

# Folding Gift Boxes from China

Investigation No. 731-TA-921 (Second Review)

Publication 4365

November 2012

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

**UNITED STATES INTERNATIONAL TRADE COMMISSION**  
Investigation No. 731-TA-921 (Second Review)

**FOLDING GIFT BOXES FROM CHINA**

**DETERMINATION**

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

**BACKGROUND**

The Commission instituted this review on April 2, 2012 (77 F.R. 19714) and determined on July 6, 2012 that it would conduct an expedited review (77 F.R. 42762, July 20, 2012).

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



## VIEWS OF THE COMMISSION

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

### 1. BACKGROUND

The original investigation of folding gift boxes from China was instituted on February 20, 2001, based on a petition filed by Harvard Folding Box Co., Inc. (“Harvard”) and Field Container Co., L.P. (“Field”).<sup>1</sup> In December 2001, the Commission determined that an industry in the United States was materially injured by reason of imports of folding gift boxes sold at less than fair value (“LTFV”) from China.<sup>2</sup> The U.S. Department of Commerce (“Commerce”) imposed an antidumping duty order on imports of certain folding gift boxes from China on January 8, 2002.<sup>3</sup>

The Commission expedited its first five-year review of the antidumping duty order on folding gift boxes from China.<sup>4</sup> The sole response to the notice of institution was filed by domestic producer Harvard, estimated to account for \*\*\* percent of U.S. production of folding gift boxes in 2005.<sup>5</sup> The Commission did not receive a response from any respondent interested party. In December 2007, the Commission determined that revocation of the antidumping duty order on folding gift boxes from China would result in a continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.<sup>6</sup> Commerce issued a notice continuing the antidumping duty order in May 2007.<sup>7</sup>

The Commission instituted this review on April 2, 2012.<sup>8</sup> The Commission received one substantive response to the notice of institution, from the Folding Gift Boxes Fair Trade Coalition (“Domestic Coalition”), which comprises the majority of producers of the domestic like product.<sup>9</sup> Because the Commission received an adequate response from domestic producers, accounting for an estimated \*\*\* of domestic production of folding gift boxes in 2011, it found that the domestic interested party group response was adequate. The Commission received no response from any producers or exporters of folding gift boxes in China or from any U.S. importers of the subject merchandise, and

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<sup>1</sup> Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final), USITC Pub. 3480 (Dec. 2001), at I-1 (“Original Determination”).

<sup>2</sup> Original Determination, USITC Pub. 3480 at 3.

<sup>3</sup> Notice of Antidumping Duty Order: Certain Folding Gift Boxes from the People’s Republic of China, 67 Fed. Reg. 864 (January 8, 2002).

<sup>4</sup> Folding Gift Boxes from China, Inv. No. 731-TA-921 (Review), USITC Publication 3917 (Apr. 2007) (“First Review”).

<sup>5</sup> First Review, USITC Pub. 3917 at Table I-4.

<sup>6</sup> First Review, USITC Pub. 3917 at 3.

<sup>7</sup> 72 Fed. Reg. 28025 (May 18, 2007).

<sup>8</sup> Institution of a Five-year Review concerning the Antidumping Duty Order on Folding Gift Boxes from China, 77 Fed. Reg. 19714 (Apr. 2, 2012).

<sup>9</sup> Confidential Report (“CR”) at I-3 n.3; Public Report (“PR”) at I-3 n.3. The Domestic Coalition’s members are Harvard and Graphic Packaging International, Inc. (“Graphic Packaging”), manufacturers of folding gift boxes in the United States.



therefore found the respondent interested party group response inadequate.<sup>10</sup> In the absence of an adequate respondent interested party group response or any other circumstances warranting a full review, the Commission determined to conduct an expedited review pursuant to section 751(c)(3) of the Act.<sup>11 12</sup>

## II. DOMESTIC LIKE PRODUCT AND INDUSTRY

### A. Domestic Like Product

In making its determination under section 751(c) of the Act, the Commission defines the “domestic like product” and the “industry.”<sup>13</sup> The 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.”<sup>14</sup> The Commission’s practice in five-year reviews is to look to the domestic like product definition from the original determination and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.<sup>15</sup>

In its preliminary second sunset review determination, Commerce defined the subject merchandise within the scope of the order under review as follows:

a type of folding or knock-down carton manufactured from paper or paperboard. Folding gift boxes are produced from a variety of recycled and virgin paper or paperboard materials, including, but not limited to, clay-coated paper or paperboard and kraft (bleached or unbleached) paper or paperboard. The scope of the order excludes gift boxes manufactured from paper or paperboard of a thickness of more than 0.8 millimeters, corrugated paperboard, or paper mache. The scope of the order also excludes those gift boxes for which no side of the box, when assembled, is at least nine inches in length.

Folding gift boxes included in the scope of the order are typically decorated with a holiday motif using various processes, including printing, embossing, debossing, and

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<sup>10</sup> See Explanation of Commission Determination on Adequacy, CR/PR at Appendix B.

<sup>11</sup> *Id.*; 19 U.S.C. § 1675(c)(3).

