrow Woven Ribbon With Woven Selvedge From the People’s Republic of China: Finals Results of Administrative Review; 2013-2014*, 80 FR 62018, October 15, 2015.

merchandise was generally used as tiebacks for curtains, and as edging or trim for curtains, draperies, pillows, furniture and lampshades. Commerce determined that 18 varieties of the merchandise fell within the scope of the orders, while two varieties fell outside of the scope.¹¹

Responding to a scope inquiry request from A-Plus Products Inc., Commerce determined that certain narrow woven textile material, namely fabric made from polyester material used for capturing heat-transfer ink and images, was within the scope of the orders.¹²

Responding to a scope ruling request from Money Hill Co., Ltd. c/o Party Art Enterprise Co. Ltd. and Golden Art Co., Ltd., Commerce determined that cut-edge ribbon, *i.e.*, ribbon formed by cutting broad woven fabric into strips of ribbon matched the exclusion language in the scope of the orders and thus was out-of-scope.¹³

Five-year reviews

Commerce issued the final results of its expedited countervailing duty order review with respect to China on December 7, 2015.¹⁴ Table I-5 presents the countervailable subsidy margins calculated by Commerce in its original investigation and five-year review.

Table I-5
Narrow woven ribbons: Commerce's original and five-year review countervailable subsidy margins for producers/exporters in China

Producer/exporter	Original margin (percent)	First five-year review margin (percent)
Changtai Rongshu Textile Co.	117.95	117.95
Yama Ribbons and Bows Co., Ltd	1.56	1.56
All others	1.56	1.56

Source: *Narrow Woven Ribbons with Woven Selvedge from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 41801, July 19, 2010 and *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order*, 80 FR 75967, December 7, 2015.

Commerce issued the final results of its expedited antidumping duty order reviews with respect to China and Taiwan on December 8, 2015.¹⁵ Table I-6 presents the dumping margins calculated by Commerce in its original investigations and five-year reviews.

¹¹ *Notice of Scope Rulings*, 77 FR 32568, June 1, 2012.

¹² *Notice of Scope Rulings*, 76 FR 31301, May 31, 2011.

¹³ *Notice of Scope Rulings*, 76 FR 31301, May 31, 2011.

¹⁴ *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order*, 80 FR 75967, December 7, 2015.

¹⁵ *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 80 FR 76266, December 8, 2015.

Table I-6**Narrow woven ribbons: Commerce's original and five-year review dumping margins for producers/exporters in China and Taiwan**

Country	Producer/exporter	Original margin (percent)	First five-year review margin (percent)
China	Yama Ribbons and Bows Co., Ltd. ¹	0.00	0.00
	Beauty Horn Investment Limited	123.83	123.83
	Fujian Rongshu Industry Co., Ltd		
	Guangzhou Complacent Weaving Co., Ltd		
	Ningbo MH Industry Co., Ltd		
	Ningbo V.K. Industry & Trading Co., Ltd		
	Stribbons (Guangzhou) Ltd		
	Sun Rich (Asia) Limited		
	Tianjin Sun Ribbon Co., Ltd		
	Weifang Dongfang Ribbon Weaving Co., Ltd		
	Weifang Yu Yuan Textile Co., Ltd		
	Xiamen Yi He Textile Co., Ltd		
	Yangzhou Bestpak Gifts & Crafts Co., Ltd		
	All others		
Taiwan	Dear Year Brothers Mfg. Co., Ltd	0.00	0.00
	Shieng Huong Enterprise Co., Ltd./ Hsien Chan Enterprise Co., Ltd./ Novelty Handicrafts Co. Ltd.	0.00	0.00
	Roung Shu Industry Corporation	4.37	4.37
	All others	4.37	4.37

¹ Commerce determined that subject merchandise produced and exported by Yama Ribbons is excluded from the antidumping order. However, merchandise which Yama exports but did not produce, as well as merchandise Yama produces but is exported by another company, remain subject to the order.

Source: Notice of Antidumping Duty Orders: Narrow Woven Ribbons With Woven Selvedge From Taiwan and the People's Republic of China: Antidumping Duty Orders, 75 FR 53632, September 1, 2010 and Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders, 80 FR 76266, December 8, 2015.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this proceeding as follows:¹⁶

The merchandise subject to this proceeding is narrow woven ribbons with woven selvedge, in any length, but with a width (measured at the narrowest span of the ribbon) less than or equal to 12 centimeters, composed of, in whole or in part, man-made fibers (whether artificial or synthetic, including but not limited to nylon, polyester, rayon, polypropylene, and polyethylene terephthalate), metal threads and/or metalized yarns, or any combination thereof.

Narrow woven ribbons subject to this proceeding may:

- *Also include natural or other nonman-made fibers;*
- *Be of any color, style, pattern, or weave construction, including but not limited to single-faced satin, doublefaced satin, grosgrain, sheer, taffeta, twill, jacquard, or a combination of two or more colors, styles, patterns, and/or weave constructions;*
- *Have been subjected to, or composed of materials that have been subjected to, various treatments, including but not limited to dyeing, printing, foil stamping, embossing, flocking, coating, and/or sizing;*
- *Have embellishments, including but not limited to applique', fringes, embroidery, buttons, glitter, sequins, laminates, and/or adhesive backing;*
- *Have wire and/or monofilament in, on, or along the longitudinal edges of the ribbon;*
- *Have ends of any shape or dimension, including but not limited to straight ends that are perpendicular to the longitudinal edges of the ribbon, tapered ends, flared ends or shaped ends, and the ends of such woven ribbons may or may not be hemmed;*
- *Have longitudinal edges that are straight or of any shape, and the longitudinal edges of such woven ribbon may or may not be parallel to each other;*
- *Consist of such ribbons affixed to like ribbon and/or cut-edge woven ribbon, a configuration also known as an "ornamental trimming;"*
- *Be wound on spools; attached to a card; hanked (i.e., coiled or bundled); packaged in boxes, trays or bags; or configured as skeins, balls, bateaus or folds; and/or*
- *Be included within a kit or set such as when packaged with other products, including but not limited to gift bags, gift boxes and/or other types of ribbon.*

¹⁶ *Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order*, 80 FR 75967, December 7, 2015.

Narrow woven ribbons subject to this proceeding include all narrow woven fabrics, tapes, and labels that fall within this written description of the scope of this proceeding.

Excluded from the scope of this proceeding are the following:

(1) Formed bows composed of narrow woven ribbons with woven selvedge;

(2) "Pull-bows" (i.e., an assemblage of ribbons connected to one another, folded flat and equipped with a means to form such ribbons into the shape of a bow by pulling on a length of material affixed to such assemblage) composed of narrow woven ribbons;

(3) Narrow woven ribbons comprised at least 20 percent by weight of elastomeric yarn (i.e., filament yarn, including monofilament, of synthetic textile material, other than textured yarn, which does not break on being extended to three times its original length and which returns, after being extended to twice its original length, within a period of five minutes, to a length not greater than one and a half times its original length as defined in the Harmonized Tariff Schedule of the United States ("HTSUS"), Section XI, Note 13) or rubber thread;

(4) Narrow woven ribbons of a kind used for the manufacture of typewriter or printer ribbons;

(5) Narrow woven labels and apparel tapes, cut-to-length or cut-to-shape, having a length (when measured across the longest edge-to-edge span) not exceeding eight centimeters;

(6) Narrow woven ribbons with woven selvedge attached to and forming the handle of a gift bag;

(7) Cut-edge narrow woven ribbons formed by cutting broad woven fabric into strips of ribbon, with or without treatments to prevent the longitudinal edges of the ribbon from fraying (such as by merrowing, lamination, sonobonding, fusing, gumming or waxing), and with or without wire running lengthwise along the longitudinal edges of the ribbon;

(8) Narrow woven ribbons comprised at least 85 percent by weight of threads having a denier of 225 or higher;

(9) Narrow woven ribbons constructed from pile fabrics (i.e., fabrics with a surface effect formed by tufts or loops of yarn that stand up from the body of the fabric);

(10) Narrow woven ribbon affixed (including by tying) as a decorative detail to non-subject merchandise, such as a gift bag, gift box, gift tin, greeting card or plush toy, or affixed (including by tying) as a decorative detail to packaging containing non-subject merchandise;

(11) Narrow woven ribbon that is (a) affixed to non-subject merchandise as a working component of such non-subject merchandise, such as where narrow woven ribbon comprises an apparel trimming, book marker, bag cinch, or part of an identity card holder, or (b) affixed (including by tying) to nonsubject merchandise as a working component that holds or packages such non-subject merchandise or attaches packaging or labeling to such nonsubject merchandise, such as a “belly band” around a pair of pajamas, a pair of socks or a blanket;

(12) Narrow woven ribbon(s) comprising a belt attached to and imported with an item of wearing apparel, whether or not such belt is removable from such item of wearing apparel; and

(13) Narrow woven ribbon(s) included with non-subject merchandise in kits, such as a holiday ornament craft kit or a scrapbook kit, in which the individual lengths of narrow woven ribbon(s) included in the kit are each no greater than eight inches, the aggregate amount of narrow woven ribbon(s) included in the kit does not exceed 48 linear inches, none of the narrow woven ribbon(s) included in the kit is on a spool, and the narrow woven ribbon(s) is only one of multiple items included in the kit.

The merchandise subject to this proceeding is classifiable under the HTSUS categories 5806.32.1020; 5806.32.1030; 5806.32.1050 and 5806.32.1060. Subject merchandise also may enter under subheadings 5806.31.00; 5806.32.20; 5806.39.20; 5806.39.30; 5808.90.00; 5810.91.00; 5810.99.90; 5903.90.10; 5903.90.25; 5907.00.60; and 5907.00.80 and under statistical categories 5806.32.1080; 5810.92.9080; 5903.90.3090; and 6307.90.9889. The HTSUS categories and subheadings are provided for convenience and customs purposes; however, the written description of the merchandise under investigation is dispositive.

Tariff treatment

Narrow woven ribbons with a woven selvedge are currently imported under HTSUS subheading 5806.32.10.¹⁷ However, this tariff rate line covers both merchandise that is subject to these reviews and other goods that are not subject to these reviews. Subject imports under HTS subheading 5806.32.10 from both China and Taiwan are subject to a 6 percent ad valorem duty rate under column 1 general (normal trade relations).

Prior to January 1, 2008, most narrow woven ribbons in subheading 5806.32.10 were reported under statistical reporting number 5806.32.1090, a residual or “basket” category that

¹⁷ Ribbons that contain blends of man-made fibers and other textile materials are not necessarily classified in the HTSUS in subheading 5806.32. Ribbons classified in that subheading are those in which the man-made fibers provide the essential character, generally when such fibers in the aggregate predominate by weight over other types of materials. Ribbons in which man-made fibers comprise less than 50 percent by weight of total constituent fibers are classified in other provisions of the HTSUS.

covered “other ribbons” of man-made fibers (e.g., polyester, nylon, rayon, among others), meaning those not suitable for typewriters or printers.¹⁸ Since January 1, 2008, the merchandise subject to these reviews has been covered by several statistical provisions in the HTSUS under subheading 5806.32.10. Under this tariff rate line, most of the merchandise subject to these reviews is properly imported under the following five statistical reporting numbers, covering ribbons of a width not exceeding 12 cm: 5806.32.1020, 5806.32.1030, 5806.32.1050, 5806.32.1060, and 5806.32.1080. The last statistical reporting number is a residual provision that includes goods that do not have a woven selvedge and are outside the scope of these reviews.

THE PRODUCT

Description and applications¹⁹

Narrow woven ribbons with woven selvedge²⁰ are fabrics partially or wholly composed of manmade fibers and measuring up to 12 centimeters in width. These ribbons adorn or embellish apparel, footwear, home furnishings, crafts, or floral arrangements; however, narrow woven ribbons also have functional uses and can be used to create articles such as hair bows, sashes, and to wrap packages. Narrow woven ribbons are constructed with a woven selvedge that provides a durable, longitudinal seam, and thus are washable. They are often used in keepsake items such as scrapbooks because they do not fray easily and are colorfast by nature of their fiber content and dyeing process (discussed below). Narrow woven ribbons of manmade fiber are primarily composed of polyester or nylon yarn; however, narrow woven ribbons of other manmade yarn, such as acetate and rayon, also are included in the definition of this product.

Manufacturing process²¹

The manufacture of narrow woven ribbons can be broken down into five processes: warping,²² weaving, dyeing, embellishment,²³ and spooling. The production process begins with

¹⁸ This historical statistical reporting number included merchandise outside the scope of these proceedings, including ribbons with widths in excess of 12 cm and cut-edge ribbons with widths not exceeding 12 cm.

¹⁹ Unless otherwise noted, this information is based on *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Final)*, USITC Publication 4180, August 2010, pp. I-9-10.

²⁰ Selvedge is the narrow edge of woven fabric that runs parallel to the warp. It is made with stronger yarns in a tighter construction than the body of the fabric to prevent unraveling. Textile terms, unless otherwise noted, are from Hoechst Celanese. Dictionary of Fiber & Textile Technology. Charlotte, NC: Product/Technical Communications Services, IZ 503, Hoechst Celanese Corporation, 1990.

²¹ Unless otherwise noted, this information is based on *Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final): Narrow Woven Ribbons with Woven Selvedge from China and Taiwan – Staff Report*, INV-HH-077, August 2, 2010, pp. I-12-16.

²² Warping is the operation of winding warp yarns onto a beam in preparation for weaving.

purchased greige yarn (both flat and textured), usually polyester or nylon monofilament. In some instances, a manufacturer ***.

Yarn-dyed ribbons, which represented approximately *** percent of total U.S. production in 2015, undergo an additional step before warping where the monofilament yarn is dyed, as opposed to greige ribbons that are dyed after weaving. Monofilaments to be yarn-dyed must first be re-spoiled onto a dye tube containing holes that allow the dye bath to permeate the entire spool. Several dye tubes are placed on a dye rack that are inserted into a dye vat where the yarn is dyed and washed. After dyeing, the yarn is dried and transferred from the dye tubes to spools. During this transfer the yarn is coated with a lubricant to reduce friction, and to minimize lint and shedding during the downstream warping and weaving processes.

Before weaving, both greige and yarn-dyed yarn are laid out on a warp beam.²⁴ The warp beam composition varies in thread count according to ribbon design. The warp forms the longitudinal yarn of narrow woven ribbon. After warping, the beams are placed on the looms and are ready for weaving. Depending on a ribbon's design, a loom can use several warp feeds to vary the texture and fiber composition of a ribbon (e.g., when forming a ribbon including metalized yarn, the wire feeds into the loom on a separate warp beam). Ribbons of varying patterns, designs, and widths are created by alternate adjustments in the warp composition.

Narrow woven ribbons are produced on specialized needle looms ***. Narrow woven ribbons are woven in *** strips per machine, depending on the ribbon width. Production speed depends primarily on the complexity of the pattern of the ribbon. For example, a more complex pattern would be produced at a *** percent lower speed than a plain weave. All looms producing narrow woven ribbon are ***.

During weaving²⁵ one or more warp beams are fed into the loom. There are three basic operations of the loom during weaving, namely shedding, filling insertion, and beat-up. During shedding, cards on the loom separate the warp beam according to a programmed pattern. Then, a needle hooks through the warp beam carrying a filling yarn through to a latch hook to catch the filling yarn. After insertion, the filling yarn is "beat" into the fabric to keep the filling yarns parallel. Narrow woven ribbons are produced using ***. ***.

Dyeing occurs in a continuous process where greige ribbons are washed, dried, dyed, and then washed and dried once more. During dyeing, one to several ends of ribbon are fed through an accumulator, which winds ribbon vertically up and down through a series of cams to control the flow of ribbon through the machine at a steady pace. ***.

Greige ribbon is de-sized in a pre-scoured bath soap where ribbons are washed to remove the lubricant applied to the monofilaments prior to weaving. The ribbon is wound

(...continued)

²³ Not all narrow woven ribbons are embellished.

²⁴ A warp beam is a large cylinder around which the warp yarns, or ends, are wound in a uniform and parallel arrangement.

²⁵ The standard weaving produces is summarized from Collier, Billie J., and Phyllis G. Tortora. *Understanding Textiles*. 5th ed. Upper Saddle, NJ: Prentice-Hall, Inc., 1997, pp. 257-269.

through the soap bath and then through a rinse before it is squeezed out and heated on drying cylinders.

After pre-scouring, the greige ribbon is dipped in a dye bath that covers the ribbon's surface with a dispersed, high energy, fiber specific dye, which is water-delivery based. After the dye bath, the ribbon passes through drying cylinders to remove excess moisture and then a gas-fired oven. The pigment is absorbed inside the ribbon fiber, and the energy transfer that occurs in the oven deepens and changes the ribbon's color. This method of dyeing polyester is highly colorfast. After dyeing, the ribbon passes through an after-scour bath, which removes excess color to render the ribbon machine washable and prevents bleeding. The ribbon is then dried in a heated can stack. Finally, the ribbon is spun off the dye machine and ready for embellishment or final blocking. The process for yarn-dyed ribbons varies slightly from that of greige ribbons. After weaving and prior to final spooling, yarn-dyed ribbons are finished, a process that includes washing, de-sizing, drying, and ironing of the ribbon.

Before final spooling, narrow woven ribbons can be embellished with designs using several techniques including flexoprinting, transfer printing, silk-screen printing, lacquer printing, or hot stamping. In flexoprinting, ribbon is continuously stamped with a film of metered-release ink by a flexible plate around a cylinder. In transfer printing, a sublistatic ink is flexoprinted on paper, and then the print is heat transferred to the ribbon. In this process, an employee feeds ribbon and paper together into a heated drum. The dye is vaporized and permeates the ribbon. This process uses similar dyes to those used in the dyeing process, resulting in more permanent color. In lacquer printing, solvent-based lacquer paint is applied to the face of the ribbon through an open pattern in a method similar to stenciling. With silkscreen printing, paint is applied directly to the ribbon through a silkscreen. Squeegees force paint through patterns. Silkscreen printing creates more of a texture and is more durable than lacquer print. Finally, hot-stamping uses a metal plate to stamp a pattern on to the ribbon face from a roll of foil. Producing innovative and custom-designed narrow woven ribbons has become an increasingly important competitive strategy. During the past three to four years, Berwick Offray, the principal remaining U.S. producer of narrow woven ribbons, has increased its use of digital printers and color printing presses capable of photo-quality screen printing to create applied designs for narrow woven ribbons. Using applied designs lowers product costs and reduces lead times because the ribbons are woven and dyed in bulk instead of yarn by yarn.²⁶

Dyed, finished, and embellished ribbons typically are spooled (blocked) once an order is received. Spooling may be done manually or automatically. The length of ribbon on a spool varies by customer and distribution method. For example, narrow woven ribbons are spun to a specific length on a cardboard spool, flanges are glued to both sides of the spool, the package is labeled, and a plastic film is wrapped around the exposed ribbon to form the finished product.

²⁶ Hearing transcript, p. 22 (Pajic).

DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

In its original determinations, the Commission defined the domestic like product as coextensive with Commerce's scope and defined the domestic industry as consisting of all domestic producers of narrow woven ribbons.²⁷

In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry. According to their responses to the notice of institution, all parties agreed with the Commission's definitions.²⁸ No party suggested additional questions regarding the domestic like product in comments on the Commission's draft questionnaires.²⁹

Berwick Offray argues that the Commission should again find a single domestic like product consisting of all narrow woven ribbons co-extensive with Commerce's scope and one domestic industry composed of the domestic producers of narrow woven ribbons, none of which should be excluded from that domestic industry.³⁰ Berwick Offray notes that although it is an importer of narrow woven ribbons, its shipments of subject imports as a share of its total shipments in these current reviews are lower than in the original investigations. Thus, it argues that the Commission should again find that appropriate circumstances do not exist to exclude Berwick Offray from the domestic industry as a related party.³¹

Respondents agree with the Commission's definition of the domestic like product from the original investigations.³² Concerning the definition of the domestic industry, respondent interested parties submit that the Commission should consider the fact that ***.³³

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigations, the Commission received responses from four U.S. producers, which accounted for the vast majority of U.S. production of narrow woven ribbons:

²⁷ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Final)*, USITC Publication 4180, p. 7.

