

FACT SHEET

Preliminary Determination of Antidumping Duty Investigation: Certain Artist Canvas from the People's Republic of China

On October 31, the Department of Commerce (the Department) announced its preliminary determination in the antidumping duty investigation of certain artist canvas from the People's Republic of China (PRC). We preliminarily find that producers/exporters have sold artist canvas from the PRC in the U.S. market at less than fair value, with margins ranging from 55.78 percent to 264.09 percent. As a result of this preliminary determination, the Department will instruct U.S. Customs and Border Protection to suspend liquidation of entries of subject merchandise and to collect a bond or cash deposit based on the preliminary margins.

Next Steps: The Department will consider all submitted comments from interested parties along with other record evidence before making its final determination in March 2006. If the Department makes a final determination that imports were sold below fair value in this investigation and the U.S. International Trade Commission (ITC) makes a final affirmative determination that imports from the PRC materially injure, or threaten material injury to, the domestic industry, the Department will issue an antidumping duty order and instruct U.S. Customs and Border Protection to collect cash deposits on imports of subject merchandise.

Petitioners: The petition requesting this investigation was filed on April 1, by Tara Materials, Inc. (GA).

Mandatory Respondents: The Department selected two mandatory respondents, Ningbo Conda Import & Export Co., Ltd. (Ningbo Conda) and its affiliated exporters (Conda (Ningbo) Painting Material Manufacturing Co., Ltd. ("Conda Painting") and Jinhua Universal Canvas Manufacturing Co., Ltd. ("Jinhua Universal")) and Wuxi Phoenix Artist Materials Co., Ltd. (Phoenix Materials) and its affiliated exporter Wuxi Phoenix Stationary Co. Ltd ("Phoenix Stationary") in this investigation. The two mandatory respondents accounted for roughly 93 percent of all imports of artist canvas from the PRC to the United States during the period of investigation.

Section A Respondents (Companies Receiving a "Separate Rate"): The Department applied its modified process by which exporters and producers may obtain separate-rate status in non-market economy investigations. The new process requires exporters and producers to submit a separate-rate status application. However, the standard for eligibility for a separate rate (which is whether a firm can demonstrate an absence of both *de jure* and *de facto* governmental control over its export activities) has not changed. Companies not selected as mandatory respondents may request a separate rate by providing the separate rate application to the Department. The Department received two such applications by companies claiming that their export activities are not controlled by the PRC government i.e., Hangzhou Foreign Relation & Trade Service Co. Ltd. (HFERTS) and Jiangsu Animal By-products Import & Export Group Corp. (Jiangsu By-products). Separate-rate status entitles the exporter to an antidumping duty rate based on a weighted-average of the mandatory respondents' rates rather than the PRC-wide rate. As a result

of our analysis of the companies application, the Department found that both applicants demonstrated their eligibility for separate rate status. However, the Department has not yet determined whether HFERTS had exports of subject merchandise and, therefore, we are not assigning HFERTS a separate rate. Nonetheless, we have determined to provide Jiangsu By-products a separate rate and that rate is 70.28 percent.

Combination Rates: In our initiation notice, the Department stated that we would calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. Our change in practice is described in Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries, (April 5, 2005). The policy bulletin states that while continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of “combination rates” because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question *and* produced by a firm that supplied the exporter during the period of investigation.

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

Artist canvases subject to this investigation are currently classifiable under subheadings 5901.90.20.00 and 5901.90.40.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Specifically excluded from the scope of this investigation are tracing cloths, “paint-by-number” or “paint-it-yourself” artist canvases with a copyrighted preprinted outline, pattern, or design, whether or not included in a painting set or kit.¹ Also excluded are stretcher strips, whether or not made from wood, so long as they are not incorporated into artist canvases or sold as part of an artist canvas kit or set. While the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

¹Artist canvases with a non-copyrighted preprinted outline, pattern, or design are included in the scope, whether or not included in a painting set or kit.

Preliminary Dumping Margins:

| PRODUCER/EXPORTER | DUMPING MARGIN |
|---|-----------------------|
| Jinhua Universal or Wuxi Silver Eagle | 55.78 |
| Wuxi Pegasus | 55.78 |
| Jinhua Universal | 55.78 |
| Phoenix Materials or Phoenix Stationary or Shuyang | 73.66 |
| Phoenix Materials or Phoenix Stationary or Shuyang | 73.66 |
| Jiangsu By-products | 70.28 |
| PRC Wide Rate | 264.09 |

Case Calendar:

| EVENT | DATE OF ACTION |
|--|-------------------------|
| Petition Filed | March 31, 2005 |
| Initiation Date | April 20, 2005 |
| ITC Preliminary Determination | May 24, 2005 |
| ITA Preliminary Determination | October 28, 2005 |
| ITA Final Determination | March 22, 2006 |
| ITC Final Determination | June 8, 2006 |
| Signature of Order (Estimated)* | June 15, 2006 |

* This will take place only in the event of final affirmative determinations by both the Department and the ITC.

Import Statistics:

| | 2002 | 2003 | 2004 |
|---------------------------|------------------|------------------|------------------|
| Volume (sq meters) | 393,000 | 629,000 | 4,547,000 |
| Value (\$US) | 1,303,000 | 2,586,000 | 6,871,000 |

Source: U.S. ITC Trade DataWeb for HTS categories 59019020 and 59019040, both of which are basket categories.