<sup>12</sup> Commerce initially determined to conduct an expedited sunset review of the order on folding gift boxes from China. Folding Gift Boxes from the People’s Republic of China: Preliminary Results of the Second Sunset Review of the Antidumping Duty Order, 77 Fed. Reg. 65361, 65362 (Oct. 26, 2012). However, on July 23, 2012, Commerce reconsidered and determined instead to conduct a full sunset review of this order; Commerce reasoned that “because the issues that the Department must analyze pursuant to the *Final Modification for Reviews* are complex, we determined that this sunset review is extraordinarily complicated, pursuant to section 751(c)(5)(C) of the Act.” *Id.* Commerce issued its preliminary results of this second sunset review on October 26, 2012 and plans to issue the final results of its full sunset review no later than February 26, 2013. *Id.* at 65363.

<sup>13</sup> 19 U.S.C. § 1677(4)(A).

<sup>14</sup> 19 U.S.C. § 1677(10); see, e.g., Cleo Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96th Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>15</sup> See, e.g., Internal Combustion Industrial Forklift Trucks From Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); Crawfish Tail Meat From China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); Steel Concrete Reinforcing Bar From Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

foil stamping, but may also be plain white or printed with a single color. The subject merchandise includes folding gift boxes, with or without handles, whether finished or unfinished, and whether in one-piece or multi-piece configuration. One-piece gift boxes are die-cut or otherwise formed so that the top, bottom, and sides form a single, contiguous unit. Two-piece gift boxes are those with a folded bottom and a folded top as separate pieces. Folding gift boxes are generally packaged in shrink-wrap, cellophane, or other packaging materials, in single or multi-box packs for sale to the retail customer. The scope excludes folding gift boxes that have a retailer's name, logo, trademark or similar company information printed prominently on the box's top exterior (such folding gift boxes are often known as "not-for-resale" gift boxes or "give-away" gift boxes and may be provided by department and specialty stores at no charge to their retail customers). The scope of the order also excludes folding gift boxes where both the outside of the box is a single color and the box is not packaged in shrink-wrap, cellophane, other resin-based packaging films, or paperboard.<sup>16</sup>

Folding gift boxes are manufactured from paperboard in a variety of styles and designs. A majority of all folding gift boxes, including imports and approximately 100 percent of "holiday" folding gift boxes, are manufactured from a type of recycled paperboard known as clay-coated newsback, a clay-coated paperboard manufactured from old newspapers and other various recycled fiber.<sup>17</sup>

The scope definition set out above is unchanged from Commerce's scope determinations in the original investigation and first five-year review. In the Commission's original determination and first five-year review, it defined a single domestic like product as certain folding gift boxes for resale, coextensive with the scope of the investigation.<sup>18</sup> In this review, the Domestic Coalition agrees with the Commission's definition of the domestic like product in the original investigation and first five-year review.<sup>19</sup> There is no new information obtained during this second review that would suggest any reason to revisit the Commission's domestic like product definition in the original determination. Therefore, we continue to define the domestic like product as folding gift boxes for resale, coextensive with the scope definition.

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<sup>16</sup> Folding Gift Boxes from the People's Republic of China: Preliminary Results of the Second Sunset Review of the Antidumping Duty Order, 77 Fed. Reg. 65361, 65362 (Oct. 26, 2012).

<sup>17</sup> CR at I-7 and I-8; PR at I-6 and I-7. See also Original Determination, USITC Pub. 3480 at I-3 and I-4; First Review, USITC Pub. 3917 at 4-5.

<sup>18</sup> Original Determination, USITC Pub. 3480 at 7; First Review, USITC Pub. 3917 at 4-5. In the original investigation, the Commission examined the issue of defining the domestic like product to include "not-for-resale" or "give-away" gift boxes, which are not encompassed within the scope. The Commission found that most "for-resale" folding gift boxes within the scope were printed with holiday motifs or were plain white, and shrink-wrapped in multi-box packs. The Commission also found that most "give-away" boxes not within the scope were printed with company names and logos, or were single colors, and were sold in bulk. The Commission determined not to include "give-away" folding gift boxes in the domestic like product because of the differences in physical characteristics, production processes and workers, channels of distribution, customer and producer perceptions, and the limited interchangeability between for-resale and "give-away" folding gift boxes. Original Determination, USITC Pub. 3480 at 5-7.

<sup>19</sup> Domestic Coalition Final Comments (June 15, 2012) at 3 ("Final Comments"); see also Domestic Coalition Response to the Notice of Institution (May 2, 2012) at 24 ("Domestic Coalition Response").

## **B. Domestic Industry**

Section 771(4)(A) of the Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>20</sup> In defining the domestic industry, the Commission’s general practice has been to include all domestic producers of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original determination and first five-year review, the Commission defined the domestic industry as consisting of all domestic producers of folding gift boxes for resale and it did not exclude any domestic producer as a related party.<sup>21 22</sup> In this review, the Domestic Coalition agrees with the Commission’s definition of the domestic industry in the original investigation and first five-year review.<sup>23</sup> There is no new information on the record of this review that would warrant a different definition. Accordingly, we continue to define the domestic industry as all domestic producers of folding gift boxes for resale.

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

### **A. Legal Standard In a Five-Year Review**

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>24</sup> The Statement of Administrative Action to the Uruguay Round Agreements Act (“SAA”) states that “under the likelihood standard, the Commission will engage in a counter-factual 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

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<sup>20</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>21</sup> Original Determination, USITC Pub. 3480 at 7-9. In the original investigation, the domestic industry was comprised of Harvard; Field; Superior Packaging, Inc. (“Superior”); and St. Joseph Packaging, Inc. (“St. Joseph”). In 2004, Superior ceased production of folding gift boxes and now produces give-away boxes. In August 2006, Field merged with Altivity Packaging and operated under the “Altivity” name. In 2008, Altivity merged with Graphic Packaging and now operates under the “Graphic Packaging” name. In this review, there are two known domestic producers of folding gift boxes, Harvard and Graphic Packaging. CR at I-11; PR at I-8.