²⁸ *Domestic Interested Party's Response to the Notice of Institution*, September 2, 2015, p. 24. *Chinese Interested Party's Response to the Notice of Institution*, September 2, 2015, p. 10. *Taiwan Interested Party's Response to the Notice of Institution*, September 2, 2015, p. 11.

²⁹ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan: Petitioner's Comments on Draft Questionnaires*, Pepper Hamilton LLP, March 11, 2016. *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan: Comments on Draft Questionnaires*, Akin Gump Strauss Hauer & Feld LLP, March 11, 2016.

³⁰ Domestic interested party's prehearing brief, pp. 1-2.

³¹ Domestic interested party's prehearing brief, pp. 11-12. In the original investigations, the Commission found that Berwick Offray, Lawrence Schiff, and *** qualified as related parties, but found that appropriate circumstances did not exist to exclude them from the domestic industry.

³² Respondent interested parties' prehearing brief, p. 2.

³³ Respondent interested parties' prehearing brief, p. 3.

Berwick Offray, L.A. Najarian, Lawrence Schiff, and Trimtex. In 2009, Berwick Offray accounted for more than *** percent of reported net sales by U.S. producers, while Lawrence Schiff accounted for *** percent. The two other U.S. producers, L.A. Najarian and Trimtex, accounted for *** percent and *** percent, respectively, of reported net sales by U.S. producers in 2009.³⁴

In response to the Commission's notice of institution in the current reviews, Berwick Offray provided a list of other U.S. producers of narrow woven ribbons including: Lawrence Schiff; Horn Textile, Inc.; L.A. Najarian, Inc.; Colonial – Bende Ribbons, Inc; Carolace Industries ("Trimtex"); Wayne Mills Co., Inc; Wick Narrow Fabric Company; and American Ribbon Manufacturers.³⁵ As discussed in greater detail in Part III of this report, Lawrence Schiff filed for Chapter 11 bankruptcy in April 2016.³⁶ On July 8, 2016, CSS Industries, the parent company of Berwick Offray, purchased Schiff's assets, which include certain manufacturing equipment, remaining inventory, and intellectual property.³⁷

Two firms, Berwick Offray and L.A. Najarian, supplied the Commission with information on their U.S. operations with respect to narrow woven ribbons in the current reviews. These firms currently account for the vast majority of U.S. production of narrow woven ribbons. Presented in table I-7 is a list of current domestic producers of narrow woven ribbons and each company's position on continuation of the orders, production locations, related and/or affiliated firms, and share of reported production of narrow woven ribbons in 2015.

³⁴ *Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final): Narrow Woven Ribbons with Woven Selvedge from China and Taiwan – Staff Report*, INV-HH-077, August 2, 2010, table VI-2. Trimtex ceased production of narrow woven ribbons in April 2009.

³⁵ *Response of Domestic Interested Party to the Notice of Institution*, September 2, 2015, exh. 1. The Chinese and the Taiwan respondent interested parties identified only Berwick Offray as a U.S. producer of narrow woven ribbons. *Response of Chinese Interested Party to the Notice of Institution*, September 2, 2015, p. 6 and *Response of Taiwan Interested Party to the Notice of Institution*, September 2, 2015, p. 7.

³⁶ According to respondent interested parties, Lawrence Schiff's bankruptcy was the result of a conscious effort by the prior private equity investors to remove Schiff's management, close sales offices, and begin to sell off assets as soon as the company was purchased five years ago. Respondent interested parties maintain that rather than attempt to operate it as an ongoing concern, the private equity owners (Revolution Capital) attempted to close the company down and earn more from the sale of its assets than they had invested into it in their original purchase. Respondent interested parties' posthearing brief, p. 11. Hearing transcript, pp. 153-154 (Duffey). According to the domestic interested party, ***. Domestic interested party's posthearing brief, exh. 1, p. 39. Although staff ***. ***, email message to USITC staff, August 1, 2016.

³⁷ Hearing transcript, pp. 51-52 (Kaplan).

Table I-7**Narrow woven ribbons: U.S. producers, positions on orders, U.S. production locations, related and/or affiliated firms, and shares of 2015 reported U.S. production**

Firm	Position on petition	Production locations	Share of production (percent)
Berwick Offray ¹	Support	Batesburg-Leesville, SC Hagerstown, MD	***
L. A. Najarian	***	Greene, NY	***
Total			***

¹ Berwick Offray, the parent company of Lion Ribbon Co., is a wholly-owned subsidiary of Paper Magic Group, Inc. Paper Magic Group, Inc. is a wholly-owned subsidiary of CSS Industries, which is listed on the New York Stock Exchange ("NYSE"). Berwick Offray is ***.

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

Berwick Offray's narrow woven ribbons are woven in Leesville, South Carolina, then dyed, printed, converted and distributed from its Hagerstown, Maryland plant. Its home office for administrative operations is located in Berwick, Pennsylvania, while its sales and marketing offices are located at Budd Lake, New Jersey and its distribution warehouses are located in Florence, Alabama and Bloomsburg, Pennsylvania.³⁸

As discussed in greater detail in Part III of this report, Berwick Offray reported that it imported narrow woven ribbons from ***.

U.S. importers

In the original investigations, 52 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of narrow woven ribbons, accounting for at least 85 percent of U.S. imports of narrow woven ribbons from a given source from 2007-09. *** U.S. producers (***) imported subject merchandise from China and *** producers (***) imported subject merchandise from Taiwan.³⁹

In the current proceedings, the Commission issued U.S. importers' questionnaires to 110 firms believed to be importers of narrow woven ribbons, as well as to all U.S. producers of narrow woven ribbons. Usable questionnaire responses were received from 28 firms, representing and estimated *** percent of U.S. subject imports; *** percent of U.S. nonsubject imports; and *** percent of total U.S. imports in 2015.⁴⁰ Table I-8 lists all responding U.S.

³⁸ Hearing transcript, p. 19 (Munyan).

³⁹ *Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final): Narrow Woven Ribbons with Selvedge from China and Taiwan – Staff Report*, INV-HH-077, August 2, 2010, Table III-6.

⁴⁰ Several firms (Dear Year Brothers Mfg. Co., Ltd and Shieng Huong Enterprise Co. Ltd/Hsien Chan Enterprise Co., Ltd/Novelty Handicrafts Co. Ltd.) were excluded from the antidumping duty order in the original investigations on narrow woven ribbons from Taiwan. Staff made adjustments to proprietary Customs data that accounted for the exclusion of these firms in order to provide an estimate of importer coverage on a value basis. Staff used the same methodology to calculate monthly imports and customs district of entry data.

importers of narrow woven ribbons from subject and nonsubject sources, their headquarters, and their shares of U.S. imports, on a value basis, in 2015.

In 2015, *** was the largest U.S. importer of narrow woven ribbons from China, accounting for *** percent of U.S. subject imports from China; *** was the largest U.S. importer of narrow woven ribbons from subject and nonsubject Taiwan sources, accounting for *** percent of subject Taiwan imports and *** percent of nonsubject Taiwan imports; and *** was the largest U.S. importer of narrow woven ribbons from all other sources (***), accounting for *** percent of imports from all other sources.

Table I-8
Narrow woven ribbons: U.S. importers, sources of imports, U.S. headquarters, and shares of imports in 2015

Firm	Headquarters	Share of imports by source ¹				
		China	Taiwan subject	Taiwan nonsubject	All other sources	Total
Berwick Offray	Berwick, PA	***	***	***	***	***
Burt Trimmings	New York, NY	***	***	***	***	***
California Costumes	Los Angeles, CA	***	***	***	***	***
Caspari	Seymour, CT	***	***	***	***	***
Coshima USA	City of Industry, CA	***	***	***	***	***
Craig Bachman	Frankfort, IL	***	***	***	***	***
CVS Pharmacy	Woonsocket, RI	***	***	***	***	***
Flowers, Inc.	Bogart, GA	***	***	***	***	***
Greenbrier	Chesapeake, VA	***	***	***	***	***
Hobby Lobby	Oklahoma City, OK	***	***	***	***	***
Infinity Global	Danville, VA	***	***	***	***	***
Jascotina	Cerritos, CA	***	***	***	***	***
Jo-ann Fabrics	Hudson, OH	***	***	***	***	***
Lamrite West	Strongsville, OH	***	***	***	***	***
Maxport	Honolulu, HI	***	***	***	***	***
May Arts	Stamford, CT	***	***	***	***	***
Michaels Stores	Irving, TX	***	***	***	***	***
Momenta	Portsmouth, NH	***	***	***	***	***
Nashville Wraps	Hendersonville, TN	***	***	***	***	***
Papillon	Clifton, NJ	***	***	***	***	***
Reliant Ribbon	Paterson, NJ	***	***	***	***	***
Ribbon Connections	San Leandro, CA	***	***	***	***	***
Sears	Hoffman Estates, IL	***	***	***	***	***
Seminole	Bentonville, AR	***	***	***	***	***
Target	Minneapolis, MN	***	***	***	***	***
United Craft	Los Angeles, CA	***	***	***	***	***
Variety Accessories	Clara City, MN	***	***	***	***	***
Walmart Stores	Bentonville, AR	***	***	***	***	***
Total		100.0	100.0	100.0	100.0	100.0

¹ Shares based on value.

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

U.S. purchasers

The Commission received 15 usable questionnaire responses from firms that bought narrow woven ribbons during 2010-15.⁴¹ Nine responding purchasers are retailers, five are industrial end users, one is a distributor/wholesaler, and one is a broker. Responding U.S. purchasers were located throughout the United States. The largest responding purchasers of narrow woven ribbons were ***. *** also purchases narrow woven ribbons but was not able to estimate its total purchases.⁴²

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of narrow woven ribbons are shown in table I-9. On a quantity basis, apparent U.S. consumption decreased by *** percent between 2010 and 2015; however, on a value basis apparent U.S. consumption increased by *** percent.⁴³ On a quantity basis, U.S. producers' U.S. shipments decreased by *** percent from 2010 to 2015, while U.S. importers' shipments of imports from subject sources increased by *** percent and U.S. importers' U.S. shipments of imports from nonsubject sources decreased by *** percent. On a value basis, U.S. producers' U.S. shipments decreased by *** percent from 2010 to 2015, while U.S. importers' U.S. shipments of imports from subject sources increased by *** percent and U.S. importers' U.S. shipments of imports from nonsubject sources increased by *** percent.⁴⁴

Table I-9
Narrow woven ribbons: Apparent U.S. consumption, 2010-15

* * * * *

⁴¹ Of the responding purchasers, eight purchased domestic narrow woven ribbons and 11 purchased imported narrow woven ribbons. Seven purchasers reported buying imported narrow woven ribbons from China, five from subject Taiwan sources, six from nonsubject Taiwan sources, and six from all other sources.

⁴² These purchases do not include quantities that were directly imported by retailers or other purchasers.

⁴³ As explained in greater detail in Part IV of this report, the difference in change between quantity and value is largely attributable to ***, leading to an increase in the value of imports, but a decrease in the quantity of imports. Of all 28 responding U.S. importers, *** accounted for the single largest decrease in quantity of U.S. imports and the second largest increase in value of U.S. imports of between 2010 and 2015. Quantity and value trends between 2011 and 2015 show a smaller discrepancy with apparent U.S. consumption decreasing by *** percent on a quantity basis and increasing by *** percent on a value basis.

⁴⁴ On a value basis, U.S. importers' U.S. shipments of subject imports from China increased by *** percent from 2010 to 2015, while U.S. importers' U.S. shipments of subject imports from Taiwan increased by *** percent. U.S. importers' U.S. shipments of nonsubject imports from Taiwan increased by *** percent from 2010 to 2015, while U.S. importers' U.S. shipments of imports from all other sources decreased by *** percent.

U.S. MARKET SHARES

U.S. market share data are presented in table I-10. On a quantity basis, U.S. producers' U.S. shipments accounted for their highest share of apparent U.S. consumption between 2010 and 2012 before reaching their lowest levels between 2013 and 2015. U.S. producers' U.S. shipments accounted for *** percent of apparent U.S. consumption in 2010, reaching their highest levels (*** percent) in 2012 before decreasing to their lowest level (*** percent) in 2015. U.S. importers' U.S. shipments from subject sources accounted for their lowest share of apparent U.S. consumption between 2010 and 2012 before reaching their highest levels between 2013 and 2015. U.S. importers' U.S. shipments from subject sources accounted for *** percent of apparent U.S. consumption in 2010 before declining to their lowest level (*** percent) in 2011. U.S. importers' U.S. shipments from subject sources reached their highest share (*** percent) in 2013 and accounted for *** percent of apparent U.S. consumption in 2015.

On a quantity basis, U.S. importers' U.S. shipments from nonsubject sources in Taiwan accounted for *** percent of apparent U.S. consumption in 2010 before increasing to their highest level (*** percent) percent in 2015. U.S. imports from all other sources accounted for *** percent of apparent U.S. consumption in 2010 before decreasing to their lowest level (*** percent) in 2015. Nonsubject imports accounted for *** percent of apparent U.S. consumption in 2010 and accounted for *** percent of apparent U.S. consumption in 2015.

Table I-10

Narrow woven ribbons: Apparent U.S. consumption and market shares, 2010-15

* * * * *

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

U.S. MARKET CHARACTERISTICS

Narrow woven ribbons usually are made of various man-made fibers and are produced in a range of different colors, styles, and patterns. Various weave constructions include single-faced satin, double-faced satin, grosgrain, sheer, taffeta, twill, and jacquard, among which single-faced satin is reportedly the most common. Narrow woven ribbons typically are sold on a spool and used for decorative purposes in applications such as floral arrangements, gift wrapping, packaging, scrapbooking, and craft projects or for embellishment on apparel or handbags. They may be sold separately by different types and designs, or in random assortments of ribbon in a tray or assortments based on customer-specific requests for certain sizes or designs. Consumer products may include a mix of products sourced domestically with products from subject sources and/or nonsubject sources.¹

The U.S. narrow woven ribbons market is supplied by two U.S. producers, Berwick Offray and L.A. Najarian, with Berwick Offray accounting for more than *** percent of 2015 domestic production of narrow woven ribbons.² Shipments of domestically produced narrow woven ribbons accounted for *** percent of apparent U.S. consumption in 2015, and subject imports from China and Taiwan accounted for *** and *** percent, respectively. Narrow woven ribbons imported from nonsubject sources in Taiwan accounted for an additional *** percent in 2015. Overall, apparent U.S. consumption of narrow woven ribbons decreased by *** percent during 2010-15.

CHANNELS OF DISTRIBUTION

U.S. producers sold narrow woven ribbons primarily to retailers, while importers of narrow woven ribbons from subject sources sold to a mix of wholesaler/distributors, industrial end users, retailers, and final consumers in 2015, with each of the four channels accounting for between 20 and 30 percent of the total (table II-1). Between 2010 and 2015, sales from subject sources to wholesaler/distributors and final consumers increased, while sales to industrial end users and retailers decreased. A plurality of narrow woven ribbons imported from nonsubject sources (***) was sold to final consumers in 2015.

¹ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Final)*, USITC Publication 4180, August 2010, p. II-1.

² One domestic producer, Lawrence Schiff, declared bankruptcy in April 2016.

Table II-1

Narrow woven ribbons: U.S. producers' and importers' share of reported U.S. commercial shipments, by sources and channels of distribution, 2010-15

* * * * *

GEOGRAPHIC DISTRIBUTION

Berwick Offray reported selling narrow woven ribbons to *** and L.A. Najarian reported selling to *** (table II-2). Most responding importers reported selling subject narrow woven ribbons to all regions in the contiguous United States. For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold 32.7 percent of their narrow woven ribbons within 100 miles of their U.S. point of shipment, 43.0 percent between 101 and 1,000 miles, and 24.3 percent over 1,000 miles, based on a simple average.

Table II-2

Narrow woven ribbons: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	U.S. importers		
		China	Taiwan	Subject
Northeast	***	15	16	18
Midwest	***	15	17	19
Southeast	***	15	17	19
Central Southwest	***	14	16	17
Mountain	***	14	16	17
Pacific Coast	***	14	16	17
Other ¹	***	11	13	13
All regions (except Other)	***	14	16	17

¹ All other U.S. markets, including AK, HI, PR, and VI.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of narrow woven ribbons have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of U.S.-produced narrow woven ribbons to the U.S. market. The main contributing factors to this degree of responsiveness of supply are available capacity and inventories. However U.S. producers' level of responsiveness may be limited by their limited sales to alternative markets and lack of alternative production options.

Industry capacity

Domestic capacity utilization increased from *** percent in 2010 (***) to *** percent in 2015. Industry capacity remained relatively stable from 2010 to 2013, but then decreased by *** percent by 2015. This moderate level of capacity utilization suggests that U.S. producers may have some ability to increase production of narrow woven ribbons in response to an increase in prices.

Alternative markets

U.S. producers' exports, as a share of total shipments, increased irregularly, from *** percent in 2010 to *** percent in 2015. This indicates that U.S. producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes. No U.S. producers reported barriers to trade in other markets. ***.

Inventory levels

U.S. producers' inventories, relative to total shipments, increased from *** percent in 2010 to *** percent in 2015. These inventory levels suggest that U.S. producers may have substantial ability to respond to changes in demand with changes in the quantity shipped from inventories. The market for narrow woven ribbons, however, is characterized by the production of many different sizes, styles, fabrics, and patterns of ribbons, which may influence the need to carry somewhat large inventories.

Production alternatives

*** stated that it could switch production from narrow woven ribbons to other products using the same machinery and workers.

Supply constraints

Neither U.S. producer reported any supply constraints since 2010, nor did any of the 14 responding purchasers.

Subject imports from China³

Based on available information, producers of narrow woven ribbons from China have the ability to respond to changes in demand with large changes in the quantity of shipments of narrow woven ribbons to the U.S. market. The main contributing factors to this degree of responsiveness of supply is the availability of ribbon from substantial inventories, sales to alternative markets, and the somewhat declining capacity utilization rates since 2011.

Industry capacity

Chinese capacity utilization increased from *** percent in 2010 to *** percent in 2011 before falling each subsequent year, reaching *** percent in 2015. Capacity also decreased from *** square yards in 2010 to *** square yards in 2015. This decreased level of capacity utilization suggests that Chinese producers may have some ability to increase production of narrow woven ribbons in response to an increase in prices.

Alternative markets

Shipments by Chinese producers to their home market represented *** percent of their total shipments during 2010 and stayed at similar levels through 2013, but decreased to *** percent in 2014 before increasing slightly to *** percent in 2015. Responding Chinese producers' exports to the United States, as a percentage of total shipments, ***. Consequently, *** percent since 2010, and approximately *** percent of China's remaining commercial shipments in 2014-15, were to other markets, such as Europe, Asia, and ***. This indicates a substantial ability to shift between markets.

Inventory levels

Chinese producers' inventories, as a share of total shipments, decreased slightly from *** percent in 2010 to *** percent in 2015. For the responding foreign producers and exporters, these totaled *** square yards in 2015.⁴ These inventory levels suggest that Chinese producers may have an enhanced ability to respond to changes in demand with changes in the quantity shipped from inventories.