<sup>22</sup> The related parties provision, 19 U.S.C. § 1677(4)(B), allows the Commission to exclude certain domestic producers from the domestic industry that import subject merchandise or have a corporate affiliation with importers or exporters of subject merchandise, if the Commission finds that appropriate circumstances exist. In this review, Harvard and Graphic Packaging reported that they did not import the subject merchandise and had no corporate affiliations with importers or exporters of subject merchandise. Thus, there are no related party issues in this review.

In the original investigation, Field and Superior reported importing some subject merchandise. The Commission found, however, that neither Field nor Superior were benefitting from the subject imports and both companies supported the petition. Therefore, the Commission also did not find that appropriate circumstances existed to exclude Field or Superior from the domestic industry. Original Determination, USITC Pub. 3480, at 8-9. In the first five-year review, there was no information on the record concerning any importing activity by domestic producers or other related party issues. First Review, USITC Pub. 3917 at 6 n.22.

<sup>23</sup> Domestic Coalition Response at 24; Final Comments at 3.

<sup>24</sup> 19 U.S.C. § 1675a(a).

elimination of its restraining effects on volumes and prices of imports.”<sup>25</sup> Thus, the likelihood standard is prospective in nature.<sup>26</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>27</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>28</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>29</sup>

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>30</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>31</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>32</sup>

No respondent interested party participated in this expedited review. The record, therefore, contains limited new information with respect to the folding gift box industry in China. There also is

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<sup>25</sup> SAA, H.R. Rep. 103-316 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.” SAA at 883.

<sup>26</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>27</sup> See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d mem., 140 Fed. Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>28</sup> 19 U.S.C. § 1675a(a)(5).

<sup>29</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” Id.

<sup>30</sup> 19 U.S.C. § 1675a(a)(1).

<sup>31</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the subject antidumping duty order. Domestic Coalition Response at 23.

<sup>32</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

limited information on the folding gift box market in the United States during the period of review. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigation and first review, and the limited new information on the record in this second five-year review.<sup>33</sup>

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

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>34</sup> We find the following conditions of competition relevant to our determination.<sup>35</sup>

*Demand.* In the original investigation, the Commission found that demand for folding gift boxes was seasonal or holiday driven.<sup>36</sup> Both domestically produced and imported folding gift boxes are sold to mass merchandisers, discount stores, food and drug stores, and other retail stores nationwide. Although most folding gift boxes from China were sold to discount retailers, the number sold to mass merchandisers was increasing and imports from China were becoming more competitive with the domestic like product in that part of the market.<sup>37</sup> Apparent U.S. consumption of folding gift boxes, as measured by value, increased steadily from \$\*\*\* in 1998 to \$\*\*\* in 2000.<sup>38 39</sup>

In the first expedited review, there was no indication in the record that the seasonality of demand observed in the original investigation had changed. Apparent U.S. consumption of folding gift boxes had

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<sup>33</sup> 19 U.S.C. § 1677e(a) authorizes the Commission to “use the facts otherwise available” in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or other person withholds information requested by the agency, fails to provide such information in the time, form, or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(i) of the Act. 19 U.S.C. § 1677e(a). The verification requirements in section 782(i) are applicable only to Commerce. 19 U.S.C. § 1677m(i). See Titanium Metals Corp., 155 F. Supp. 2d at 765 (“[T]he ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of a Commission investigation.”).

<sup>34</sup> 19 U.S.C. § 1675a(a)(4).

<sup>35</sup> The Domestic Coalition maintains that the conditions of competition that the Commission found were distinctive to the U.S. folding gift box industry in the original investigation and first five-year review are still prevalent today. Domestic Coalition Response at 7-11 and 21-22. Leading purchasers also indicated in survey responses in this review \*\*\*. CR at I-10; PR at I-8.

<sup>36</sup> The Commission noted that the majority of sales by domestic producers are made on a contract basis, although policies varied among importers. Contracts were typically signed in the spring for delivery in time for the holiday season. Most shipments were made during the third and fourth quarters of the year, with most folding gift boxes resold by retailers to consumers in November and December, mainly to package Christmas gift items. Original Determination, USITC Pub. 3480 at 10.

<sup>37</sup> Original Determination, USITC Pub. 3480 at 10.

<sup>38</sup> CR/PR at Table C-1. The Commission noted that the increases in apparent U.S. consumption may have been somewhat understated by virtue of anomalies in reporting by two importers and adjusted data for apparent U.S. consumption indicated an increase to \*\*\* in 2000. Original Determination, USITC Pub. 3480 at 10-11 n.60.

<sup>39</sup> In the original investigation, the Commission used value-based data because of the difficulties in determining the quantities reported; specifically, the fact that different numbers of folding gift boxes were contained in various packs did not accurately allow conversion of the number of packs into the number of pieces. Original Determination, USITC Pub. 3480 at 10 n.59. For similar reasons, the Commission used value-based data in the first review and in this second review.

decreased \*\*\* between the original investigation and the first review. The Commission, however, noted that the data may have been understated \*\*\*,<sup>40</sup>

In the second expedited review, demand continues to be seasonal. Apparent U.S. consumption in 2011 was substantially lower than in the original investigation and the first expedited review. The limited data in the record of this review indicate that apparent U.S. consumption of folding gift boxes, as measured by value, was \*\*\* in 2011 compared with \*\*\* in 2000 and \*\*\* in 2005.<sup>41</sup>

*Supply.* In the original investigation, as discussed above, there were four U.S. producers of folding gift boxes. The Commission found that the U.S. producers had substantial available capacity to supply the U.S. market.<sup>42</sup> In the first review, one firm in the domestic industry, Superior, reportedly ceased production of folding gift boxes.<sup>43</sup> Of the remaining three producers, only Harvard participated in the first review and estimated that it accounted for approximately \*\*\* percent of domestic production of folding gift boxes in 2005.<sup>44</sup> In this second review, there are two known domestic producers of folding gift boxes, Graphic Packaging and Harvard, whose share of U.S. production in 2011 is \*\*\*, respectively.<sup>45</sup>

In the original investigation and first review, the domestic industry had been the principal supplier to the U.S. market.<sup>46</sup> The Commission noted in the original determination that folding gift boxes were either domestically produced or imported from China;<sup>47</sup> non-subject supply sources did not have a significant role in the U.S. market.<sup>48</sup> In the first review, there was no information in the record to permit a

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<sup>40</sup> First Review, USITC Pub. 3917 at 8 and Table I-5.

<sup>41</sup> CR/PR at Table I-4. The Domestic Coalition provided requested industry data by company and in aggregate form in Exhibit 9 of its Response to the Notice of Institution. The Domestic Coalition, however, provided slightly different industry data in its discussion of the domestic industry and U.S. market on page 9 of its Response. See Domestic Coalition Response at 9 and Exhibit 9. The Commission has used the data provided in Exhibit 9 for its analysis and discussion.

<sup>42</sup> Original Determination, USITC Pub. 3480 at 11.

<sup>43</sup> First Review, USITC Pub. 3917 at 9 and I-8.

<sup>44</sup> First Review, USITC Pub. 3917 at Table I-4. Although the industry's production capacity was not available, Harvard stated that domestic producers' U.S. shipments of folding gift boxes were lower in 2005 at approximately \$\*\*\* compared to \$43.3 million in 2000. USITC Pub. 3917 at I-9.

<sup>45</sup> CR/PR at Table I-3. There is some evidence that St. Joseph continues to produce folding gift boxes. CR/PR at Table I-3, Note. The Domestic Coalition indicated that \*\*\*. Domestic Coalition Response at 14.

<sup>46</sup> In the original investigation, U.S. producers' share of the U.S. market by value steadily declined from \*\*\* in 1998 to \*\*\* in 2000. U.S. producers' share of the U.S. market by value was \*\*\* in 2005. CR/PR at Table I-4; Original Staff Report, INV-Y-240 (Dec. 3, 2001) at Table IV-3.

<sup>47</sup> In the original determination, subject imports' share of the U.S. market increased from \*\*\* of the value of apparent U.S. consumption in 1998 to \*\*\* in 2000. CR/PR at Table I-4; Original Staff Report, INV-Y-240 (Dec. 3, 2001) at Table IV-3.

<sup>48</sup> Original Determination, USITC Pub. 3480 at 11. In 1998, there were no non-subject imports; China constituted the only foreign supply source in the U.S. market in 1999 and 2000. Commerce calculated a de minimis dumping margin for one Chinese folding gift box producer (Max Fortune) in the original LTFV investigation. Id.; Commerce Final LTFV, 66 Fed. Reg. at 55118.

precise calculation of subject and non-subject imports in the U.S. market for 2005.<sup>49</sup> Total imports in 2005 accounted for \*\*\* of the U.S. market.<sup>50</sup>

Since the original investigation and first review, there has been a shift in principal suppliers to the U.S. market. The largest source of folding gift boxes for the U.S. market is non-subject imports, accounting for \*\*\* in 2011, followed by the U.S. producers (\*\*\*) and subject imports (\*\*\*).<sup>51</sup> The Domestic Coalition estimates that the subject imports in the U.S. market are produced almost entirely by \*\*\*.<sup>52</sup> Non-subject imports are from several countries and \*\*\*.<sup>53</sup>

*Substitutability.* In the original determination, the Commission observed that the domestic like product and the subject merchandise were substitutable. \*\*\* domestic producers stated that the domestic like product and the subject merchandise were always interchangeable, and the majority of importers stated that they were frequently or sometimes interchangeable. Purchasers familiar with both the domestic like product and the subject merchandise considered them to be substitutable generally. Although quality was often the first consideration in purchasing decisions, the Commission found that many purchasers viewed the quality and consistency of the domestic like product and the subject merchandise to be comparable.<sup>54</sup> The Commission found that price was an important factor in purchasing decisions, although there was no clear price leader in the industry. As a result of the substitutability of the products, the Commission found that the market was highly price competitive.<sup>55</sup>

Based on the record evidence, we find that conditions of competition in the folding gift box market are not likely to change significantly in the reasonably foreseeable future. Accordingly, in this review, we find that current conditions in the market provide us with a reasonable basis on which to assess the likely effects of revocation of the order in the reasonably foreseeable future.

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<sup>49</sup> The Commission indicated that all known non-subject imports were from Max Fortune, the Chinese producer which received a *de minimis* dumping margin from Commerce in the original investigation and, hence, was excluded from the order. First Review, USITC Pub. 3917 at 9.