³ For data on the number of responding foreign firms and their share of U.S. imports from China, please refer to Part I, "Summary Data." Note, however, that Chinese producers' coverage is low and may not be representative of the entire Chinese industry.

⁴ Inventories of imported Chinese narrow woven ribbons held in the United States decreased from *** percent of U.S. shipments of imports in 2010 to *** percent in 2015.

Production alternatives

*** responding Chinese producers reported the ability to shift production between narrow woven ribbons and other products using the same equipment and labor; in particular, they can produce ***. The overall share of production accounted for by narrow woven ribbons on this equipment increased from *** percent in 2010 to *** percent in 2015; overall capacity utilization levels have decreased through the period, from *** percent in 2011 to *** percent in 2015.

Subject imports from Taiwan⁵

Based on available information, producers of narrow woven ribbons from Taiwan have the ability to respond to changes in demand with large changes in the quantity of shipments of narrow woven ribbons to the U.S. market. The main contributing factors to this degree of responsiveness of supply are substantial available capacity and high levels of inventories held in the United States.

Industry capacity

The capacity utilization among responding producers in Taiwan decreased during 2010-15, from 77.2 percent to 38.8 percent; capacity decreased by 7.3 percent, but production decreased by 53.4 percent. This decreased level of capacity utilization suggests that producers in Taiwan may have substantial ability to increase production of narrow woven ribbons in response to an increase in prices.

Alternative markets

Shipments by producers in Taiwan to their home market increased irregularly from *** percent of total shipments during 2010 to *** percent in 2015. Taiwan producers' and exporters' exports to the United States as a percentage of total shipments also increased from *** percent in 2010 to *** percent in 2015. The EU was the largest non-U.S. export destination, and accounted for the majority of exports during 2010-13. In 2014 and 2015, combined exports to Asia and other markets were slightly greater than those exported to the EU. Identified markets included China, Colombia, France, Germany, Hong Kong, Italy, Japan, Kuwait, Mexico, the Netherlands, Singapore, Thailand, and the United Arab Emirates. The sizeable share of exports as a percentage of total shipments, as well as the variation in export destination between 2010 and 2015, indicates some ability for producers in Taiwan to shift among markets.

⁵ For data on the number of responding foreign firms and their share of U.S. imports from Taiwan, please refer to Part I, "Summary Data." Note, however, that Taiwan producers' coverage is not complete and may not be representative of the entire industry in Taiwan.

Inventory levels

Taiwan producers' inventories, as a ratio to total shipments, increased from *** percent in 2010 to *** percent in 2015, although inventory levels decreased by *** percent during this time. These inventory levels suggest that Taiwan producers may have limited ability to respond to changes in demand with changes in the quantity shipped from inventories, but importers have a greater ability to respond in the short term.⁶

Production alternatives

The proportion of narrow woven ribbons produced on the same equipment used to produce other products by Taiwan foreign producers and exporters declined from *** percent in 2010 to *** percent in 2015. Overall capacity utilization on the equipment used to make narrow woven ribbons decreased somewhat steadily from *** percent in 2010 to *** percent in 2015. ***.

Nonsubject imports

Nonsubject sources accounted for *** percent of total imports in 2015. The largest sources of nonsubject imports were nonsubject sources in Taiwan (representing *** percent of all imports of narrow woven ribbons in 2015), followed by Korea and Mexico. Nonsubject imports from Taiwan have been increasing since the orders entered into effect, more than *** in value between 2010 and 2015.

Availability of supply

U.S. producers, importers, purchasers, and foreign producers were asked whether the availability of narrow woven ribbons in the U.S. market from domestic, subject, and nonsubject sources changed since January 1, 2010, and whether they anticipated any future changes. *** reported no past or anticipated changes, whereas *** reported changes in availability from subject and nonsubject import sources. It noted that *** the bankruptcy of U.S. producer Lawrence Schiff reduced the availability of skein-dyed narrow woven ribbons, which is sold mostly for specialized applications to certain end users.⁷ Further, it stated that increased internet marketing activity, and the addition of U.S. sales offices and distribution facilities has led to increased availability of subject imports.

A majority of importers indicated that availability had not changed for narrow woven ribbons from any of the sources, though one-third of responding importers indicated that subject import availability had changed. Two importers stated that availability from Taiwan had

⁶ Domestically held inventories of imported subject Taiwan narrow woven ribbons increased from *** percent of U.S. shipments of imports in 2010 to *** percent in 2015.

⁷ In July 2016, Berwick Offray announced that it is purchased the equipment and certain intellectual property of Lawrence Schiff. Hearing transcript, pp. 51-52 (Kaplan).

become more limited, and two stated that availability from China had become more limited (with one stating that it can basically only import from Yama Ribbons,⁸ and the other stating that it is too costly to import from China). One importer (***) stated that subject import availability had increased due to fewer domestic suppliers and easy access to ribbon suppliers via the internet. *** also noted that the decrease in domestic supply availability is due to pricing pressures from foreign competition. One importer noted a decrease in availability of higher-quality imports since 2010. Similar numbers of responses were received from importers regarding anticipated supply availability.

Purchasers' responses were more evenly divided. Four of ten responding purchasers (***) reported a decrease in the domestic availability of narrow woven ribbons. *** indicated that there has been industry consolidation and *** stated that Berwick Offray "used to be HUGE in the market but don't appear to be anymore." Four of eight responding purchasers noted changes in the availability of subject imports of narrow woven ribbons, with two noting decreased availability and two noting increased availability. Regarding nonsubject imports, two of nine responding purchasers noted increased availability and one noted decreased availability.⁹ All eight responding foreign producers indicated that there has been no change in the availability of subject import supply in the United States since 2010.

New suppliers

One of 14 responding purchasers indicated that new suppliers entered the U.S. market since January 1, 2010. Purchaser *** stated that Ribest, a division of Yama Ribbons, was a new entrant.

U.S. demand

Based on available information, the overall quantity demanded of narrow woven ribbons is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors to this are the existence of various substitute products for at least some uses, though many firms report that substitutes are not used. Narrow woven ribbons are also final consumer goods; demand follows demand in the retail sector and a portion is seasonal for gift wrapping during the end of the year.

Narrow woven ribbons are used for decorative purposes on a variety of products such as apparel, crafts, stationery, and for packaging of gifts and other consumer products such as flowers. Producer/importer Berwick Offray stated that it focuses on the floral market, but also notes the importance of the "trim and package" market as well as the craft market (in particular, the paper crafting, i.e., scrapbooking, market).¹⁰ It also noted selling into the

⁸ Yama Ribbons, a Chinese producer, is not subject to any antidumping duties and subject to a countervailing duty of only 1.56 percent.

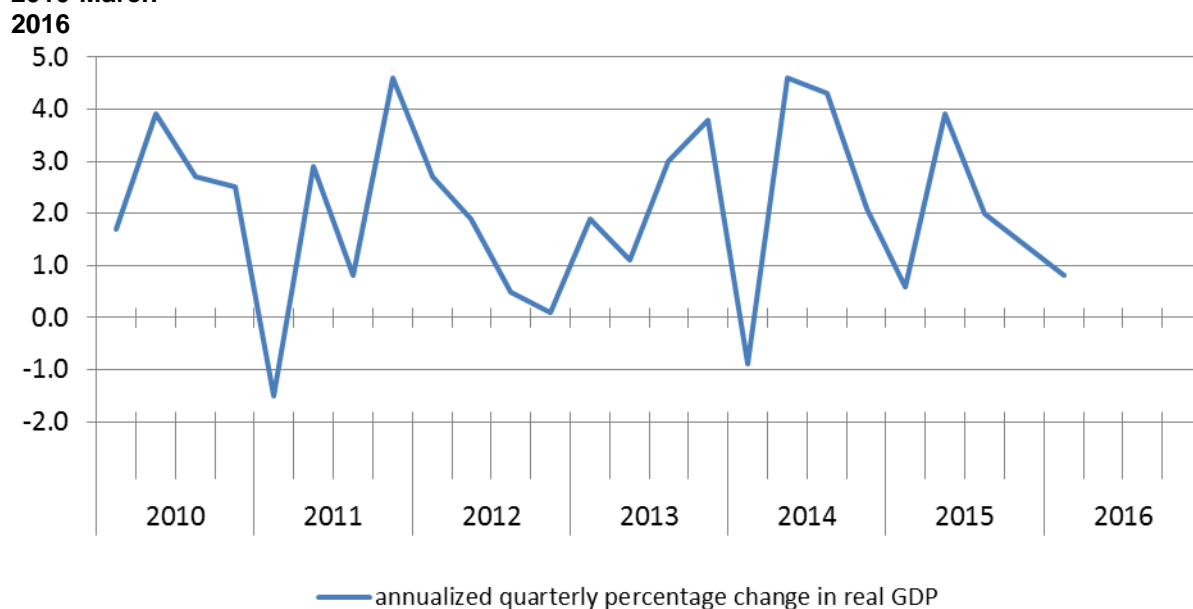
⁹ One of the purchasers (***), however, reported that the reason for decreased availability of subject and nonsubject imported narrow woven ribbons was due to "less demand."

¹⁰ Hearing transcript, p. 61 (Munyan).

industrial market, which includes candy manufacturers and shops, florists, high-end apparel companies, and companies that package fruit and luxury goods, as well as directly to U.S. consumers via the internet, which is a new sales channel for Berwick Offray.¹¹

***, 23 of 24 importers, and 7 of 8 foreign producers¹² reported no changes in end uses since 2010, and all but two firms (one importer and one foreign producer) anticipated no changes in end uses. Importer *** stated that bow makers are using fewer ribbons due to the rising cost of ribbons, and some going out of business because of their inability to compete in the market. Given its broad range of uses, demand for narrow woven ribbons is largely determined by trends in the overall economy and in fashion.¹³ Since 2010, all but two quarterly changes in real GDP were positive, and throughout 2010-15 averaged slightly more than 2 percent (figure II-1).

Figure II-1
Real GDP growth, percentage change from previous periods, annualized, by quarters, January 2010-March



Source: Bureau of Economic Analysis

Demand trends

Although demand had decreased considerably during the recession affecting the economy during the 2007-09 data collection period in final phase of the original investigations, ***, a majority of importers, and a plurality of purchasers¹⁴ and foreign producers reported

¹¹ Hearing transcript, pp. 24 (Pajic) and 27 (O'Dell).

¹² The only foreign producer that indicated a change reported decreasing demand.

¹³ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Final)*, USITC Publication 4180, August 2010, p. II-8.

¹⁴ A plurality of purchasers also noted that demand had fluctuated since 2010.

that there had been no change in U.S. demand for narrow woven ribbons since January 1, 2010, and that they do not anticipate any change in demand for the foreseeable future (table II-3). Only two importers and three purchasers noted increasing demand, compared with ***, four importers, one purchaser, and three foreign producers which noted decreasing demand. *** noted that demand has been flat or slightly down due to the maturity of the product and a weak economic recovery. *** stated that “{t}here has been a slight increase year over year for demand for ribbon produced in the USA. This is a function of the customer's distribution of the certain types of ribbon either globally or domestically. The domestic demand is met with {U.S.-}produced ribbon due to the lower costs resulting from lead time efficiencies and logistics costs.” *** reported that demand has decreased due to both the poor economy and high prices for narrow woven ribbons, which has resulted in consumers choosing different products.

**Table II-3
Narrow woven ribbons: Firms’ responses regarding U.S. demand for narrow woven ribbons**

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	***	***	***	***
Importers	2	13	4	6
Purchasers	3	5	1	5
Foreign producers	0	4	3	1
Anticipated future demand				
U.S. producers	***	***	***	***
Importers	2	13	4	5
Purchasers	1	6	2	5
Foreign producers	0	5	2	1
Demand for purchasers’ final products since 2010				
Purchasers	0	0	1	1

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

At the hearing, one witness for Berwick Offray described demand trends in more detail. The witness stated that floral designers do not use as much ribbon as they used to, and the increase in requests for donations in lieu of flowers at funerals has reduced the number of floral arrangements purchased. For trim and packaging, Berwick Offray reported that the increased use of gift cards and gift bags, as well as the decreasing size of Christmas packages, has reduced demand for narrow woven ribbons. Craft applications have decreased considerably in size as well. “{Four to five years ago}, scrapbooking programs at major retail chains were probably four times larger than what they are today” based upon an increase in the use of digital photography and the resultant decrease in the number of pictures printed for scrapbooks.¹⁵ However, demand for ribbons from scrapbooking can be cyclical in nature.¹⁶ Additionally, Berwick Offray reported that high retailer inventories affected demand in 2015.¹⁷

¹⁵ Hearing transcript, pp. 60, 62, and 74 (Munyan).

¹⁶ Hearing transcript, pp. 80 (Kaplan) and 179 (Duffey).

¹⁷ Hearing transcript, pp. 74-75 (Munyan).

Business cycles and other conditions of competition

***, 19 of 27 responding importers, and 14 of 15 purchasers indicated that the market was subject to seasonal fluctuations in demand. All but one importer and one purchaser indicated that their own sales of narrow woven ribbons are affected by these seasonal variations.¹⁸

All firms that noted seasonality reported that it revolves around the Thanksgiving and Christmas holiday season. For example, *** stated that sales of specific ribbon colors may increase 30 percent during this season, *** estimated that demand is 15 to 20 percent higher in the third quarter and an additional 5 to 10 percent higher in the fourth quarter, and *** stated that approximately half of its annual sales are made during the fourth quarter of the year. *** reported that 95 percent of its purchases of narrow woven ribbons occur during the Christmas season. *** imports its Christmas holiday ribbon directly. Wholesalers generally reported increased shipments beginning in the third quarter, while retailers more often noted a spike in fourth-quarter sales of narrow woven ribbons. *** reported “a sharp spike” in sales of holiday ribbon and *** stated that narrow woven ribbons are a seasonal Christmas product which only has sales in the fourth quarter.¹⁹ *** also noted some increased sales ahead of Valentine’s Day and Easter.

***, 4 of 25 responding importers, and 3 of 13 responding purchasers indicated that there are other conditions of competition that are unique to the narrow woven ribbons market. *** stated that there are “rather few large purchasers (Hobby Lobby, Jo-Ann, Michaels {Stores}, Target, and Walmart)”, which wield market leverage through the use of “resets”—times when the buyer allows new firms to compete for the buyer’s contract. It stated that these resets allow the entrants to influence the final price of the ribbons.²⁰ It added that foreign producer *** has established sales offices and/or distribution centers in multiple locations, including one near Bentonville, Arkansas where Walmart has its headquarters. *** noted the increased role of direct internet sales to retail and commercial customers. *** reported that exchange rate fluctuations have decreased its competitiveness against Asian countries. *** reported that there are fewer suppliers because of industry consolidation, but *** noted that there has been a “huge increase” in “Asian direct ribbon to manufacturers, retailers and crafters.” *** Hobby

¹⁸ A majority of these importers and purchasers, however, indicated that there has not been a change in this seasonality of demand since 2010.

¹⁹ *** added that non-woven ribbon orders also increase during the holiday period.

²⁰ *** Hobby Lobby stated that it has not been approached by Berwick Offray since before the original investigations, and has not bought from them for eight or nine years. Hearing transcript, pp. 138, 149, and 168 (Freebern). ***.

The largest purchasers (or importer/purchasers) in the original investigations are similar to those that Berwick Offray identified in these reviews. The top five were ***. ***. ***, email message to USITC staff, May 31, 2016. *** did not submit an importer questionnaire response in the original investigations nor did it include a quantification of U.S. purchases in its questionnaire response. ***.

Among Berwick Offray’s 10 largest customers in 2009, ***.

Lobby stated that it has developed an in-house art department which can design and create original narrow woven ribbon products ***.²¹

*** domestic producers, 6 of 27 responding importers, 3 of 15 responding purchasers, and 1 of 8 responding foreign producers indicated that there has been a change in the product mix of narrow woven ribbons in the United States. Four of these reported a decrease in the variety of ribbons since the duties were put in place, another reported changes in quality, design, and finishing, and another indicated that natural fiber and specialty ribbons have become very popular. *** stated that it has increased its home market sales and changed some of its equipment to weave thicker ribbon.

Cost share

Narrow woven ribbons reportedly account for a small proportion of the final cost of most of the goods that they are used in. Among the end uses that firms reported, narrow woven ribbons accounted for a relatively small proportion of the cost of clothing and apparel (1 to 10 percent), packaging (3 to 10 percent), crafting and craft kits (5 to 16 percent), floral arranging (5 percent), home décor (5 percent), home sewing (5 percent), and labels and tags (5 to 10 percent). One importer noted that narrow woven ribbons account for 90 percent of the cost of hair bows, and 95 percent of the cost of “rolls of narrow woven ribbons.”

Substitute products

***, 12 of 24 responding importers, 5 of 14 responding purchasers, and 6 of 8 foreign producers reported that substitutes for narrow woven ribbons exist; few firms reported changes in substitute products since 2010 or anticipate any changes in substitutes in the near future. Firms identifying substitutes listed cording, raffia, roping, twine, decorative mesh, lace, pre-formed bows, cut ribbon, cut edge ribbons, merrow edge ribbons, non-woven ribbons, plastic extruded ribbon, sewn edge ribbon, slit fabric ribbon, sonic edge ribbon, wired ribbons, and trimming.

Counterfeit products

U.S. producers, importers, and purchasers were asked about changes in the availability of counterfeit licensed narrow woven ribbons in the United States since 2010. *** reported an increase in the availability of the products bearing unauthorized logos, brands, images, etc. ***, six of seven responding importers, and five purchasers indicated that there has been no change, and one purchaser (***) indicated that the availability of such products has decreased due to antidumping duties.

²¹ Hearing transcript, p. 168 (Freebern) and ***.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported narrow woven ribbons depends upon such factors as relative prices, quality (e.g., reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between domestically produced narrow woven ribbons and narrow woven ribbons imported from subject sources.

Lead times

Narrow woven ribbons are primarily produced for and shipped from inventory. U.S. producers reported that *** percent of their commercial shipments came from inventories; ***. The remaining *** percent were produced-to-order. For these shipments, ***.

Importers of narrow woven ribbons from China reported that *** percent of their commercial shipments were shipped from U.S. inventories, with lead times ranging between 1 and 14 days, while importers of narrow woven ribbons from Taiwan reported that *** percent of their commercial shipments came from U.S. inventories, with most firms reporting lead times ranging between 1 and 14 days as well.²² The remaining *** percent of commercial shipments of imports from China and *** percent of shipments from Taiwan were produced to order, with lead times ranging between 45 and 180 days for imports from both sources. Altogether, approximately 70 percent of commercial shipments of subject imports came from U.S. inventories, while approximately 30 percent were produced to order.

Knowledge of country sources

Twelve purchasers indicated they had marketing or pricing knowledge of domestic product, seven of Chinese product, four of subject product from Taiwan, six of nonsubject product from Taiwan, and four of product from other nonsubject countries, including France, Indonesia, Mexico, and Thailand.

As shown in table II-4, more than half of purchasers (9 of 15) “sometimes” or “never” make purchasing decisions based on the producer, and most (12 of 15) “sometimes” or “never” make purchasing decisions based on country of origin. All responding purchasers’ customers “sometimes” or “never” make purchasing decisions based on producer or country of origin. Three purchasers reported that they always make decisions based the manufacturer: *** cited quality, delivery, price requirements, and proximity to its customer distribution centers as factors in its producer decisions; *** purchases based on quality, price, and service by the supplier; and *** stated that it must always ensure that its producers can meet all of its supplier qualifications prior to placing orders with them.

²² Importers *** reported lead times from U.S. inventories of 30 to 60 days and importer *** reported lead times of less than 120 days.