<sup>50</sup> Based on business proprietary information provided to the Commission by Customs, imports of merchandise from Max Fortune, the firm excluded from the order, under the applicable HTS statistical reporting numbers amounted to \$\*\*\* in 2005. *See, e.g., First Review*, USITC Pub. 3917 at 9 n.48 and I-10 n.44. This may include product not within Commerce's scope description.

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

<sup>52</sup> Domestic Coalition Response at 10. The Domestic Coalition contended that \*\*\*. *Id.*

<sup>53</sup> CR at I-16; PR at I-11; Domestic Coalition Response at 9. The Domestic Coalition estimates that \*\*\*. Domestic Coalition Response at 9-10. The Domestic Coalition claims that \*\*\*. *Id.*

<sup>54</sup> Original Determination, USITC Pub. 3480 at 11, I-7 and I-8; Original Staff Report, INV-Y-240 (Dec. 3, 2001) at I-9.

<sup>55</sup> Original Determination, USITC Pub. 3480 at 11. Nineteen of 22 purchasers stated that the lowest price would always, usually, or sometimes win a contract or sale. *Id.* at II-4.

### C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>56</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>57</sup>

In the original determination, the Commission found that the volume and market share of subject imports increased substantially throughout the period of investigation. The Commission also found that the value of U.S. shipments of subject imports nearly doubled from 1998 to 2000, rising from \$\*\*\* in 1998 to \$\*\*\* million in 1999, and then to \$\*\*\* million in 2000.<sup>58</sup> Over the period of investigation, U.S. shipments of subject imports accounted for an increasingly large share of the U.S. market, rising from \*\*\* percent of the value of shipments in 1998 to \*\*\* percent in 1999 and to \*\*\* percent in 2000.<sup>59</sup> The Commission concluded that the U.S. producers’ loss of volume and market share over this period was attributable to subject imports from China. Thus, the Commission found that the volume and market share of subject imports, as well as the increases in the volume and market share, were significant, both in absolute terms and relative to consumption in the United States.<sup>60</sup>

In the expedited first review, the Commission found that the order – issued in 2002 – had a restraining effect on the volume of subject imports from China. Based on the limited information available, the Commission recognized that imports of folding gift boxes from China continued to increase after imposition of the order, but concluded that a \*\*\* portion of such imports may be attributed to \*\*\*.<sup>61</sup>

Since subject producers had not provided specific data in the expedited first review regarding their current capacity and production levels for folding gift boxes or the industry’s export orientation, the Commission relied on the limited information on the Chinese industry in the original investigation. The Commission had received questionnaires with usable data from only two foreign producers: Red Point Paper Products Company, Ltd. (“Red Point”) and Luk Ka Printing Company, Ltd. (“Luk Ka”).<sup>62</sup> Red Point estimated that it accounted for \*\*\* percent of total production of folding gift boxes in China and \*\*\* percent of China’s exports to the United States in 2000. Red Point reported exporting \*\*\* between 1998 and 2000.<sup>63</sup> Luk Ka reported that over \*\*\* percent of its gift boxes were sold to factories in China

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<sup>56</sup> 19 U.S.C. § 1675a(a)(2).

<sup>57</sup> 19 U.S.C. § 1675a(a)(2)(A)-(D).

<sup>58</sup> Original Determination, USITC Pub. 3480 at 11-12 and Table IV-1; CR/PR at C-1.

<sup>59</sup> Original Determination, USITC Pub. 3480 at 11-12 and Table IV-1; CR/PR at C-1.

<sup>60</sup> Original Determination, USITC Pub. 3480 at 11-12.

<sup>61</sup> First Review, USITC Pub. 3917 at 10 and I-10 n. 44.

<sup>62</sup> Original Determination, USITC Pub. 3480 at VII-2.

<sup>63</sup> Original Staff Report (INV-Y-240) at VII-2.



for packaging their end products and were not sold in retail directly. Luk Ka did report, however, \*\*\*.<sup>64</sup> The record indicated that \*\*\* of China's reported exports in 2000 were directed at the U.S. market.<sup>65</sup>

In this second review, largely because subject producers in China have again declined to participate or furnish information, including data on the volume of subject imports, the Commission is constrained to rely on the facts available on the record.<sup>66</sup> The volume of subject imports was substantially higher in 2011 (\*\*\*) than in 2000 (\*\*\*) even though there is an order in place and apparent U.S. consumption is substantially lower in 2011 compared with 2000.<sup>67</sup> Similarly, subject import market share in 2011 (\*\*\*) is substantially higher than it was in 2000 (\*\*\*)<sup>68</sup> We conclude, based on the facts available, that the likely volume of imports of subject folding gift boxes would be significant if the order is revoked.

There also is no indication that the Chinese folding gift box industry has changed significantly since the original investigation, when its capacity and unused capacity levels were substantial. As described above, subject producers from China rapidly gained market share during the original investigation. The record reflects that subject producers in China would have some incentive to direct production from non-subject to subject merchandise for export to the United States in the absence of the order. According to the Domestic Coalition, Chinese producers of folding gift boxes have a substantial capacity to produce the subject merchandise because any printer with a die cutter is capable of producing folding gift boxes. Many Chinese producers of non-subject boxes are large, sophisticated, high-volume companies capable of producing folding gift boxes.<sup>69</sup> In addition, the Domestic Coalition notes that the United States is the only major market for folding gift boxes.<sup>70</sup>

Given the significant and growing presence of subject imports in the U.S. market during the original investigation and during this review, the Chinese printing industry's substantial capacity and potential to shift production to folding gift boxes, and the increasing presence in the U.S. market of folding gift boxes exported by the Chinese producer not subject to the order since the original investigation, we find that the likely volume of subject imports, both in absolute terms and relative to production and consumption in the United States, would be significant if the order were revoked.