Table II-4**Narrow woven ribbons: Purchasing decisions based on producer and country of origin**

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	3	3	6	3
Purchaser's customers make decision based on producer	0	0	7	7
Purchaser makes decision based on country	2	1	5	7
Purchaser's customers make decision based on country	0	0	6	6

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for narrow woven ribbons were price (12 firms), quality (11 firms), the range of the product line and availability/supply chain issues (5 firms each). Firms identified a large number of other factors as well (table II-5). Quality was most frequently cited as the most important factor, followed by price, product line/range and design; price was the most frequently reported second-most important factor; and price was the most frequently reported third-most important factor.

Table II-5**Narrow woven ribbons: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor**

Factor	First	Second	Third	Total
Quality ¹	6	4	1	11
Price	3	5	4	12
Product line/range	3	1	1	5
Design	3	0	0	3
Supply relationship	0	2	0	2
Availability/supply	0	2	3	5
Other ²	0	0	4	4

¹ Includes "meets customer specs" and "product consistency."

² Other factors include: flexibility, location, reliability, supply chain accuracy, and transit time to customer. Five purchasers listed additional factors as well: delivery, exclusivity, financial stability of the supplier, inventory control, minimum order and pack requirements, packaging, payment terms, quality, product range, reliability, support, and the ability to hold inventory for rapid order response time.

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

More than half of purchasers (9 of 15) reported that they "sometimes" purchase the lowest-priced product. Five of 15 purchasers order narrow woven ribbons from one country over other possible sources of supply. *** reported that it had purchased domestic product because of lead times, supply chain efficiencies, duties, and logistical costs. *** had done so because of cost and of consumer preference (i.e., "made in US"). *** reported price and quality as reasons to purchase narrow woven ribbons from Taiwan, and *** stated that narrow woven ribbons typically are sourced from countries other than China and Taiwan (subject) due to added the cost, risk, and uncertainty created by the dumping orders.

When asked if they purchased narrow woven ribbons from one source although a comparable product was available at a lower price from another source, 12 of the 15 purchasers provided reasons for doing so. Three had done so because of quality, two because of design (with *** noting that there is not any source that consistently has better designs), and

one each noted the following: accessibility of the supplier, cleanability, country of origin (U.S.-made preferred if similarly priced), using the same supplier for 10 years, fashion trends, lead times, less expensive logistics, licensed artwork, purchasing from domestic sources if they are close in price to imports, and quality.

Ten of 13 responding purchasers reported that there are no types of narrow woven ribbons that are available only from a single source. *** stated that most specialty and novelty ribbons presented for sale are not made domestically. *** requires the highest quality printing machines which use ***, and that a significant amount of its ***; it reported that only certain vendors in China and Taiwan have these capabilities. *** stated that ***. Two of 14 responding purchasers reported switching from domestically produced narrow woven ribbons to imported narrow woven ribbons from China or Taiwan since 2010. *** switched to product from China, and *** switched to imports from both subject and nonsubject sources in Taiwan. *** indicated that price was the primary reason for switching, while *** stated that its reasons for switching were quality and availability.

Six responding purchasers indicated that U.S. producers had not decreased prices in order to compete with narrow woven ribbons imported from China and Taiwan. One purchaser (***), however, estimated that domestic producers lowered their prices by 20 percent in order to compete with imports from China.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 17 factors in their purchasing decisions (table II-6). The factors that were rated as “very important” by most of the responding purchasers were product consistency, availability, reliability of supply, price, delivery time, and that the quality meets industry standards.

Table II-6
Narrow woven ribbons: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Availability	14	1	0
Availability of fancy ribbons	5	8	2
Delivery terms	9	5	1
Delivery time	12	3	0
Design innovation/fashion trends	9	6	0
Discounts offered	4	6	5
Extension of credit	3	5	7
Minimum quantity requirements	7	6	2
Packaging	6	7	2
Price	12	3	0
Product consistency	15	0	0
Product range	9	6	0
Quality exceeds industry standards	5	10	0
Quality meets industry standards	10	5	0
Reliability of supply	14	0	0
Technical support/service	5	9	1
U.S. transportation costs	2	7	6

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

Supplier certification

Ten of 15 purchasers require their suppliers to become certified or qualified to sell narrow woven ribbons to their firm. Most of these purchasers reported that the time to qualify a new supplier ranged from 15 to 75 days, with 4 purchasers reporting 30 days.²³ The qualification process for retailers such as *** focuses on ensuring that the supplier can manage the volume of business in a timely manner sufficient to meet their vendor standards, including a review of the production process and materials and/or a financial review of the vendor. Other purchasers noted that they require the vendor to provide samples of the material for approval.

One purchaser, ***, reported that a domestic or foreign supplier had failed in its attempt to qualify a source's product, or had lost its approved status since January 1, 2010. It suspected one factory of unauthorized subcontracting and, out of an abundance of caution, disqualified the vendor in 2016.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns of narrow woven ribbons from different sources since 2010 (table II-7). Reasons reported for changes in sourcing included reducing purchases overall due to store closings, decreasing purchases from China due to the "major sources for ribbon {being} located in Taiwan," increasing purchases from China due to ***, and decreasing purchases from Taiwan since the antidumping duty went into effect

²³ *** stated that it takes 180 days to qualify a new supplier, and that the process includes supplier onboarding, an ethical standards audit, a factory capacity audit, and a factory security audit.

in 2010. In addition, four purchasers described increasing purchases from U.S. producers. Three of these noted small increases in domestic purchases, but *** noted that its 2015 domestic purchases of narrow woven ribbons have grown to ***.

Table II-7

Narrow woven ribbons: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	2	5	4	1	0
China	7	1	2	2	1
Taiwan subject	6	2	2	2	0
Taiwan nonsubject	5	2	4	1	1
All other countries	6	1	0	5	0
Sources unknown	6	0	1	2	0

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

Seven of 15 responding purchasers reported that they had changed suppliers since January 1, 2010. Specifically, *** added Berwick Offray in 2012, *** had minor fluctuations among suppliers but none were permanently added or removed; *** dropped all firms from China and switched to Taiwan; *** dropped *** because a project ended; and *** dropped *** because the domestic importer was only able to provide outdated designs and products; *** added ***; and *** added *** and dropped a few other firms. One purchaser, ***, reported a new supplier: ***.

Importance of purchasing domestic product

Nine of ten purchasers reported that purchasing U.S.-produced product was not an important factor in their purchasing decisions. The other purchaser (***) noted that domestic products are required by its customers for 95 percent of its sales.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing narrow woven ribbons produced in the United States, China, Taiwan, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 17 factors (table II-8), for which they were asked to rate the importance.

Table II-8

Narrow woven ribbons: Purchasers' comparisons among U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. Taiwan			U.S. vs. Taiwan nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	3	4	1	0	2	2	1	4	2
Availability of fancy ribbons	3	3	2	0	2	2	0	5	2
Delivery terms	4	2	2	1	2	1	2	4	1
Delivery time	5	1	2	3	0	1	4	2	1
Design innovation/fashion trends	3	3	2	0	1	3	1	3	3
Discounts offered	4	2	0	1	1	0	1	4	0
Extension of credit	4	2	0	1	0	1	1	3	1
Minimum quantity requirements	4	4	0	2	2	0	3	4	0
Packaging	3	4	1	1	2	1	2	4	1
Price ¹	2	4	2	0	1	3	0	4	3
Product consistency	3	5	0	0	3	1	1	5	1
Product range	2	5	1	0	2	2	0	5	2
Quality exceeds industry standards	3	4	1	0	3	1	3	3	1
Quality meets industry standards	2	5	1	0	3	1	2	4	1
Reliability of supply	4	2	2	2	0	2	2	3	2
Technical support/service	4	2	2	3	0	2	3	2	1
U.S. transportation costs ¹	3	4	0	3	1	1	3	2	1
Factor	U.S. vs. nonsubject			China vs. Taiwan			China vs. Taiwan nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	0	3	2	0	3	1	0	4	2
Availability of fancy ribbons	0	3	2	0	2	2	0	3	3
Delivery terms	1	3	1	0	4	0	0	5	1
Delivery time	2	2	1	0	4	0	0	5	1
Design innovation/fashion trends	1	2	2	0	2	2	0	3	3
Discounts offered	1	2	0	0	2	0	0	3	1
Extension of credit	0	3	0	0	2	0	0	3	1
Minimum quantity requirements	2	3	0	0	4	0	0	5	1
Packaging	1	4	0	0	4	0	0	5	1
Price ¹	1	4	0	0	1	3	0	2	4
Product consistency	0	4	1	0	3	1	0	4	2
Product range	0	3	2	0	2	2	0	3	3
Quality exceeds industry standards	1	2	2	0	4	0	0	5	1
Quality meets industry standards	0	4	1	0	4	0	0	5	1
Reliability of supply	0	4	1	0	4	0	0	5	1
Technical support/service	1	2	2	0	2	2	0	3	3
U.S. transportation costs ¹	2	2	1	0	3	0	0	4	1

Table continued on next page.

Table II-8 -- Continued

Narrow woven ribbons: Purchasers' comparisons among U.S.-produced and imported product

Factor	China vs. nonsubject			Taiwan vs. nonsubject			Taiwan nonsubject vs. nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	1	2	2	1	1	0	1	2	0
Availability of fancy ribbons	2	1	2	2	0	1	2	1	0
Delivery terms	0	2	3	0	1	2	0	2	1
Delivery time	0	2	3	0	1	2	0	2	1
Design innovation/fashion trends	1	2	2	2	0	1	2	1	0
Discounts offered	0	2	1	0	1	0	0	1	0
Extension of credit	0	1	2	0	0	1	0	1	0
Minimum quantity requirements	0	4	1	0	3	0	0	3	0
Packaging	1	3	1	1	2	0	1	2	0
Price ¹	0	3	2	1	1	1	1	2	0
Product consistency	0	3	2	1	1	1	1	2	0
Product range	1	2	2	1	1	1	1	2	0
Quality exceeds industry standards	0	3	2	0	2	1	0	3	0
Quality meets industry standards	0	4	1	0	3	0	0	3	0
Reliability of supply	0	3	2	1	1	1	1	2	0
Technical support/service	0	2	3	1	1	1	1	2	0
U.S. transportation costs ¹	0	3	2	0	2	1	0	2	1

¹ A rating of superior means that price/U.S. transportation costs are generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.

Note.--In comparisons of Taiwan (subject) to Taiwan nonsubject, every item was considered comparable. This comparison group is not listed in the table.

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

A plurality of responding purchasers reported that U.S. narrow woven ribbons were superior to Chinese narrow woven ribbons on delivery terms, delivery time, discounts offered, extension of credit, reliability of supply, and technical support/service. A plurality indicated that U.S.-made and Chinese narrow woven ribbons were comparable on most other factors. When comparing the U.S. producers to imports from Taiwan, a majority of purchasers considered U.S. product to be superior with respect to delivery time, technical support/service, and U.S. transportation costs, but inferior on design innovation/fashion trends and price.

Comparison of U.S.-produced and imported narrow woven ribbons

In order to determine whether U.S.-produced narrow woven ribbons can generally be used in the same applications as imports from China, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-9, all U.S. producers and most responding importers reported that narrow woven ribbons from the United States, China, and Taiwan are either "always" or "frequently" interchangeable. A large majority of purchasers indicated that U.S. narrow woven ribbons were "sometimes" or "frequently" interchangeable with those imported

from China or Taiwan. A majority of purchasers also reported that ribbons from China and Taiwan are “always” or “frequently” interchangeable.

Table II-9

Narrow woven ribbons: Interchangeability between narrow woven ribbons produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting				
	A	F	S	N	A	F	S	N	A	F	S	N	
Subject country comparisons:													
U.S. vs. China	***	***	***	***	8	6	4	1	1	5	4	1	
U.S. vs. Taiwan	***	***	***	***	7	5	4	0	1	3	2	1	
China vs. Taiwan	***	***	***	***	6	6	3	0	3	2	1	1	
Nonsubject countries comparisons:													
U.S. vs. Taiwan nonsubject	***	***	***	***	6	7	4	1	2	4	3	1	
U.S. vs. nonsubject	***	***	***	***	3	4	2	0	1	2	1	1	
China vs. Taiwan nonsubject	***	***	***	***	3	7	3	1	3	3	2	1	
China vs. nonsubject	***	***	***	***	1	4	2	0	0	3	0	1	
Taiwan (subject) vs. Taiwan nonsubject	***	***	***	***	5	4	3	1	3	2	1	1	
Taiwan vs. nonsubject	***	***	***	***	1	3	2	0	0	2	0	1	
Taiwan nonsubject vs. nonsubject	***	***	***	***	1	5	2	0	1	3	0	1	

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

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

At the hearing, witnesses for Berwick Offray stated that it can produce any type of ribbon in the United States and does not need to import to fill out its product line.²⁴ Also, one witness stated that the quality of imported product from subject countries has improved and “can more directly compete against {Berwick Offray}.”²⁵ At the hearing, a witness for Berwick Offray noted that the quality of ribbons produced in India and Vietnam are not as good as the quality of ribbons produced in China or Taiwan. The witness noted that ribbons produced in Mexico are of a good quality, however.²⁶ A witness for Hobby Lobby stated that it has been approached by producers in India, Thailand, Turkey, and some European countries, but that the quality of the ribbons were not as good. The witness noted buying some product from Thailand, but indicated that the majority of Hobby Lobby’s ribbons are sourced from Taiwan and Mexico.²⁷

²⁴ Hearing transcript, pp. 103-104 (Munyan and Pajic).

²⁵ Hearing transcript, p. 116 (Munyan). ***. ***. ***. ***. ***. ***.

²⁶ Hearing transcript, pp. 99 and 125 (Munyan).

²⁷ Hearing transcript, p. 175 (Freebern).

As can be seen from table II-10, eight of 12 responding purchasers reported that the domestically produced narrow woven ribbons “always” met minimum quality specifications. Four of 11 responding purchasers reported that narrow woven ribbons from China “always” met minimum quality specifications, and five of eight purchasers indicated that product from Taiwan “always” meets the specifications.

Table II-10
Narrow woven ribbons: Ability to meet minimum quality specifications, by source¹

Source	Always	Usually	Sometimes	Rarely or never
United States	8	3	1	0
China	4	3	3	1
Taiwan	5	2	1	0
Taiwan nonsubject	5	2	1	0
Nonsubject	2	3	0	0

¹ Purchasers were asked how often domestically produced or imported narrow woven ribbons meet minimum quality specifications for their own or their customers’ uses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of narrow woven ribbons produced in the United States, China, Taiwan, or nonsubject countries. As seen in table II-11, *** reported that there are “sometimes” differences between U.S. and imported narrow woven ribbons. Importers’ responses were considerably mixed. Purchasers most often responded that there were “sometimes” factors other than price that were significant.

Table II-11
Narrow woven ribbons: Significance of differences other than price between narrow woven ribbons produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
Subject country comparisons:												
U.S. vs. China	***	***	***	***	5	3	5	7	1	3	4	2
U.S. vs. Taiwan	***	***	***	***	6	2	6	3	2	2	2	1
China vs. Taiwan	***	***	***	***	3	2	8	2	1	1	4	1
Nonsubject countries comparisons:												
U.S. vs. Taiwan nonsubject	***	***	***	***	7	2	8	1	2	2	5	1
U.S. vs. nonsubject	***	***	***	***	4	1	3	0	1	1	2	1
China vs. Taiwan nonsubject	***	***	***	***	4	1	8	0	1	1	5	1
China vs. nonsubject	***	***	***	***	1	1	4	0	0	1	2	1
Taiwan (subject) vs. Taiwan nonsubject	***	***	***	***	4	1	6	1	1	0	2	1
Taiwan vs. nonsubject	***	***	***	***	1	0	3	0	0	0	1	1
Taiwan nonsubject vs. nonsubject	***	***	***	***	1	0	6	0	0	0	3	1

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

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

Purchaser *** indicated that these factors are “{d}esign capability, product uniqueness, {and} quality.” Importer *** stated that for the comparison of products from the United States and China, when it started its business, it “used U.S. made ribbon exclusively. However, as increased concentration among the U.S. suppliers progressed to a virtual monopolization of the market by the Petitioner, {it} began to encounter increasing complaints with respect to product quality and deteriorating customer service, specifically, {its} customers encountered problems with dye and color matching, product selection, product availability, and product delivery. In order to meet {its} customer's need, {it} had no choice but to seek oversea{s} suppliers. Currently China suppliers can provide a large selection of product range and lower minimum for quantities {of} custom design ribbon.” In comparing product from the United States to that imported from Taiwan, *** stated that “{s}uppliers in Taiwan provide better quality of service and better selection of product range with low minimums for custom design ribbon.” Importer *** stated that there is a large variety of ribbons available that the U.S. producers do not make.” Witnesses for the respondent interested parties also echoed similar sentiments regarding Berwick Offray’s ability or willingness to work with others in designing narrow woven ribbons.²⁸ Producer/importer Berwick Offray stated that it can make any design and is open to collaboration with designers.²⁹

ELASTICITY ESTIMATES

This section discusses elasticity estimates in the narrow woven ribbons market. Parties were encouraged to comment on these estimates in their briefs. The domestic interested party commented on the substitution elasticity.

U.S. supply elasticity

The domestic supply elasticity³⁰ for narrow woven ribbons measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of narrow woven ribbons. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers’ ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced narrow woven ribbons. An earlier analysis of these factors indicates that the U.S. industry is likely to be able to considerably increase or decrease shipments to the U.S. market; an estimate in the range of 4 to 6 is suggested.

²⁸ Hearing transcript, pp. 132 (Lo), 137 and 138 (Freebern), and 140 (Duffey).

²⁹ Hearing transcript, p. 64 (Kaplan and Pajic).

³⁰ A supply function is not defined in the case of a non-competitive market.

U.S. demand elasticity

The U.S. demand elasticity for narrow woven ribbons measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of narrow woven ribbons. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the narrow woven ribbons in the production of any downstream products. Although narrow woven ribbons may account for a small share of the cost of some final goods such as apparel, they are discretionary final goods with a number of substitutes. Based on the available information, the aggregate demand elasticity for narrow woven ribbons is likely to be moderate; a range of -1.0 to -1.5 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.³¹ Product differentiation, in turn, depends upon such factors as quality (e.g., patterns, thickness, weave, appearance, etc.) and conditions of sale (e.g., availability, product range, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced narrow woven ribbons and imported narrow woven ribbons is likely to be in the range of 3 to 5.³²

³¹ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from U.S. product to subject products (or vice versa) when prices change.

³² The domestic interested party observed that staff's characterization of the elasticity of substitution switched between "moderately substitutable" and "highly substitutable" in between the original investigations and the current review. Hearing transcript, pp. 48-49 (Kaplan) and domestic interested party's prehearing brief, p. 37. In the original investigations, the elasticity of substitution was estimated to likely be in the range of 2 to 4.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

In the current reviews, the Commission issued U.S. producer questionnaires to nine firms identified in the domestic and respondent interested parties' responses to the Commission's notice of institution. Of these firms, Berwick Offray and L.A. Najarian provided the Commission with useable data on their narrow woven ribbons operations. These firms accounted for *** percent of reported net sales by U.S. producers in 2009¹ and are believed to account for the vast majority of current U.S. production and sales of narrow woven ribbons.

Developments in the domestic industry

Since the filing of the original petitions, the composition of the domestic industry has changed noticeably. Lawrence Schiff, which accounted for *** percent of reported net sales in 2009,² filed for Chapter 11 bankruptcy on April 5, 2016.^{3 4} Based on testimony provided at the hearing, Lawrence Schiff focused on trim and package ribbon market segment and sold primarily to wholesale distributors and industrial users.⁵ On July 8, 2016, CSS Industries, the parent company of Berwick Offray, purchased Schiff's assets, including manufacturing equipment, remaining inventory, and intellectual property for \$1,125,000.⁶ Berwick Offray plans to move the weaving looms formerly used at Schiff's facilities at Quakertown,

¹ *Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final): Narrow Woven Ribbons with Woven Selvedge from China and Taiwan – Staff Report*, INV-HH-077, August 2, 2010, table VI-2.