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

In evaluating the likely price effects of subject imports if the antidumping order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>71</sup>

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<sup>64</sup> Original Staff Report (INV-Y-240) at VII-6.

<sup>65</sup> Original Determination, USITC Pub. 3480 at Table I-6.

<sup>66</sup> See 19 U.S.C. § 1677e(a); see also e.g., Glycine from China, Inv. No. 731-TA-718 (Review), USITC Pub. 3315 (June 2000) at 6-7.

<sup>67</sup> CR/PR at Table I-4.

<sup>68</sup> CR/PR at Table I-4.

<sup>69</sup> Domestic Coalition Response at 16-17.

<sup>70</sup> Domestic Coalition Response at 18.

<sup>71</sup> 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.

In the original determination, the Commission found a mixed pattern of underselling and overselling, but observed that the pricing data likely understated the extent of actual underselling because the importer prices included transportation while domestic prices did not. The Commission concluded that underselling was significant, given the general substitutability of imported and domestically produced folding gift boxes, and the recognition that the pricing data likely understated the extent of the underselling.<sup>72</sup>

In addition, the Commission determined that the record evidence provided by purchasers confirmed most of the petitioner's allegation of lost sales and revenues.<sup>73</sup> The Commission determined that the level of confirmed lost sales and lost revenue allegations was consistent with the Commission's finding of significant underselling by the subject imports. Thus, the Commission concluded that the subject imports were only able to gain market share as a result of underselling, given the substitutability of the subject imports and the domestic like product, and the price competitive nature of the U.S. market.<sup>74</sup>

Finally, the Commission noted that the cost of goods sold relative to net sales increased steadily between 1998 and 2000, indicating a cost-price squeeze where the domestic producers were unable to increase prices to recoup increased costs. The Commission attributed the price suppression, to a significant degree, to the increasing volumes of underpriced subject imports. As a result of these findings, the Commission determined that there had been significant underselling by the subject imports and the subject imports suppressed domestic prices to a significant degree.<sup>75</sup>

In the first five-year review, the Commission had no new pricing information and found, on the basis of facts available, that the U.S. market for the subject merchandise was price competitive and that subject imports would likely undersell the domestic like product to gain market share. Thus, the Commission concluded that, in the event of revocation, the likely significant volume of subject imports from China would be at prices that would undersell the domestic like product and that those imports would likely have a significant depressing or suppressing effect on prices for the domestic like product.<sup>76</sup>

Similar to the expedited first review, there is no new product-specific pricing information on the record in this expedited second review. Based on the information available in this review, including the determination in the original investigation and the expedited first review, we find that the market for subject merchandise is price-competitive. Accordingly, given the likely significant volume of subject imports from China, discussed above in Section C, we conclude that such imports would likely significantly undersell the domestic like product to gain market share and would likely enter the U.S. market at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.

#### **E. Likely Impact of Subject Imports**

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including, but not limited to: (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,

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<sup>72</sup> Original Determination, USITC Pub. 3480 at 12-13.

<sup>73</sup> Original Determination, USITC Pub. 3480 at 13. The Commission also noted that the subject imports had increased their share of large accounts, including some mass merchandisers as well as discount or dollar stores.

<sup>74</sup> Original Determination, USITC Pub. 3480 at 13.

<sup>75</sup> Original Determination, USITC Pub. 3480 at 13.

<sup>76</sup> First Review, USITC Pub. 3917 at 12.

and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>77</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.<sup>78</sup> As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order is revoked.

In its original determination, the Commission found that both apparent U.S. consumption and domestic producers' U.S. shipments rose (in terms of value), but domestic producers' market share declined steadily from 1998 to 2000 as subject import market share rose. In addition, domestic production and capacity decreased steadily during this period, although capacity utilization remained relatively steady. The financial condition of the domestic industry deteriorated over the period of investigation. Specifically, the Commission found that subject imports negatively affected domestic industry performance indicators, including gross profits, operating income, operating income margins, employment, and capital expenditures. Although certain large purchasers did not purchase the subject merchandise during the period of investigation, the Commission found that low-priced imports of for-resale folding gift boxes from China successfully competed for sales to a variety of purchasers on the basis of price, thereby gaining sales to mass merchandise retailers, as well as other retailers, at the expense of the U.S. folding gift box producers. As a result, the Commission concluded that subject imports were having a significant adverse impact on the domestic folding gift box industry.<sup>79</sup>

In the first review, the record revealed that the domestic folding gift box industry had contracted since the original investigation. Of the four domestic producers that comprised the domestic industry in the original investigation, one producer, accounting for \*\*\* percent of domestic folding gift box production in 2000, reportedly had ceased operations.<sup>80</sup> In addition, it was not clear whether another U.S. producer, St. Joseph, representing \*\*\* percent of domestic folding gift box production in 2000, continued to manufacture folding gift boxes.<sup>81</sup> While apparent U.S. consumption had decreased \*\*\* between the original investigation and the first review, Harvard's capacity utilization in 2005 was approximately \*\*\* percent, an improvement from the original investigation.<sup>82</sup> There was no new information in the record in the expedited first review pertaining to many of the other indicators considered in assessing whether the domestic industry was in a weakened condition. The Commission found the limited evidence was insufficient for it to make a finding on whether the domestic industry producing folding gift boxes was vulnerable to the continuation or reoccurrence of material injury in the event of revocation of the order.