² *Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final): Narrow Woven Ribbons with Woven Selvedge from China and Taiwan – Staff Report*, INV-HH-077, August 2, 2010, table VI-2.

³ "New Bankruptcy Court Case File in the Pennsylvania-Eastern District Bankruptcy Court: 16-12396-JFK Lawrence Schiff Silk Mills, Inc.," April 5, 2016. <http://chapter11cases.com/2016/04/05/new-bankruptcy-court-case-filed-in-the-pennsylvania-eastern-district-bankruptcy-court-16-12396-jkf-lawrence-schiff-silk-mills-inc/>

⁴ Staff issued a U.S. Producers' questionnaire to Lawrence Schiff as well as to Revolution Capital Group, the private equity firm that acquired Schiff in 2012, but did not receive a response. In addition, ***. ***, email message to USITC staff, July 28, 2016.

⁵ Hearing transcript, p. 60 (Munyan). Lawrence Schiff produced the iconic ribbon used by Tiffany. Hearing transcript, p. 52 (Kaplan). Other Schiff customers reportedly included: Abercrombie & Fitch, Bloomingdale's, Bed Bath & Beyond, Godiva, Macy's, Patrón Spirits, R.R. Donnelley, and the U.S. Armed Forces." Revolution Capital Group Completes Acquisition of LSSM Inc. from Mor San Corporation," <http://www.businesswire.com/news/home/20120221005346/en/Revolution-Capital-Group-Completes-Acquisition-LSSM-Mor>, accessed July 28, 2016.

⁶ The acquisition also reportedly includes Lawrence Schiff's customer lists. Hearing transcript, pp. 51-52 (Kaplan). Berwick Offray ***. Berwick Offray states that ***. Domestic interested party's posthearing brief, exh. 1, p. 38.

Pennsylvania to Berwick Offray's facilities in South Carolina, while the printing and dyeing equipment will be moved to Berwick Offray's facilities in Maryland.⁷

Trimtex, a smaller U.S. producer in the original investigations, ceased production of narrow woven ribbons in April 2009.⁸ Therefore, of the four responding U.S. producers from the original investigations, only two (Berwick Offray and L.A. Najarian) continue to produce narrow woven ribbons.

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any changes in relation to the production of narrow woven ribbons since January 1, 2010. Berwick Offray reported that ***.⁹ Berwick Offray reported that its ***.¹⁰ Berwick Offray also reported that it ***.

Anticipated changes in existing operations

The Commission requested that domestic producers provide a copy of their business plans or other internal documents that describe, discuss, or analyze expected future market conditions for narrow woven ribbons. Neither U.S. producer provided business plans and neither U.S. producer reported anticipating changes in the character of their firm's operations or organization related to the production of narrow woven ribbons in the future.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-1 and figure III-1 present U.S. production, capacity (based on weaving capacity), and capacity utilization reported by Berwick Offray and L.A. Najarian. From 2010 to 2015, these U.S. producers' capacity and production decreased by *** percent and *** percent, respectively. Capacity utilization increased from *** percent in 2010 to *** percent in 2015. Declines in capacity between 2010 and 2015 were due to a decrease in the average number of looms operated each day at Berwick Offray's facilities.

⁷ Hearing transcript, p. 121 (Munyan).

⁸ Trimtex accounted for *** percent of reported net sales by U.S. producers in 2009. *Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final): Narrow Woven Ribbons with Woven Selvedge from China and Taiwan – Staff Report*, INV-HH-077, August 2, 2010, table VI-2.

⁹ Berwick Offray ***.

¹⁰ Berwick Offray reported ***.

Table III-1

Narrow woven ribbons: U.S. producers' capacity, production, and capacity utilization 2010-15

* * * * *

Note.--Berwick Offray provided a theoretical production capacity for weaving of *** square yards based on operating all of its *** looms, 24 hours a day, 7 days a week, for 52 weeks per year and a theoretical dyeing capacity of *** square yards. The difference between theoretical capacity and average production capacity is the additional weaving capacity from idled looms operating at less than full capacity at Berwick Offray's facilities that could be brought online with minimal additional fixed capital investment. Berwick Offray noted that ***.

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

Figure III-1

Narrow woven ribbons: U.S. producers' capacity, production, and capacity utilization 2010-15

* * * * *

*** reported the ability to produce products other than narrow woven ribbons on the same equipment and machinery used to produce narrow woven ribbons. Berwick Offray reported that ***.

U.S. producers were asked to indicate if they or any related or unrelated business partner, either foreign or domestic, was engaged in production-related activities (e.g., spooling) outside the United States. ***.¹¹

Constraints on capacity

When asked to report constraints in the manufacturing process, Berwick Offray stated that ***.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-2 presents U.S. shipments, export shipments, and total shipments by Berwick Offray and L.A. Najarian.¹² The quantity and value of commercial U.S. shipments of narrow woven ribbons increased by *** percent and *** percent, respectively from 2010 to 2012. After reaching their peak levels in 2012, the quantity and value of commercial U.S. shipments of

¹¹ In the original investigations, staff noted that a "portion of the U.S. industry's capital expenditures in the recent past has gone into the development of new automated dyeing and spooling processes, and certain spooling processes that have not been successfully automated ***. *Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final): Narrow Woven Ribbons with Woven Selvedge from China and Taiwan – Staff Report*, INV-HH-077, August 2, 2010, p. III-6. In 2015, ***.

¹² *** reported internal consumption or transfers to related firms.

narrow woven ribbons decreased by *** and *** percent, respectively from 2012 to 2015.¹³ The overall quantity of commercial U.S. shipments from 2010 to 2015 decreased by *** percent, while the overall value of commercial U.S. shipments decreased by *** percent over the same period.¹⁴ From 2010 to 2015, the unit values of commercial U.S. shipments of narrow woven ribbons were at their lowest levels in 2010 (\$*** per square yard) and were at their highest levels in 2011 (\$*** per square yard). Overall, unit values of commercial shipments increased from \$*** per square yard in 2010 to \$*** per square yard in 2015.

U.S. export shipments of narrow woven ribbons accounted for approximately *** percent of total shipments on a value basis between 2010 and 2015 with ***.

Table III-2
Narrow woven ribbons: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2010-15

* * * * *

U.S. PRODUCERS' INVENTORIES

Table III-3 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. U.S. producers' end-of-period inventories increased by *** percent from 2010 to 2015. The ratio of these inventories to U.S. production ranged from a high of *** percent in 2015 to a low of *** percent in 2012.

Table III-3
Narrow woven ribbons: U.S. producers' inventories, 2010-15

* * * * *

¹³ Berwick Offray cites the negative effect of internet sales, declining demand, retailer concentration, inventory overhangs, and large retailer resets for declines in the later part of the period of review. Domestic interested party's posthearing brief, exh. 1, p. 20.

¹⁴ U.S. producers were asked to report their firm's U.S. shipments in 2015 of narrow woven ribbon by type. Narrow woven ribbons containing greater than 50 percent polyester accounted for the vast majority (*** percent) of these U.S. shipments on a value basis. Narrow woven ribbons containing greater than 50 percent metallic accounted for *** percent of these shipments.

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-4 presents data on U.S. producers' direct imports, domestic purchases, and the ratio of U.S. producers' domestic production to imports and domestic purchases. Berwick Offray reported imports of narrow woven ribbons from ***.¹⁵ When asked to provide reasons for importing narrow woven ribbons, Berwick Offray stated that ***.

As shown in table III-4, ***.¹⁶

Berwick Offray stated that U.S. producers' increasing reliance on U.S. production for their shipments to the U.S. market is a function of *** and the diminishing role of U.S. producers as import facilitators. Berwick Offray ***.¹⁷

When asked to provide the reasons for purchasing narrow woven ribbons from domestic sources, Berwick Offray stated that ***.¹⁸

Table III-4
Narrow woven ribbons: U.S. producers' direct imports, 2010-15

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-5 shows U.S. producers' employment-related data. The number of production and related workers ("PRWs") and total hours worked decreased by *** and *** percent, respectively, from 2010 to 2015. Wages paid decreased by *** percent between 2010 and 2015, while hourly wages increased by *** percent over the same period. Productivity increased by *** percent, while unit labor costs decreased from \$*** per square yard to \$*** per square yard from 2010 to 2015.¹⁹

Table III-5
Narrow woven ribbons: U.S. producers' employment data, 2010-15

* * * * *

¹⁵ In the original investigations, U.S. producers indicated that they controlled U.S. imports of narrow woven ribbons, either through direct import operations or through import facilitation activities. *Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final): Narrow Woven Ribbons with Woven Selvedge from China and Taiwan – Staff Report*, INV-HH-077, August 2, 2010, p. IV-3. A definition and discussion of import facilitation is included in Part IV of this report.

¹⁶ ***, email message to USITC staff, June 8, 2016.

¹⁷ Domestic interested party's prehearing brief, p. 50.

¹⁸ ***, retrieved May 27, 2016.

¹⁹ The domestic interested party stated that ***. Domestic interested party's posthearing brief, exh. 1, p. 37.

FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

Introduction

Two U.S. firms provided usable financial data on their operations on narrow woven ribbons.²⁰ These data are believed to account for the large majority of U.S. operations on narrow woven ribbons in 2015.²¹ *** reported only commercial sales. Berwick Offray reported a fiscal year end of March 31, and L.A. Najarian reported a fiscal year end of September 30. Both firms reported their financial data on a calendar year basis.

Operations on narrow woven ribbons

Income-and-loss data for Berwick Offray and L.A. Najarian on their operations on narrow woven ribbons are presented in table III-6, while selected financial data, by firm, are presented in table III-7. The domestic industry experienced positive operating income in all six full-year periods. Operating income improved from 2010 through 2012, then declined from 2013 through 2015. During 2010-15, operating income was at its highest reported level in 2012 and at its lowest in 2015. From 2010 to 2012, the reported aggregate net sales quantity and value increased by *** and *** percent, respectively, while operating costs and expenses -- the aggregate cost of goods sold (“COGS”) and selling, general, and administrative (“SG&A”) expenses, combined -- increased by *** percent. As a result of the larger increase in revenue as compared to operating costs and expenses, aggregate operating income increased. In contrast, from 2012 to 2015, the reported aggregate net sales quantity and value decreased by *** and *** percent, respectively, while operating costs and expenses decreased by *** percent. As a result of the larger decrease in revenue as compared to operating costs and expenses, aggregate operating income declined.²²

On a per square yard basis and as a ratio to net sales, nearly all operating costs and expenses *** from 2010 to 2015. Raw materials, direct labor, and other factory costs accounted for an average ***, ***, and *** percent, respectively, of total COGS during 2010-15. SG&A expenses accounted for *** percent of overall operating costs and expenses during this time.^{23 24}

²⁰ As previously discussed in this report, Schiff was granted an involuntary consent order for relief under Chapter 11 of the bankruptcy code on April 22, 2016. Berwick Offray’s parent company, CSS Industries, announced the acquisition of substantially all of the assets of Schiff on July 8, 2016.

²¹ Throughout 2010-15, Berwick Offray accounted for ***. Thus, the financial data reported by L.A. Najarian ***.

²² Similar trends in both gross and net income occurred during 2010-15.

²³ Berwick Offray stated that the primary components of its reported selling expenses were ***. Together, these costs accounted for approximately *** percent of reported selling expenses in 2015. In addition, the primary components of Berwick Offray’s G&A expenses were ***. Together, these costs accounted for approximately *** percent of reported G&A expenses in 2015. Email from ***, June 6, 2016. ***. Telephone interview with ***, July 21, 2016.

Table III-6
Narrow woven ribbons: Results of operations of U.S. producers, 2010-15

* * * * *

Table III-7
Narrow woven ribbons: Results of operations of U.S. producers, by firm, 2010-15

* * * * *

While Berwick Offray was ***,^{25 26} L.A. Najarian’s financial performance was ***.²⁷

***.^{28 29}

Capital expenditures, total assets, and return on assets

The responding firms’ aggregate data on capital expenditures and total assets are shown in table III-8. ***. Aggregate capital expenditures irregularly increased from 2010 to 2015. *** reported that its capital expenditures reflect ***.³⁰

²⁴ The lower level of SG&A expenses during 2010-15 as compared to 2007-09 reflects the absence of *** in the current dataset.

²⁵ During 2010-15, Berwick Offray’s net sales quantities and values, as well as profitability, ***. Emails from ***, May 31, 2016, and June 6, 2016. ***. Email from ***, June 6, 2016. In its posthearing brief, Berwick Offray attributes *** to internet sales, declining demand, retailer concentration, inventory overhangs, and large retailer “resets.” Posthearing brief of Berwick Offray, exhibit 1, pp. 20-23.

²⁶ A comparison of Berwick Offray’s reported operating costs to the overall financial results for its parent company, CSS Industries, reveals that the data reported to the Commission are *** with CSS Industries’ overall financial data for fiscal years 2014 through 2016. Ratio-to-sales measures for COGS and SG&A expenses generally *** between CSS Industries’ audited financial data and Berwick Offray’s reported financial data. CSS Industries’ operating margins for fiscal years 2014 through 2016, excluding all reported costs and expenses other than COGS and SG&A expenses, were 8.7, 8.5, and 8.3 percent, respectively. Given that CSS Industries’ fiscal year ends on March 31, these data are most comparable to the financial data in table III-7 for calendar years 2013 through 2015. Narrow woven ribbons accounted for *** percent of CSS Industries’ overall sales during this time. See CSS Industries’ Form 10-K for the fiscal year ended March 31, 2016, p. 24.

²⁷ ***.

²⁸ ***. Email from ***, May 23, 2015. ***.

²⁹ Due to ***, a variance analysis is not presented.

³⁰ U.S. producers’ questionnaire response of ***, question III-13.

The total assets utilized in the production, warehousing, and sale of narrow woven ribbons remained fairly stable from 2010 to 2015, decreasing from \$*** in 2010 to \$*** in 2015, and the return on assets (“ROA”) irregularly declined from *** percent in 2010 to *** percent in 2015.³¹

Table III-8
Narrow woven ribbons: Capital expenditures, total assets, and ROA of U.S. producers, 2010-15

* * * * *

³¹ The return on assets is calculated as operating income divided by total assets. With respect to a firm’s overall operations, the total asset value reflects an aggregation of a number of assets which are generally not product specific. Thus, high-level allocations are generally required in order to report a total asset value for the subject product.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission issued questionnaires to 110 firms believed to have imported narrow woven ribbons since 2010. Twenty-eight firms provided data and information in response to the questionnaires, while five firms indicated that they had not imported narrow woven ribbons since 2010. Based on official Commerce statistics as adjusted for imports of narrow woven ribbons, importers' questionnaire data accounted for *** percent of total U.S. imports and *** percent of subject imports from China and Taiwan during 2015.¹

Import data in this report are based on U.S. importers' questionnaire responses. Entries of narrow woven ribbons are classifiable under HTSUS subheading 5806.32.10, which includes merchandise that is not subject to these reviews. Moreover, official Commerce statistics gather quantity information on imports by weight (i.e., in kilograms) which does not permit useful average unit value calculations given that the merchandise subject to these reviews is typically priced based on the surface area of the ribbon sold (i.e., by square yard).

Since several firms from Taiwan were excluded from the original antidumping duty orders, this part of the report divides import data into imports from "subject sources" (i.e., all imports from China² or from Taiwan excluding imports from excluded firms in Taiwan that Commerce has identified) and from "nonsubject sources" (i.e., imports from excluded firms in Taiwan that Commerce identified, as well as imports from all other countries except China).

Imports from subject sources

Table IV-1 presents information on U.S. imports of narrow woven ribbons. Between 2010 and 2015, U.S. imports from China increased by *** percent on a quantity basis and *** percent on a value basis, while U.S. imports from subject sources in Taiwan increased by ***

¹ As noted in Part I, several firms (Dear Year Brothers Mfg. Co., Ltd and Shieng Huong Enterprise Co. Ltd/Hsien Chan Enterprise Co., Ltd/Novelty Handicrafts Co. Ltd.) were excluded from the antidumping duty order in the original investigations on narrow woven ribbons from Taiwan. Staff made adjustments to proprietary Customs data that accounted for the exclusion of these firms in order to provide an estimate of importer coverage on a value basis. Staff used the same methodology to calculate monthly imports and customs district of entry data. Based on Proprietary Customs records, U.S. subject imports from China totaled \$***; U.S. subject imports from Taiwan totaled \$***; and U.S. nonsubject imports from Taiwan totaled \$*** in 2015.

² While Chinese producer Yama Ribbons and Bows Co., Ltd. was excluded the antidumping duty order because Commerce found the firm was not selling its narrow woven ribbon at LTFV in the U.S. market, it did find that Yama Ribbons received a non *de minimis* net countervailable subsidy from the Government of China. Therefore, all U.S. imports from China are considered imports from subject sources.

percent on a quantity basis and *** percent on a value basis. On a quantity and value basis, total U.S. imports from subject sources (China and Taiwan) increased by *** percent and *** percent, respectively, from 2010 to 2015.

On a quantity basis, U.S. imports from China accounted for between *** percent and *** percent of total U.S. imports, while U.S. imports from subject sources in Taiwan accounted for between *** percent and *** percent between 2010 and 2015. Total U.S. imports from subject sources (China and Taiwan) accounted for between *** percent and *** percent on a quantity basis between 2010 and 2015.

Average unit values of U.S. imports from subject sources in China and Taiwan increased by similar margins (*** percent and *** percent, respectively) between 2010 and 2015. Average unit values for U.S. imports from all subject sources (China and Taiwan) ranged from a low of \$*** per square yard in 2010 to a high of \$*** per square yard in 2011.

Imports from nonsubject sources

On a quantity and value basis, U.S. imports from nonsubject sources in Taiwan increased by *** percent and *** percent, respectively, from 2010 to 2015. On a quantity and value basis, U.S. imports from all other sources decreased by *** percent and *** percent, respectively, from 2010 and 2015.³ U.S. imports from all nonsubject sources decreased by *** percent on a quantity basis, but increased by *** percent on a value basis between 2010 and 2015.⁴

Nonsubject sources in Taiwan accounted for *** percent of total U.S. imports on a quantity basis in 2010 before increasing to account for *** percent of total U.S. imports in 2015. U.S. imports from all other sources accounted for *** percent of total U.S. imports on a quantity basis in 2010 before decreasing to account for *** percent of total U.S. imports in 2015.

Average unit values of imports from nonsubject sources in Taiwan increased by *** percent between 2010 and 2015, while average unit values of imports from all other sources increased by *** percent between 2010 and 2015. Average unit values of imports from all nonsubject sources increased by *** percent between 2010 and 2015, ranging from a low of \$*** per square yard in 2010 to a high of \$*** per square yard in 2012.

The ratio of U.S. imports from subject sources to U.S. production increased from *** percent in 2010 to *** percent in 2015, while the ratio of total U.S. imports to U.S. production increased from *** percent in 2010 to *** percent in 2015.

³ According to testimony provided at the hearing, Mexico, Thailand, and India are some of the most notable nonsubject sources of narrow woven ribbons. Hearing transcript, p. 133 (Lo).

⁴ As noted in Part I, this difference is largely attributable to ***, the *** U.S. importer of narrow woven ribbons from nonsubject sources in each year between 2010 and 2015. Between 2010 and 2011, *** imports from *** decreased by *** square yards even though the reported value of these imports increased by \$***. When asked to explain the apparent discrepancy, *** reported that between 2010 and 2011, its imports of narrow woven ribbons from ***. ***, email message to USITC staff, July 18, 2016.

Table IV-1
Narrow woven ribbons: U.S. imports, by source, 2010-15

* * * * *

As noted in Part III of this report, U.S. producers indicated in the original investigations that they controlled certain U.S. imports of narrow woven ribbons, either through direct import operations or through import facilitation activities.⁵ In the current reviews, ***.⁶

In the original investigations, staff noted that the amount of U.S. imports of narrow woven ribbons that U.S. producers controlled, either through direct import operations or through import facilitation activities, decreased as certain retailers began cutting out U.S. producers from their import sourcing and began importing directly. Although likely understated because *** in the original investigations, U.S. imports controlled by U.S. producers decreased from *** square yards in 2007 to *** square yards in 2009.⁷

In these current reviews, *** in 2015.⁸

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2015

The Commission requested importers to indicate whether they had imported or arranged for the importation of narrow woven ribbons for delivery after December 31, 2015. These data are provided in table IV-2.

⁵ Facilitation is defined as any activity designed to, or having the effect of, helping to bring about either the import of narrow woven ribbons into the United States or the export of narrow woven ribbons to the United States. Such activities include, but are not limited to, promoting, advertising, negotiating contracts, arranging sales, brokering transactions, invoicing, financing, guaranteeing, collaborating, providing quality control or performing other types of logistical or administrative support or assistance. *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Final)*, USITC Publication 4180, p. IV-3.

⁶ Berwick Offray ***.

⁷ *Investigation Nos. 701-TA-467 and 731-TA-1164-1165 (Final): Narrow Woven Ribbons with Selvedge from China and Taiwan – Staff Report*, INV-HH-077, August 2, 2010, p. IV-7 and table IV-3.

⁸ *** in 2015. Berwick Offray stated that the declining trend in U.S. producers' import facilitation activities that began during the original investigations has continued in the current reviews as U.S. retailers continue to import narrow woven ribbons directly. Domestic interested party's prehearing brief, pp. 52-53.

Table IV-2
Narrow woven ribbons: U.S. importers' arranged imports after December 31, 2015, by quarter

* * * * *

U.S. IMPORTERS' INVENTORIES

Table IV-3 presents data for inventories of U.S. imports of narrow woven ribbons held in the United States.

Table IV-3
Narrow woven ribbons: U.S. importers' end-of-period inventories of imports, by source, 2010-15

* * * * *

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

In the original investigations, the Commission found that a reasonable overlap of competition existed among the subject imports and between subject imports and the domestic like product. Consequently, it cumulated subject imports from China and Taiwan.⁹

In the current reviews, Berwick Offray argues that subject imports from China and Taiwan are fungible and are sold in the same geographical markets through common distribution channels. Berwick Offray maintains that the high volumes of unfairly traded imports from China and Taiwan most likely would have a very clear and discernible adverse impact independently and cumulatively on the domestic industry. Therefore, Berwick Offray argues the Commission should again exercise its discretion to cumulate subject imports from China and Taiwan.¹⁰

⁹ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Final)*, USITC Publication 4180, August 2010, p. 17.

¹⁰ Domestic interested party's prehearing brief, p. 2. Berwick Offray notes that the in the original investigations, some Commissioners did not exercise their discretion to cumulate based on the findings of imports of China and Taiwan had differential trends in import volume, prices, capacity utilization and inventories. Berwick Offray argues that the facts in current reviews are different. First, Berwick Offray maintains that the volume of subject import shipments from both China and Taiwan in tandem decreased dramatically following those orders, but generally increased over the review period. Second,

(continued...)

Respondents argue that the Commission should not exercise its discretion to cumulate subject imports from China and Taiwan. Respondents argue that volume and pricing trends *** between subject imports from China and Taiwan and that Chinese and Taiwan firms face different conditions of competition, citing *** of reporting Chinese and Taiwan narrow woven ribbon producers.¹¹

Fungibility

Responding U.S. producers and U.S. importers were asked to report their firm's U.S. shipments of narrow woven ribbons by source and primary fiber content in 2015. The majority of narrow woven ribbons are made primarily of polyester fibers regardless of the source (domestically produced or imported). However, imported narrow woven ribbons from both subject and nonsubject sources each have greater shares of predominantly nylon content than do domestically produced narrow woven ribbons.

Based on questionnaire responses, narrow woven ribbons made of fabric greater than 50 percent polyester content accounted for *** percent of total U.S. producers' shipments; *** percent of U.S. shipments of imports from China; *** percent of U.S. shipments of imports from Taiwan (subject); *** percent of U.S. shipments of imports from Taiwan (nonsubject); and *** percent of U.S. shipments of imports from all other sources. Narrow woven ribbons made of fabric greater than 50 percent nylon content accounted for *** percent of total U.S. producers' shipments; *** percent of U.S. shipments of imports from China; *** percent of U.S. shipments of imports from Taiwan (subject); *** percent of U.S. shipments of imports from Taiwan (nonsubject); and *** percent of U.S. shipments of imports from all other sources.

(...continued)

prices from both countries also moved in tandem, increasing over the period of review, but declining in 2015. Finally, Berwick Offray maintains that while capacity utilization may have remained different during the period of review, which country had significantly more capacity utilization flip-flopped, and both China and Taiwan have large capacities to divert shipments to the United States. Hearing transcript, pp. 44-45 (Dorris).

¹¹ Respondent interested parties' prehearing brief, pp. 3-5. Hearing transcript, pp. 183-184 (Griffith).

Presence in the market

Table IV-4 presents monthly U.S. imports of narrow woven ribbons.

Table IV-4
Narrow woven ribbons: Monthly U.S. imports by sources, 2010-15

* * * * *

Geographical markets

Table IV-5 presents data on subject imports by Customs district of entry. In 2015, Los Angeles, California, and New York, New York, were the two largest districts of entry for imports of narrow woven ribbons from China, while Los Angeles, California, and Dallas-Fort Worth, Texas, were the two largest districts of entry for subject imports from Taiwan.

Table IV-5
Narrow woven ribbons: Subject U.S. imports by Customs district of entry, 2015

Item	Calendar year 2015	
	Value (1,000 dollars)	Share of value (percent)
U.S. imports from China (dutied).-- Los Angeles, CA	***	20.5
New York, NY	***	17.7
St. Louis, MO	***	17.1
Chicago, IL	***	10.0
Baltimore, MD	***	5.5
All other districts	***	29.1
Total U.S. imports from China	***	100.0
U.S. imports from Taiwan (dutied).-- Los Angeles, CA	***	50.3
Dallas-Fort Worth, TX	***	19.0
New York, NY	***	13.9
Cleveland, OH	***	6.5
Chicago, IL	***	3.9
All other districts	***	6.3
Total U.S. imports from Taiwan	***	100.0

Source: Proprietary Customs records for statistical reporting numbers 5806.32.1020, 5806.32.1030, 5806.32.1050, 5806.32.1060, and 5806.32.1080. Subject U.S. imports from China and Taiwan consist of U.S. “dutied” imports according to Proprietary Customs records. U.S. nonsubject imports from Taiwan consist of U.S. “nondutied” imports from Shienq Huong Enterprise Co., Ltd.; Hsien Chan Enterprises Co., Ltd.; Novelty Handicrafts Co., Ltd.; and Dear Year Brothers Manufacturing Co., Ltd. U.S. nonsubject imports from all other sources consist of a combination of questionnaire data and the remaining non-responding U.S. importers’ imports from all other sources adjusted by a *** multiplier. This multiplier is the amount of in-scope merchandise reported by questionnaire respondents divided by what is reported in the Proprietary Customs dataset. In other words, based on questionnaire data received in these investigations, *** of U.S. imports from sources other than China or Taiwan appears to be in-scope products.

THE INDUSTRY IN CHINA

In the original investigations, the petition identified 95 potential producers of narrow woven ribbons in China. Five firms provided the Commission with useable data in response to the foreign producers'/exporters' questionnaire. Reported exports of subject merchandise from these five firms covered between *** percent of U.S. importers' U.S. imports from China during the original investigations.¹²

In these first five-year reviews, the Commission received useable data from Fujian Rongshu¹³ and Xiamen Yi-He,¹⁴ the two Chinese firms that responded to the Commission's notice of institution. *** narrow woven ribbons to the United States during 2010-15. According to estimates provided by these firms, Fujian Rongshu and Xiamen Yi-He accounted for *** percent of China's production of narrow woven ribbons in 2015. Table IV-6 presents production, export, and shipment data for these two firms.

¹² *Investigation Nos. 701-TA-467 and 731-TA-1164 and 1165 (Final): Narrow Woven Ribbons with Woven Selvedge from China and Taiwan—Staff Report, INV-HH-077, August 2, 2010, p. VII-4, n. 11.*

¹³ Fujian Rongshu, founded in 2003, is affiliated with Taiwan producer Rong Shu Industry Corporation ("Rong Shu"). Rong Shu has narrow woven ribbon manufacturing facilities in China and Taiwan. According to an official for Rong Shu, Chinese suppliers are more labor-oriented and produce products for industrial uses. Accordingly, Rong Shu attempts to produce narrow woven ribbons that require high labor intensity in China rather than Taiwan. In contrast, Taiwan suppliers are more customer-oriented and are better able to meet specific customization requirements of its customers. Respondent interested parties' posthearing brief, exhibit 1. Fujian Rongshu reported that *** percent of its total sales in the most recent fiscal year were represented by sales of narrow woven ribbons and estimated that the firm accounted for *** percent of China's production of narrow woven ribbons in 2015. When asked to identify export markets other than the United States that it has developed or where it has increased its sales of narrow woven ribbons since 2010, Fujian Rongshu identified ***.

¹⁴ Xiamen Yi-He Textiles, founded in 1995, reported that *** percent of the firm's total sales in the most recent fiscal year were represented by sales of narrow woven ribbons and estimated that the firm accounted for *** percent of China's production of narrow woven ribbons in 2015. When asked to identify export markets other than the United States that it has developed or where it has increased its sales of narrow woven ribbons since 2010, Xiamen Yi-He reported that ***.

Table IV-6
Narrow woven ribbons: Summary data on firms from China, 2015

Firm	Production (1,000 square yards)	Share of reported production (percent)	Exports to the United States (1,000 square yards)	Share of reported exports to the United States (percent)	Total shipments (1,000 square yards)	Share of firm's total shipments exported to the United States (percent)
Fujian Rongshu	***	***	***	***	***	***
Xiamen Yi-He	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

Chinese firms were asked to indicate whether their firm has experienced any changes in relation to the production of narrow woven ribbons since January 1, 2010. ***.

When asked whether it produced products other than narrow woven ribbons on machinery and equipment used to produce narrow woven ribbons, Fujian Rongshu reported ***.¹⁵ Xiamen Yi-He reported that it ***. Table IV-7 presents Chinese producers' overall capacity and production of products on the same machinery used to produce narrow woven ribbons.

Table IV-7
Narrow woven ribbons: Overall capacity and production of products on the same machinery as narrow woven ribbons in China, 2010-15

* * * * *

When asked to describe the factors that affect the ability to shift production capacity between products and the degree to which these factors enhance or constrain such shifts, Chinese producers identified *** as constraints that set limits on shifting production capacity.

Table IV-8 presents aggregate capacity, production, shipments, and inventories data for the responding Chinese firms. Reported Chinese capacity and production decreased by *** and *** percent, respectively, during 2010-15. Chinese firms cited ***.¹⁶ Chinese firms' capacity utilization rates ranged from a low of *** percent to a high of *** percent. Chinese firms' end-of-period inventories as a share of total production ranged from *** percent from 2010 to 2015. Export shipments accounted for between *** percent of total shipments from 2010 to 2015 with home market shipments accounting for ***.

¹⁵ ***.

¹⁶ Respondent interested parties maintain that the decline in *** in China was caused by *** even if those factors change, because it will be ***. Respondent interested parties' posthearing brief, Answer to Questions from Commissioners, pp. 21-22.

Table IV-8
Narrow woven ribbons: Data on the industry in China, 2010-15

* * * * *

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

Table IV-9 presents data from Global Trade Atlas of China's exports of narrow woven fabrics of man-made fibers, which include, but are not limited to, exports of narrow woven ribbons from 2010 to 2015.¹⁷ The Philippines accounted for the largest share of China's exports in 2015, followed by Hong Kong and the United States.

¹⁷ The trade data presented are derived from Global Trade Atlas, HS subheading 5806.32. The products covered under the HS classification include all narrow woven fabrics of man-made fibers (which is significantly broader than subject merchandise).

Table IV-9**Narrow woven fabrics of man-made fibers: China's exports by destination market, 2010-15**

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Value (1,000 dollars)					
China exports to the United States	36,547	50,099	55,814	67,895	71,238	69,238
China's exports to other major destination markets.-- Philippines	4,322	9,348	24,252	36,328	62,286	97,168
Hong Kong	50,483	59,197	61,823	119,058	71,558	72,044
Vietnam	16,266	25,459	34,300	44,858	110,482	34,917
Indonesia	17,623	20,381	19,442	22,788	26,058	28,250
Japan	20,694	20,621	18,829	18,483	20,444	21,099
Bangladesh	7,841	9,220	11,679	12,825	15,486	19,465
India	9,572	11,985	12,718	14,709	18,844	18,010
Malaysia	9,739	17,266	25,169	23,792	20,425	17,152
Germany	10,911	13,072	10,142	11,592	12,971	14,324
United Kingdom	6,444	9,568	9,118	9,151	11,450	14,163
All other destination markets	158,303	216,699	208,067	229,013	255,116	256,635
Total China exports	348,745	462,915	491,353	610,491	696,359	662,465
	Share of value (percent)					
China exports to the United States	10.5	10.8	11.4	11.1	10.2	10.5
China's exports to other major destination markets.-- Philippines	1.2	2.0	4.9	6.0	8.9	14.7
Hong Kong	14.5	12.8	12.6	19.5	10.3	10.9
Vietnam	4.7	5.5	7.0	7.3	15.9	5.3
Indonesia	5.1	4.4	4.0	3.7	3.7	4.3
Japan	5.9	4.5	3.8	3.0	2.9	3.2
Bangladesh	2.2	2.0	2.4	2.1	2.2	2.9
India	2.7	2.6	2.6	2.4	2.7	2.7
Malaysia	2.8	3.7	5.1	3.9	2.9	2.6
Germany	3.1	2.8	2.1	1.9	1.9	2.2
United Kingdom	1.8	2.1	1.9	1.5	1.6	2.1
All other destination markets	45.4	46.8	42.3	37.5	36.6	38.7
Total China exports	100.0	100.0	100.0	100.0	100.0	100.0

Source: Official export statistics as reported by various national authorities in the GTIS/GTA database, HTS subheading 5806.32, accessed June 1, 2016.

THE INDUSTRY IN TAIWAN

During the original investigations, the petition identified 39 potential producers of narrow woven ribbons in Taiwan. Seven firms provided the Commission with useable data in response to the foreign producers'/exporters' questionnaire. Reported exports of subject merchandise from these five firms covered between 47 and 55 percent of U.S. importers' U.S. imports from Taiwan during the original investigations.¹⁸

The Commission received a response¹⁹ to the notice of institution from two Taiwan producers of narrow woven ribbons: King Young Enterprise Co., Ltd. ("King Young")²⁰ and Rong Shu Industry Corporation ("Rong Shu").²¹ In their questionnaire responses, King Young and Rong Shu estimated that they accounted for *** percent of Taiwan's total production of narrow woven ribbons and *** percent of Taiwan's total exports of narrow woven ribbons to the United States in 2015. In addition to these two firms, the Commission received useable data from four other producers/exporters of narrow woven ribbons in Taiwan: Ren Her Industry Co., Ltd. ("Ren Her");²² Maple Ribbon Co., Ltd. ("Maple Ribbons");²³ NK Galleria Inc. ("NK

¹⁸ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Final)*, USITC Publication 4180, August 2010, p. VII-4, n. 18

¹⁹ This response was also filed on behalf of Taiwan Silk & Filament Weaving Industrial Association, which includes 130 members. Ten of these firms currently produce braid and ribbon, but not all ten produce narrow woven ribbons. Of those 10 firms, Rong Shu and King Young were the only members of the Association that provided questionnaire responses in the current reviews. ***, email message to USITC staff, June 8, 2016.

²⁰ King Young reported that *** percent of the firm's total sales in the most recent fiscal year were represented by sales of narrow woven ribbons and estimated that the firm accounted for *** percent of Taiwan's production of narrow woven ribbons and *** percent of Taiwan's exports of narrow woven ribbons in 2015. Other than the United States, King Young identified *** as export markets it has developed or where it has increased its sale of narrow woven ribbons since 2010.

²¹ In Commerce's most recent administrative review, Rong Shu received a 0.0 antidumping duty rate. *Narrow Woven Ribbons With Woven Selvedge From Taiwan; Final Results of Antidumping Duty Administrative Review; 2013-2014*, 81 FR 22578, April 18, 2016. Rong Shu reported that *** percent of the firm's total sales in the most recent fiscal year were represented by sales of narrow woven ribbons and estimated that the firm accounted for *** percent of Taiwan's production of narrow woven ribbons and *** percent of Taiwan's exports of narrow woven ribbons in 2015. Other than the United States, Rong Shu identified *** as export markets it has developed or where it has increased its sale of narrow woven ribbons since 2010.

²² Ren Her reported that *** percent of the firm's total sales in the most recent fiscal year were represented by sales of narrow woven ribbons and estimated that the firm accounted for *** percent of Taiwan's production of narrow woven ribbons and *** percent of Taiwan's exports of narrow woven ribbons to the United States in 2015. Other than the United States, Ren Her identified *** as export markets it has developed or where it has increased its sale of narrow woven ribbons since 2010.

²³ Maple Ribbon reported that *** percent of the firm's total sales in the most fiscal year were represented by sales of narrow woven ribbons.

Galleria”);²⁴ and Lace Fashions Industrial Co., Ltd. (“Lace Fashions”).²⁵ Table IV-10 presents production, export, and shipment data on these six firms.

Table IV-10
Narrow woven ribbons: Summary data on firms from Taiwan, 2015

Firm	Production (1,000 square yards)	Share of reported production (percent)	Exports to the United States (1,000 square yards)	Share of reported exports to the United States (percent)	Total shipments (1,000 square yards)	Share of firm's total shipments exported to the United States (percent)
King Young	***	***	***	***	***	***
Lace Fashions	***	***	***	***	***	***
Maple Ribbon	***	***	***	***	***	***
NK Galleria	***	***	***	***	***	***
Ren Her	***	***	***	***	***	***
Roung Shu	***	***	***	***	***	***
Total	2,954	100.0	***	***	2,843	60.7

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

Foreign producers of narrow woven ribbons in Taiwan were asked to indicate whether their firm has experienced any changes in relation to the production of narrow woven ribbons since January 1, 2010. Lace Fashions reported that ***. Roung Shu and Kim Young reported *** affected their production of narrow woven ribbons. Roung Shu also reported ***.

Four firms reported producing products other than narrow woven ribbons using the same equipment and machinery used to produce narrow woven ribbons. *** reported producing trimmings, cords, lace, cut-edge fabric ribbons, and bows; *** reported producing thicker ribbon using heavier yarn; *** reported producing sewn-edge ribbons; and *** reported producing elastic tape. These data are provided in table IV-11.

²⁴ NK Galleria reported that *** percent of the firm’s total sales in the most recent fiscal year were represented by sales of narrow woven ribbons. Other than the United States, NK Galleria identified *** as export markets it has developed or where it has increased its sale of narrow woven ribbons since 2010.