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<sup>77</sup> 19 U.S.C. § 1675a(a)(4).

<sup>78</sup> 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. Commerce is conducting a full review of folding gift boxes from China. In its preliminary results of review of the antidumping duty order on folding gift boxes from China, Commerce found that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping at a margin above de minimis for all subject producers and exporters. Commerce Preliminary Results, 77 Fed. Reg. at 65362. In the original investigation, Commerce calculated the following margins: 8.90 percent for Red Point Paper Products Co., Ltd., and 164.75 percent for the PRC-wide rate. CR/PR at Table I-1; 67 Fed. Reg. at 864 (Jan. 8, 2002). Chinese producer Max Fortune Industrial Ltd. had been excluded from the order in the original Commerce determination. CR/PR at Table I-1; 77 Fed. Reg. at 65362 n.8.

<sup>79</sup> Original Determination, USITC Pub. 3480 at 13-15.

<sup>80</sup> First Review, USITC Pub. 3917 at 13.

<sup>81</sup> First Review, USITC Pub. 3917 at 13.

<sup>82</sup> First Review, USITC Pub. 3917 at 13.

The Commission noted that Harvard asserted that it had experienced \*\*\*, due to substantial increases in energy costs and the inability to raise prices because of continued price pressure from subject imports and that the industry continued to experience a cost-price squeeze due to the increasing volume of underpriced subject imports and increasing cost of goods sold relative to net sales.<sup>83</sup>

In this expedited review, the record information on the domestic industry's condition is based on 2011 data provided in response to the notice of institution by Graphic Packaging and Harvard.<sup>84</sup> Because this is an expedited review, we have only limited information with respect to the domestic industry's financial performance.<sup>85</sup> The limited record is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

In 2011, the domestic industry's capacity was \*\*\*, its production was \*\*\*, its capacity utilization was \*\*\*, and its U.S. shipments were \*\*\*.<sup>86</sup> In 2011, the domestic industry had net sales of \*\*\*, had operating \*\*\*, and reported an operating margin of \*\*\*.<sup>87</sup>

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

We also have considered the role of factors other than subject imports, including declining demand and the increasing presence of non-subject imports, so as not to attribute likely injury from other factors to the subject imports. Although U.S. demand for folding gift boxes was substantially lower in this second review compared to the original period of investigation and first review, this has not deterred subject imports from increasing their volume and market penetration, even with the order in place. Consequently, the continued declines in the domestic industry's market share that are likely upon revocation of the order are distinguishable from any likely declines in domestic industry performance due to demand trends. The presence of non-subject imports in the U.S. market has increased significantly since the original investigation.<sup>88</sup> Based on the limited evidence in this expedited second review, which indicates that a significant volume of low-priced subject imports would likely compete aggressively for market share upon revocation, we find that the continued presence of non-subject imports is not likely to sever the causal nexus between subject imports and their likely significant adverse impact on the domestic industry, if the order were revoked.

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

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<sup>83</sup> First Review, USITC Pub. 3917 at 13.

<sup>84</sup> CR/PR at Table I-3. In 2011, Graphic Packaging accounted for \*\*\* of U.S. production and Harvard accounted for \*\*\* of U.S. production in 2000. Id.

<sup>85</sup> Commissioner Pinkert finds that the information on the record regarding the domestic industry's financial performance is unusually deficient, even for an expedited review.

<sup>86</sup> Domestic Coalition Response at Exhibit 9.

<sup>87</sup> Domestic Coalition Response at Exhibit 9.

<sup>88</sup> Non-subject imports by value were \*\*\* in 2011 and \*\*\* in 2000. CR/PR at Table I-4.

## **CONCLUSION**

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

**INFORMATION OBTAINED IN THE REVIEW**



## INTRODUCTION

On April 2, 2012, in accordance with section 751(c) of the Tariff Act of 1930, as amended,<sup>1</sup> the U.S. International Trade Commission (“Commission”) gave notice that it had instituted a review to determine whether revocation of the antidumping duty order on certain folding gift boxes (“FGBs”) from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>2</sup> On July 6, 2012, the Commission determined that the domestic interested parties’ response to its notice of institution was adequate;<sup>3</sup> the Commission also determined that the respondent interested party’s response was inadequate.<sup>4</sup> The Commission found no other circumstances that would warrant conducting a full review.<sup>5</sup> Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930.<sup>6</sup> The Commission is tentatively scheduled to vote on this review on November 27, 2012, and will notify the U.S. Department of Commerce (“Commerce”) of its determination on December 10, 2012. Information relating to the background of the review is presented on the next page:

Effective date	Action
January 8, 2002	Commerce’s original antidumping duty order (67 FR 864)
May 18, 2007	Commerce’s continuation of the antidumping duty order after first review (72 FR 28025)
April 2, 2012	Commission’s institution of second five-year review (77 FR 19714)
April 2, 2012	Commerce’s initiation of second five-year review (77 FR 19643)
July 6, 2012	Commission’s decision to conduct an expedited second five-year review and scheduling of such review (77 FR 42762, July 20, 2012)
October 26, 2012	Commerce’s preliminary determination in its five-year review
November 27, 2012	Commission’s vote
December 10, 2012	Commission’s determination to Commerce
Note.—Commerce is scheduled to make its final determination in its five-year review on February 26, 2013.	
Source: Cited <i>Federal Register</i> notices.	