²⁵ Lace Fashions reported that *** percent of the firm’s total sales in the most recent fiscal year were represented by sales of narrow woven ribbons.

Table IV-11**Narrow woven ribbons: Overall capacity and production of products on the same machinery as narrow woven ribbons in Taiwan, 2010-15**

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (1,000 square yards)					
Overall capacity	11,547	13,163	13,063	12,602	11,487	11,587
Production:						
Narrow woven ribbons	6,338	6,593	6,737	6,634	3,892	2,954
Other products	3,174	3,710	3,328	2,691	4,607	4,730
Total production	9,511	10,303	10,065	9,326	8,499	7,683
	Ratios and shares (percent)					
Capacity utilization	82.4	78.3	77.0	74.0	74.0	66.3
Share of production:						
Narrow woven ribbons	66.6	64.0	66.9	71.1	45.8	38.4
Other products	33.4	36.0	33.1	28.9	54.2	61.6
Total production	100.0	100.0	100.0	100.0	100.0	100.0

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

Foreign producers in Taiwan were asked to describe the factors that affect the ability to shift production capacity between products and the degree to which these factors enhance or constrain such shifts. Firms in Taiwan identified *** as factors affecting their ability to shift production capacity.

Table IV-12 presents aggregate capacity, production, shipments, and inventories data for the responding firms in Taiwan. Reported Taiwan capacity and production decreased by 7.3 and 53.4 percent, respectively, from 2010-15.²⁶ Taiwan firms' capacity utilization rates decreased from 77.2 percent in 2010 to 38.8 percent in 2015. Taiwan firms' end-of-period inventories as a share of total production ranged from *** percent between 2010 and 2015. Export shipments accounted for at least *** percent of total shipments, with export shipments to the United States accounting for between *** percent of total shipments from 2010 to 2015.

²⁶ Decreases in capacity and production, particularly between 2013 and 2015 are attributable to ***. ***. ***. ***. ***. email message to USITC staff, June 6, 2016.

Table IV-12
Narrow woven ribbons: Data on the industry in Taiwan, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (1,000 square yards)					
Capacity	8,211	9,834	9,694	8,883	7,856	7,610
Production	6,338	6,593	6,737	6,634	3,892	2,954
End-of-period inventories	***	***	***	***	***	***
Shipments:						
Home market shipments:						
Internal consumption/ transfers	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***
Export shipments to:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	5,997	6,052	6,594	6,317	3,636	2,651
Total shipments	6,373	6,470	6,765	6,610	3,895	2,843
	Value (1,000 dollars)					
Shipments:						
Home market shipments:						
Internal consumption/ transfers	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***
Export shipments to:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	13,130	13,824	16,085	14,385	8,859	6,596
Total shipments	14,100	14,909	16,599	15,124	9,446	7,010

Table continued on following page.

Table IV-12--Continued
Narrow woven ribbons: Data on the industry in Taiwan, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
Unit value (dollars per square yard)						
Shipments:						
Home market shipments:						
Internal consumption/ transfers	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***
Export shipments to:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	2.19	2.28	2.44	2.28	2.44	2.49
Total shipments	2.21	2.30	2.45	2.29	2.43	2.47
Ratios and shares (percent)						
Capacity utilization	77.2	67.0	69.5	74.7	49.5	38.8
Inventories/production	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***
Shipments:						
Home market shipments:						
Internal consumption/ transfers	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***
Export shipments to:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	94.1	93.5	97.5	95.6	93.4	93.3
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0

¹ Undefined.

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

Table IV-13 presents data from Global Trade Atlas of Taiwan's exports of narrow woven fabrics of man-made fibers, which include, but are not limited to, exports of narrow woven

ribbons from 2010 to 2015.²⁷ The United States accounted for the largest share of Taiwan's exports, followed by China and Vietnam.

Table IV-13
Narrow woven fabrics of man-made fibers: Taiwan's exports by destination market, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Value (1,000 dollars)					
Taiwan exports to the United States	66,344	81,716	92,109	103,930	109,121	103,016
Taiwan's exports to other major destination markets.--						
China	15,988	14,308	14,286	16,534	14,248	13,203
Vietnam	7,561	5,993	7,350	8,811	10,906	12,685
Japan	6,140	7,166	7,844	7,967	7,542	5,846
Hong Kong	10,886	11,989	7,939	5,802	4,653	5,572
Mexico	3,924	6,386	6,492	5,579	4,588	5,380
Thailand	1,460	1,785	2,576	2,563	3,323	2,986
France	1,971	1,466	1,216	1,583	1,753	2,475
Canada	2,921	2,400	1,977	2,253	2,043	2,281
Indonesia	1,860	2,060	2,128	2,091	2,113	2,139
United Kingdom	1,932	1,599	1,610	1,256	1,924	1,776
All other destination markets	23,694	23,507	24,493	20,655	20,394	18,997
Total Taiwan exports	144,683	160,376	170,020	179,024	182,608	176,355
	Share of value (percent)					
Taiwan exports to the United States	45.9	51.0	54.2	58.1	59.8	58.4
Taiwan's exports to other major destination markets.--						
China	11.1	8.9	8.4	9.2	7.8	7.5
Vietnam	5.2	3.7	4.3	4.9	6.0	7.2
Japan	4.2	4.5	4.6	4.5	4.1	3.3
Hong Kong	7.5	7.5	4.7	3.2	2.5	3.2
Mexico	2.7	4.0	3.8	3.1	2.5	3.1
Thailand	1.0	1.1	1.5	1.4	1.8	1.7
France	1.4	0.9	0.7	0.9	1.0	1.4
Canada	2.0	1.5	1.2	1.3	1.1	1.3
Indonesia	1.3	1.3	1.3	1.2	1.2	1.2
United Kingdom	1.3	1.0	0.9	0.7	1.1	1.0
All other destination markets	16.4	14.7	14.4	11.5	11.2	10.8
Total Taiwan exports	100.0	100.0	100.0	100.0	100.0	100.0

Source: Official export statistics as reported by various national authorities in the GTIS/GTA database, HTS subheading 5806.32, accessed June 1, 2016.

²⁷ The trade data presented are derived from Global Trade Atlas, HS subheading 5806.32. The products covered under the HS classification include all narrow woven fabrics of man-made fibers (which is significantly broader than subject merchandise).

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known antidumping or countervailing duty orders on narrow woven ribbons in third country markets.

THE GLOBAL MARKET

Most firms reported no change in demand outside the United States for narrow woven ribbons since January 1, 2010 (table IV-14). Most firms expect no change in demand over the next two years. Firms' responses frequently appeared to address their own sales in the other markets rather than overall demand in these markets.

Firms' reported reasons for reduced demand since 2010 included product category maturity, weakness of the European economic recovery, the economic slowdown in China and other parts of Asia, and high antidumping duties combined with a poor U.S. economy. Firms also reported reasons they expected changes in demand outside the United States. Some noted reasons for decreases in demand (maturity of the product category, the expected continued weakness of the European economic recovery, the expected continuing economic slowdown in China and other parts of Asia, and a slow U.S. economy) while one firm reported a reason for an anticipated increase in demand for its narrow woven ribbons (due to the closing of Lawrence Schiff).

Table IV-14

Narrow woven ribbons: Firms' responses regarding demand outside the United States for narrow woven ribbons

Item	Increase	No change	Decrease	Fluctuate
Demand outside the United States				
U.S. producers	0	2	1	0
Importers	0	13	3	4
Purchasers	0	3	2	2
Foreign producers (home market)	1	4	1	2
Foreign producers (other markets)	1	3	2	2
Anticipated future demand outside the United States				
U.S. producers	0	2	1	0
Importers	1	13	2	4
Purchasers	1	3	1	2
Foreign producers (home market)	1	5	1	1
Foreign producers (other markets)	1	3	2	2

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

Most firms (24 of 26 importers) had no knowledge of prices in non-U.S. markets. One importer (***) stated that prices are generally lower in non-U.S. markets. Another (***) stated that the presence of low-priced imports from subject producers has led to lower prices in non-U.S. markets and its export business is limited in part because it believes that its products

would not be price-competitive in non-U.S. markets. Foreign producers *** stated that prices are higher in the United States because the United States has higher quality requirements, which increases production costs.²⁸ *** stated that its “price is too high for the U.S. market, its home market is too small, and the European customer prefers higher quality ribbon that fits the company more.”

Table IV-15 presents data from Global Trade Atlas on the largest exporters of narrow woven fabrics of man-made fibers, which include, but are not limited to, exports of narrow woven ribbons.²⁹ In 2015, China was the world’s largest exporter of the broader category of narrow woven fabrics of man-made fibers, accounting for about 33 percent of the world’s total exports. Germany was the world’s second-largest exporter of narrow woven fabrics of man-made fibers, accounting for about 10 percent of global exports. Taiwan and the United States were the world’s third and fourth largest exporters with 9 percent and 8 percent, respectively, of global exports.

²⁸ Respondent interested parties stated that prices in the United States are higher than in other markets at the Commission’s hearing: “{w}hile it is true that price in the U.S. market are sometimes higher, it must be noted that the quality of ribbons sold in the U.S. generally is higher than in other markets, meaning production costs are higher as well for ribbons sold...to the U.S.” Hearing transcript, p. 134 (Lo).

²⁹ The trade data presented are derived from Global Trade Atlas, HS subheading 5806.32. The products covered under the HS classification include all narrow woven fabrics of man-made fibers (which is significantly broader than subject merchandise).

Table IV-15**Narrow woven fabrics of man-made fibers: Global exports by major sources, 2010-15**

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Value (1,000 dollars)					
United States	162,489	163,050	160,158	151,327	158,114	160,236
Subject exporters.--						
China	348,745	462,915	491,353	610,491	696,359	662,465
Taiwan	144,683	160,376	170,020	179,024	182,608	176,355
Subtotal, subject exporters	493,428	623,290	661,373	789,516	878,967	838,820
All other top exporters.--						
Germany	163,973	193,189	174,547	176,273	186,325	195,615
Hong Kong	105,249	108,662	110,205	112,933	106,849	111,129
Italy	55,307	66,799	58,202	61,877	70,596	63,825
France	55,356	60,494	57,808	62,696	59,366	58,911
Belgium	62,565	68,073	53,774	67,261	61,963	56,036
South Korea	54,084	59,812	58,947	60,396	55,884	50,592
Japan	69,555	76,988	78,774	66,303	53,887	48,564
Spain	39,876	44,516	50,138	44,860	39,738	40,277
Canada	35,779	29,305	36,778	35,455	38,572	37,752
Philippines	31,469	33,043	31,769	23,345	38,973	34,067
Subtotal, top exporters	673,213	740,881	710,941	711,399	712,154	696,769
All others	370,500	424,880	398,022	405,369	391,181	328,139
Total global exports	1,699,629	1,952,102	1,930,494	2,057,611	2,140,415	2,023,965
	Share of value (percent)					
United States	9.6	8.4	8.3	7.4	7.4	7.9
Subject exporters.--						
China	20.5	23.7	25.5	29.7	32.5	32.7
Taiwan	8.5	8.2	8.8	8.7	8.5	8.7
Subtotal, subject exporters	29.0	31.9	34.3	38.4	41.1	41.4
All other top exporters.--						
Germany	9.6	9.9	9.0	8.6	8.7	9.7
Hong Kong	6.2	5.6	5.7	5.5	5.0	5.5
Italy	3.3	3.4	3.0	3.0	3.3	3.2
France	3.3	3.1	3.0	3.0	2.8	2.9
Belgium	3.7	3.5	2.8	3.3	2.9	2.8
South Korea	3.2	3.1	3.1	2.9	2.6	2.5
Japan	4.1	3.9	4.1	3.2	2.5	2.4
Spain	2.3	2.3	2.6	2.2	1.9	2.0
Canada	2.1	1.5	1.9	1.7	1.8	1.9
Philippines	1.9	1.7	1.6	1.1	1.8	1.7
Subtotal, top exporters	39.6	38.0	36.8	34.6	33.3	34.4
All others	21.8	21.8	20.6	19.7	18.3	16.2
Total global exports	100.0	100.0	100.0	100.0	100.0	100.0

Note.—Mexico's exports of narrow woven fabrics of man-made fibers totaled \$31.3 million in 2015.

Source: Official export statistics as reported by various national authorities in the GTIS/GTA database, HTS subheading 5806.32, accessed June 1, 2016.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

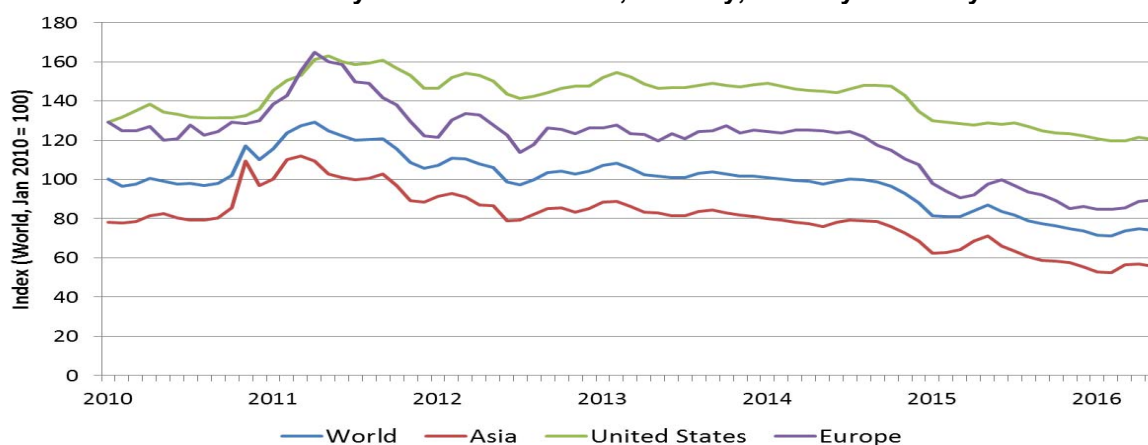
Raw material costs

Fabric – primarily synthetic – is the primary raw material for narrow woven ribbons. Fabric, in turn, is made from yarns, including polyester, nylon, acetate, and rayon. In the original investigations, producer *** reported that polyester yarn used accounted for *** percent of its total raw material costs. Other raw materials cited included dyes (reportedly accounting for *** percent of total raw material costs), corrugated packaging, and paper and plastic spools.¹ U.S. producers reported that their raw material costs accounted for *** percent of COGS in 2010, increasing to *** percent in 2014, but falling to *** percent in 2015.

U.S. producers *** regarding raw material price trends since 2010: ***. Based on data in trade publications, however, *** anticipates increases in raw material prices in the near future.² According to PCI Fibres, a specialist consultant to the fibers and related industries, synthetic fiber prices have increased from the beginning of 2010 until mid-2011 in Asia, Europe, and the United States (figure V-1). Since that time, however, prices generally decreased through 2015 before stabilizing in 2016.

Figure V-1

Narrow woven ribbons: PCI Synthetic Fibres Index, monthly, January 2010-May 2016



Source: PCI Fibres, <http://pcfifibres.com/index.php/pci-fibres-index>, retrieved May 27, 2016.

¹ *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Inv. Nos. 701-TA-467 and 731-TA-1164-1165 (Final)*, USITC Publication 4180, August 2010, p. V-1.

² Foreign producers were also asked how the prices of raw materials had changed since 2010 and how they expect them to change in the near future. One foreign producer indicated that raw material prices have risen since 2010, but the other seven responding foreign producers indicated the raw material prices have fluctuated. These foreign producers expect these trends to continue for the next year or two.

Transportation costs to the U.S. market

Transportation costs for narrow woven ribbons shipped from China and Taiwan to the United States averaged 6.5 and 4.3 percent, respectively, in 2015. These estimates were derived from official import data and represent transportation and other charges on imports.³

Twenty-two of 26 responding importers and five of six responding foreign producers reported that the importer typically arranges international transportation. Three importers and one foreign producer reported that the cost of shipping narrow woven ribbons to the United States ranged from \$0.12 to \$1.00 per square yard.

U.S. inland transportation costs

*** importers reported that they typically arrange U.S. inland transportation to their customers, whereas *** importers reported that purchasers typically arrange U.S. inland transportation. The large majority of importers ship from domestic storage facilities rather than the port of entry. U.S. producers reported that their U.S. inland transportation costs ***. Most responding importers (15 of 18) reported that U.S. inland transportation costs ranged from 0.8 to 10 percent, while three importers reported costs of between 14 and 20 percent.

PRICING PRACTICES

Pricing methods

U.S. producers ***. *** stated that it prices its narrow woven ribbons based on how the ribbons are planned to be sold ***.⁴ Most importers (15 of 27) reported using transaction-by-transaction negotiations, ten importers use set price lists, and nine use some other method of determining prices. Eight importers reported selling narrow woven ribbons via short-term, annual, or long-term contracts (table V-1).⁵ *** stated that it sells imports via long-term contracts. Six importers (***) sold a majority of their imported narrow woven ribbons via short-term contracts. ***. It indicated that ***. Four of six responding importers' short-term contracts do not contain price renegotiation clauses. All four responding importers noted that short-term contracts fix both price and quantity and do not contain meet-or-release provisions.

³ The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2015 and then dividing by the customs value based on the HTS statistical reporting number 5806.32.10.

⁴ "***." ***.

⁵ In addition, *** reported selling via contracts, even though their sales are typically through their retail outlets.

Table V-1

Narrow woven ribbons: U.S. producers and importers reported price setting methods, by number of responding firms¹

Method	U.S. producers	Importers
Transaction-by-transaction	2	15
Contract	1	8
Set price list	1	10
Other	1	9

¹ The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

Purchasers reported purchasing narrow woven ribbons in a variety of frequencies. Five reported buying on a weekly basis, four monthly, three quarterly, two annually, one around the Christmas season, and one firm (***) buys in multiple frequencies based on the department that is ordering the ribbons. Purchasers contact from one to five suppliers before making a purchase, most of which (9 of 15) contact three or fewer suppliers. Two only contact one supplier.

Sales terms and discounts

*** and 18 of 23 responding importers quote prices on an f.o.b. basis. **. Nearly half of importers (12 of 26) offer quantity discounts, four offer total annual volume discounts, and seven offer other discounts, whereas seven importers do not offer discounts for narrow woven ribbons sales. ** 12 of 23 responding importers reported sales terms of net 30 days, with three importers offering early payment discounts, while 12 of 23 responding importers noted some other form of sales terms like cash on delivery, credit cards, checks, or other forms of payment at retail locations. *** offers net 60-day payment terms.⁶

Price leadership

Two purchasers identified a price leader in the narrow woven ribbons market: *** reported that Yama Ribbons' Ribest USA Division is a price leader, adding that its prices are 40 to 50 percent less than Berwick Offray's prices, whereas *** indicated that Berwick Offray is the price leader. Five of the six other responding purchasers stated they did not have sufficient market knowledge to identify any price leaders. In addition, *** reported that all of its ribbons are custom-produced, and it is the customers' specifications that drive the price, not a producer.

⁶ Some importers reported offering multiple types of sales terms.

Internet marketing and auctions

At the hearing, Berwick Offray noted that the role of the internet as both a conduit for sales and a mechanism for price discovery has increased.⁷ Also, it reported that sales via the internet take place at multiple levels: from the producer, distributor, and retailer.⁸ Since the original investigations, Berwick Offray has started selling narrow woven ribbons direct to U.S. consumers via the internet.⁹ A witness for importer May Arts also noted an increase in the importance of the internet as a sales vehicle.¹⁰ He also testified that a secondary effect of the increase of internet sales is the compression of lead times. Instead of customers making holiday purchases in April to June, they are waiting until September or October.¹¹

When asked whether the marketing of narrow woven ribbons via the internet had changed since 2010, the majority of responding firms indicated that there had been no change. ***, 9 of 26 responding importers, and 5 of 13 responding purchasers stated that there had been an increase in the prevalence of selling narrow woven ribbons via the internet.¹² Only one purchaser noted a decrease in the prevalence of internet marketing since 2010. Nearly all responding firms anticipate similar trends in the near future. Five of ten responding purchasers, however, indicated that competition from online sellers had increased since January 1, 2010.

, 8 of 10 responding importers, and 7 of 9 responding purchasers indicated that the prevalence of internet auctions had not changed since 2010. Importer *** stated that many online sellers offer “incredibly low prices” and that it has seen “consistent price battles of narrow woven ribbons online.” One purchaser () noted a decrease in the prevalence of internet auctions since 2010 due to antidumping duties. When asked if they had participated in online auctions since 2010, *** indicated that they had done so.

Price data

The Commission requested that U.S. producers and importers provide quarterly data for the total quantity and f.o.b. value of the following narrow woven ribbon products sold to unrelated U.S. customers during 2010-15:

⁷ Hearing transcript, p. 12 (Dorris) and 109-110, 112-113 (Munyan).

⁸ Hearing transcript, pp. 100 and 112 (Kaplan).

⁹ Hearing transcript, p. 24 (Pajic), 27 (Lorenzini), and 111 (Munyan).

¹⁰ Hearing transcript, pp. 147, 150, and 190 (Duffey).

¹¹ Hearing transcript, p. 191 (Duffey).

¹² ***.

Product 1.—Single faced satin of solid color, without woven or applied embellishments,¹³ with a woven selvedge with *no wire*, with a width of 3/8”.

Product 2.—Single faced satin of non-solid color, with or without woven or applied embellishments, with a woven selvedge with *no wire*, with a width of 7/8”.

Product 3.—Double faced satin of solid color, without woven or applied embellishments, with a woven selvedge with *no wire*, with a width of 3/8”.

Product 4.—Sheers of solid color, without woven or applied embellishments, with a woven selvedge *with wire*, with a width of 1½”.

Product 5.—Sheers of non-solid color, with or without woven or applied embellishments, with a woven selvedge, *with wire*, with a width of 7/8”.

Product 6.—Grosgrain of non-solid color, with or without applied embellishments, with a woven selvedge, with *no wire*, with a width of 7/8”.

One U.S. producer and 12 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹⁴ ***. Pricing data reported by these firms accounted for approximately *** percent of the value of U.S. producers’ commercial shipments of narrow woven ribbons, *** percent of the value of U.S. shipments of subject imports from China, and *** percent of the value of U.S. shipments of subject imports from Taiwan in 2015. Price data for products 1-6 are presented in tables V-2 to V-7 and figures V-2 to V-7.¹⁵

¹³ Woven or applied embellishments include, but are not limited to: woven embellishments using a jacquard mechanism, narrow woven ribbon made from differently colored yarns (yarns dyed before weaving), screen printed embellishments, flexography printed embellishments, transfer printed embellishments, and foil stamped embellishments.

¹⁴ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

¹⁵ The Commission also requested purchase cost data for the pricing products for imports of narrow woven ribbons that were internally consumed or sold via the importer’s retail establishments. Six importers reported this type of data; the data are presented in tables V-10 to V-16 and figures V-8 to V-13. When these purchase cost data are included, these pricing products represented *** percent of the value of U.S. commercial shipments of subject imports from China and *** percent of the value of U.S. commercial shipments of subject imports from Taiwan in 2015.

Table V-2

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2010-December 2015

* * * * *

Table V-3

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2010-December 2015

* * * * *

Table V-4

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2010-December 2015

* * * * *

Table V-5

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarter, January 2010-December 2015

* * * * *

Table V-6

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarter, January 2010-December 2015

* * * * *

Table V-7

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarter, January 2010-December 2015

* * * * *

Figure V-2

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2010-December 2015

* * * * *

Figure V-3

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2010-December 2015

* * * * *

Figure V-4

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2010-December 2015

* * * * *

Figure V-5

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2010-December 2015

* * * * *

Figure V-6

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 5, by quarter, January 2010-December 2015

* * * * *

Figure V-7

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 6, by quarter, January 2010-December 2015

* * * * *

Price trends

*** reported data for all products. Domestic prices for products 1, 2, and 4 generally decreased during 2010-15, but product 4 displayed higher variability in the prices. Domestic prices for product 3 generally increased over the period, while prices for products 5 and 6 displayed no definitive trend. Whereas prices for product 3 were more variable than those for products 1, 2, and 4, the variability in pricing for domestic products 5 and 6 was even higher. For example, in 2015, the quarterly prices for product 6 were both the two highest prices and two of the four lowest prices in the period.

Prices for imported products 1, 2, 5, and 6 from China were relatively stable. Prices for product 3 from China increased by more than *** percent between the last quarter of 2011 and the first quarter of 2012, decreased until the second quarter of 2014, and then generally increased through 2015. Prices for product 4 imported from China increased slightly over the period, but decreased substantially in 2012 before recovering to their prior levels in 2013.

Prices for imported product 1 from Taiwan were relatively stable, with the exception of a decline in price level after the inclusion of *** data beginning in 2011; smaller volumes with higher prices from *** were overshadowed in later quarters. Pricing data for product 3 from Taiwan showed seasonal pricing changes, generally increasing throughout each year and then falling back to a similar price in the following first quarter. Product 4 also displayed seasonal variations; however its price peaked in the third quarter of each year and then generally declined through the next three quarters. Prices of product 5 generally increased but showed

much less seasonal variation. Prices of products 2 and 6 increased considerably between 2010 and 2011 and generally decreased from 2011 through 2014, but were higher in 2015. Price changes are presented in Table V-8.

Table V-8
Narrow woven ribbons: Summary of weighted-average f.o.b. prices for products 1-6 from the United States, China, and Taiwan

* * * * *

Price comparisons

As shown in table V-9, prices for narrow woven ribbons imported from China and Taiwan were below those for U.S.-produced product in the vast majority of comparisons: 117 of 118 quarters for China and 123 of 128 quarters for Taiwan. Margins of underselling for products 1-6 imported from China ranged from 12.0 to 74.8 percent, averaging 47.7 percent, while margins of underselling for products 1-6 imported from Taiwan ranged from 3.4 to 75.1 percent, averaging 39.3 percent. The margin of overselling for product 4 from China was *** percent, and the margins of overselling for products 4 and 5 imported from Taiwan ranged between *** and *** percent, averaging *** percent.

Table V-9

Narrow woven ribbons: Instances, ranges, and average margins of underselling/(overselling), by country, January 2010-December 2015¹

Product	Number of quarters of underselling	Number of quarters of (overselling)	Margins of underselling			Margins of (overselling)		
			Average (percent)	Range (percent)		Average (percent)	Range (percent)	
				Min	Max		Min	Max
China:								
Product 1	24	0	***	***	***	--	--	--
Product 2	24	0	***	***	***	--	--	--
Product 3	24	0	***	***	***	--	--	--
Product 4	19	1	***	***	***	***	***	***
Product 5	2	0	***	***	***	--	--	--
Product 6	24	0	***	***	***	--	--	--
Total	117	1	47.7	12.0	74.8	***	***	***
Taiwan:								
Product 1	24	0	***	***	***	--	--	--
Product 2	24	0	***	***	***	--	--	--
Product 3	24	0	***	***	***	--	--	--
Product 4	20	4	***	***	***	***	***	***
Product 5	7	1	***	***	***	***	***	***
Product 6	24	0	***	***	***	--	--	--
Total	123	5	39.3	3.4	75.1	***	***	***
Grand Total	240	6	43.4	3.4	75.1	(21.4)	(2.9)	(43.9)

¹ In the original investigations, subject imports from China were priced lower than domestic product in 65 of 69 comparisons, with underselling margins averaging 49.2 percent. Subject imports from Taiwan were priced lower than domestic product in 53 of 72 comparisons, with underselling margins averaging 42.5 percent. *Narrow Woven Ribbons with Woven Selvedge from China and Taiwan, Invs. No. 701-TA-467 and 731-TA-1164-1165 (Final)*, USITC Publication 4180, August 2010, pp. V-24-25.

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

Purchase cost data

Importers were requested to provide quarterly purchase cost data for the six pricing products if they were internally consumed or sold via an importer's retail outlet. Among the seven importers that reported internal consumption or retail sales, five importers¹⁶ reported purchase cost data for narrow woven ribbons imported from China and five reported data for narrow woven ribbons imported from Taiwan.¹⁷ Importers reported data for all six pricing products, but fewer quarters of purchase cost data were reported than import sales data. These price items are comparable to those presented in tables V-2 to V-7. Purchase cost and quantity data for China and Taiwan are shown in tables V-10 to V-16 and in figures V-8 to V-13 (with domestic sales data in the tables and domestic and import sales data in the figures for reference purposes).

Table V-10

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and import cost and quantities of imported product 1, by quarter, January 2010-December 2015

* * * * *

Table V-11

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and import cost and quantities of imported product 2, by quarter, January 2010-December 2015

* * * * *

Table V-12

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and import cost and quantities of imported product 3, by quarter, January 2010-December 2015

* * * * *

Table V-13

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and import cost and quantities of imported product 4, by quarter, January 2010-December 2015

* * * * *

¹⁶ ***.

¹⁷ In addition, ***. However, the quantities which *** matched the quantities sold in the import sales data presented in tables V-2 to V-7. These volumes are not included in the direct import cost calculations, as they are neither internally consumed or sold at the retail level. *** also reported both import cost data for internal consumption/retail sales and import sales data. However, these quantities did not match and often differed considerably. Differences between prices and unit costs also varied among importers. ***.

Table V-14

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and import cost and quantities of imported product 5, by quarter, January 2010-December 2015

* * * * *

Table V-15

Narrow woven ribbons: Weighted-average f.o.b. prices and quantities of domestic and import cost and quantities of imported product 6, by quarter, January 2010-December 2015

* * * * *

Figure V-8

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2010-December 2015

* * * * *

Figure V-9

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2010-December 2015

* * * * *

Figure V-10

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2010-December 2015

* * * * *

Figure V-11

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2010-December 2015

* * * * *

Figure V-12

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 5, by quarter, January 2010-December 2015

* * * * *

Figure V-13

Narrow woven ribbons: Weighted-average prices and quantities of domestic and imported product 6, by quarter, January 2010-December 2015

* * * * *

APPENDIX A

FEDERAL REGISTER NOTICES

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

Citation	Title	Link
80 FR 45945 August 3, 2015	<i>Initiation of Five-Year ("Sunset") Review</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-08-03/pdf/2015-18977.pdf
80 FR 46048, August 3, 2015	<i>Narrow Woven Ribbons With Woven Selvedge From China and Taiwan; Institution of Five-Year Reviews</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-08-03/pdf/2015-18819.pdf
80 FR 73829, November 25, 2015	<i>Narrow Woven Ribbons With Woven Selvedge From China and Taiwan; Notice of Commission Determinations To Conduct Full Five-Year Reviews</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-11-25/pdf/2015-29938.pdf
80 FR 75967, December 7, 2015	<i>Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-12-07/pdf/2015-30790.pdf
80 FR 76266, December 8, 2015	<i>Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China and Taiwan: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders</i>	http://www.gpo.gov/fdsys/pkg/FR-2015-12-08/pdf/2015-30898.pdf
81 FR 10279, February 29, 2016	<i>Narrow Woven Ribbons With Woven Selvedge From China and Taiwan; Scheduling of Full Five-Year Reviews</i>	http://www.gpo.gov/fdsys/pkg/FR-2016-02-29/pdf/2016-04319.pdf

Footnotes on following page.

Note.—The press release announcing the Commission’s determinations concerning adequacy and the conduct of a full or expedited review can be found at http://usitc.gov/press_room/news_release/2012/er0409kk1.htm. A summary of the Commission’s votes concerning adequacy and the conduct of a full or expedited review can be found at <http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11452>. The Commission’s explanation of its determinations can be found at <http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11453>.

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Narrow Woven Ribbons with Woven Selvedge from China and Taiwan

Inv. Nos.: 701-TA-467 and 731-TA-1164-1165 (Review)

Date and Time: July 12, 2016 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

OPENING REMARKS:

In Support of Continuation of Orders (**Gregory C. Dorris**, Pepper Hamilton LLP)
In Opposition of Continuation of Orders (**Spencer S. Griffith**, Akin Gump Strauss Hauer & Feld LLP)

In Support of the Continuation of the Antidumping and Countervailing Duty Orders:

Pepper Hamilton LLP
Washington, DC
on behalf of

Berwick Offray LLC

Chris Munyan, President *and* Chief Executive Officer, Berwick Offray LLC

Julie Pajic, Director of Sales, Berwick Offray LLC

Rick Lee, Hagerstown Plant Manager, Berwick Offray LLC

Lynne Fox, President, Workers United

Julie Lorenzini, Director of Sales, Berwick Offray LLC

Marla O'Dell, Vice President of Sales, Berwick Offray LLC

Chris Sorensen, Executive Vice President of Operations, Berwick Offray LLC

**In Support of the Continuation of
the Antidumping and Countervailing Duty Orders (continued):**

Dr. Seth T. Kaplan, Senior Economic Advisor, Capital Trade, Inc.

Andrew Szamosszegi, Principal, Capital Trade, Inc.

Gregory C. Dorris) – OF COUNSEL

**In Opposition of the Continuation of
the Antidumping and Countervailing Duty Orders:**

Akin Gump Strauss Hauer & Feld LLP
Washington, DC
on behalf of

Taiwan Silk & Filament Weaving Industrial Association
Roung Shu Industry Corporation
King Young Enterprise Co., Ltd.
Fujian Rongshu Industry Co., Ltd.
Xiamen Yi-He Textile Co. Ltd.

Kelly Lo, Sales Manager, Fujian Rongshu Industry Co., Ltd. and
Xiamen Yi-He Textile Co. Ltd.

Susan Lo, Interpreter for Kelly Lo

Diana Yang, Sales Manager, Roung Shu Industry Corporation

Melissa Freeborn, Merchandise Manager, Hobby Lobby Stores, Inc.

Joe Duffey, Owner, May Arts, LLC

Spencer S. Griffith)
) – OF COUNSEL

Dallas A. Woodrum)

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Gregory C. Dorris**, Pepper Hamilton LLP;
and **Dr. Seth T. Kaplan**, Capital Trade, Inc.)

In Opposition of Continuation of Orders (**Spencer S. Griffith**, Akin Gump Strauss
Hauer & Feld LLP)

APPENDIX C
SUMMARY DATA

Table C-1
Narrow woven ribbons: Summary data concerning the U.S. market, 2010-15

* * * * *

HISTORICAL DATA

Table C-1

Narrow woven ribbons: Summary data concerning the U.S. market, 2007-09

Item	Reported data ¹			Period changes ²		
	2007	2008	2009	2007-09	2007-08	2008-09
U.S. consumption quantity						
Amount (1,000 sq. yards)	***	***	***	***	***	***
Market shares by quantity (percent)						
U.S. producers' share	***	***	***	***	***	***
U.S. importers' share						
China	***	***	***	***	***	***
Taiwan, subject	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	***
Taiwan, nonsubject	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Subtotal, nonsubject	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. consumption value						
Amount (1,000 dollars)	***	***	***	***	***	***
Market shares by value (percent)						
U.S. producers' share	***	***	***	***	***	***
U.S. importers' share						
China	***	***	***	***	***	***
Taiwan, subject	***	***	***	***	***	***
Subtotal, subject	***	***	***	***	***	***
Taiwan, nonsubject	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Subtotal, nonsubject	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. shipments of imports from--						
China						
Quantity (1,000 sq. yards)	***	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***	***
Unit value (per sq. yard)	***	***	***	***	***	***
Inventory (1,000 sq. yards)	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

Narrow woven ribbons: Summary data concerning the U.S. market, 2007-09

Item	Reported data ¹			Period changes ²		
	2007	2008	2009	2007-09	2007-08	2008-09
U.S. shipments of imports from--						
Taiwan, subject						
Quantity (1,000 sq. yards)	12,226	10,880	8,634	-29.4	-11.0	-20.6
Value (1,000 dollars)	33,210	33,762	28,301	-14.8	1.7	-16.2
Unit value (per sq. yard)	\$2.72	\$3.10	\$3.28	20.7	14.2	5.6
Inventory (1,000 sq. yards)	***	***	***	***	***	***
Subtotal, subject						
Quantity (1,000 sq. yards)	***	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***	***
Unit value (per sq. yard)	***	***	***	***	***	***
Inventory (1,000 sq. yards)	***	***	***	***	***	***
Taiwan, nonsubject						
Quantity (1,000 sq. yds)	***	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***	***
Unit value (per sq. yard)	***	***	***	***	***	***
Inventory (1,000 sq. yards)	***	***	***	***	***	***
All other sources						
Quantity (1,000 sq. yards)	***	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***	***
Unit value (per sq. yard)	***	***	***	***	***	***
Inventory (1,000 sq. yards)	***	***	***	***	***	***
Subtotal, nonsubject						
Quantity (1,000 sq. yards)	***	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***	***
Unit value (per sq. yard)	***	***	***	***	***	***
Inventory (1,000 sq. yards)	***	***	***	***	***	***
Total import shipments						
Quantity (1,000 sq. yards)	28,655	29,083	21,994	-23.2	1.5	-24.4
Value (1,000 dollars)	99,706	96,125	70,266	-29.5	-3.6	-26.9
Unit value (per sq. yard)	\$3.48	\$3.31	\$3.19	-8.2	-5.0	-3.3
Inventory (1,000 sq. yards)	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

Narrow woven ribbons: Summary data concerning the U.S. market, 2007-09

Item	Reported data ¹			Period changes ²		
	2007	2008	2009	2007-09	2007-08	2008-09
U.S. producers ¹ :						
Total hypothetical capacity (1,000 sq. yards)	***	***	***	***	***	***
Production (1,000 sq. yards)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***
Average production capacity (1,000 sq. yards)	***	***	***	***	***	***
Production (1,000 sq. yards)	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***
U.S. shipments:						
Quantity (1,000 sq. yards)	***	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***	***
Unit value (per sq. yard)	***	***	***	***	***	***
Export shipments:						
Quantity (1,000 sq. yards)	***	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***	***
Unit value (per sq. yard)	***	***	***	***	***	***
Ending inventory (1,000 sq. yards)	***	***	***	***	***	***
Inventories/total shipments (percent)	***	***	***	***	***	***
Production workers (number)	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid (1,000 dollars)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (yards per hour)	***	***	***	***	***	***
Unit labor costs (per sq. yard)	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

Narrow woven ribbons: Summary data concerning the U.S. market, 2007-09

Item	Reported data ¹			Period changes ²		
	2007	2008	2009	2007-09	2007-08	2008-09
U.S. producers ¹ :						
Net sales:						
Quantity (1,000 sq. yards)	***	***	***	***	***	***
Value (1,000 dollars)	***	***	***	***	***	***
Unit value (per sq. yard)	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
COGS/Sales	***	***	***	***	***	***
Operating income or (loss)/sales	***	***	***	***	***	***
¹ Reported data are as follows (unless otherwise indicated): quantity data in 1,000 square yards; value data in 1,000 dollars; unit data in "per square yard" measures, share and ratio data in percent with specificity of one decimal point. ² Period change data in percent or in percentage points off of share and ratio data.						
Source: Compiled from data submitted in response to Commission questionnaires.						

APPENDIX D

**RESPONSES CONCERNING THE SIGNIFICANCE OF THE ORDERS AND LIKELY
EFFECTS OF REVOCATION**

This section is confidential in its entirety

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