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

<sup>2</sup> *Folding Gift Boxes from China*, 77 FR 19714, April 2, 2012. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission’s notice of institution is presented in app. A.

<sup>3</sup> The Commission received one submission in response to its notice of institution for the subject review. It was filed on behalf of the Folding Gift Boxes Fair Trade Coalition (“Coalition” or “domestic interested parties”). The Coalition’s members are Harvard Folding Box Company, Inc. (“Harvard”) and Graphic Packaging International, Inc. (“Graphic Packaging”), manufacturers of FGBs in the United States. The Coalition indicated in its response that its members accounted for \*\*\* percent of domestic production of FGBs during 2011.

<sup>4</sup> The Commission did not receive any responses to its notice of institution from Chinese producers or U.S. importers of the subject merchandise.

<sup>5</sup> The Commission’s statement on adequacy is presented in app. B.

<sup>6</sup> 19 U.S.C. § 1675(c)(3).



## The Original Investigation and Subsequent Five-Year Review

On February 20, 2001, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with further material injury by reason of less-than-fair-value (“LTFV”) imports of FGBs from China.<sup>7 8</sup> The Commission completed its original investigation in December 2001, determining that an industry in the United States was materially injured by reason of LTFV imports of FGBs from China.<sup>9</sup> After receipt of the Commission’s determination, Commerce issued an antidumping duty order on imports of FGBs from China.<sup>10</sup> Table I-1 presents the rates of duty.

**Table I-1**

**FGBs: Commerce's original antidumping duty margins for producers/exporters from China**

Producer/exporter	Margin (percent)
Max Fortune Industrial, Ltd.	1.67 <sup>1</sup>
Red Point Paper Products Co., Ltd.	8.90
China-wide rate	164.75
<sup>1</sup> <i>De minimis</i> and therefore excluded from the order.	
Source: Antidumping duty order, January 8, 2002, 67 FR 864.	

On December 1, 2006, the Commission instituted the first five-year review of the subject order and on March 6, 2007 the Commission gave notice that it would conduct an expedited review.<sup>11</sup> On April 5, 2007, Commerce published its determination that revocation of the antidumping duty order on FGBs from China would be likely to lead to continuation or recurrence of dumping at the rates determined in the original investigation.<sup>12</sup> On May 7, 2007, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>13</sup> On May 18, 2007, Commerce published notice of the continuation of the antidumping duty order.<sup>14</sup> FGBs have not been the subject of any other Commission investigation.

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<sup>7</sup> The petition was filed on behalf of Harvard and Field Container Co., L.P. (“Field”) on February 20, 2001. *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. I-1.

<sup>8</sup> The original petition filed with the Commission on February 20, 2001, listed Simkins Industries, Inc. (“Simkins”) as a petitioner. The Commission was notified by letter dated March 5, 2001, from counsel for petitioners, that Harvard was the producer of the FGBs, not Simkins.

<sup>9</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. 3.

<sup>10</sup> *Notice of Antidumping Duty Order: Certain Folding Gift Boxes From the People’s Republic of China*, 67 FR 864, January 8, 2002.

<sup>11</sup> 71 FR 69586 and 72 FR 13512, March 22, 2007, respectively.

<sup>12</sup> 72 FR 16765.

<sup>13</sup> 72 FR 25777.

<sup>14</sup> 72 FR 28025.

**Commerce’s Administrative Review**

Commerce completed one antidumping duty administrative review on subject imports of FGBs from China, the results of which are presented in the table below.

**Table I-2  
FGBs: Administrative review of the antidumping duty order on FGBs from China**

<b>Date results published</b>	<b>Period of review</b>	<b>Producer or exporter</b>	<b>Margin</b>
December 23, 2003 (68 FR 74207)	8/6/2001 - 12/31/2002	Red Point Paper Products Co., Ltd.	0.00
		China-wide rate	164.75
Source: Cited <i>Federal Register</i> notice.			

**Commerce’s Final Result of Five-Year Review**

Commerce issued its preliminary results determination with respect to FGBs from China on October 26, 2012. In its preliminary results, Commerce found that revocation of the antidumping duty order on FGBs from the China would be likely to lead to continuation or recurrence of dumping at margins above *de minimis*.<sup>15</sup>

**THE PRODUCT**

**Commerce’s Scope**

The imported product subject to the antidumping duty order on FGBs from China has been defined by Commerce as follows:

Folding gift boxes are a type of folding or knock-down carton manufactured from paper or paperboard. Folding gift boxes are produced from a variety of recycled and virgin paper or paperboard materials, including, but not limited to, clay-coated paper or paperboard and kraft (bleached or unbleached) paper or paperboard. The scope of the order excludes gift boxes manufactured from paper or paperboard of a thickness of more than 0.8 millimeters, corrugated paperboard, or paper mache. The scope of the order also excludes those gift boxes for which no side of the box, when assembled, is at least nine inches in length. Folding gift boxes included in the scope of the order are typically decorated with a holiday motif using various processes, including printing, embossing, debossing, and foil stamping, but may also be plain white or printed with a single color. The subject merchandise includes folding gift boxes, with or without handles, whether finished or unfinished, and whether in one-piece or multi-piece configuration. One-piece gift boxes are die-cut or otherwise formed so that the top, bottom, and sides form a single, contiguous unit. Two-piece gift boxes are those with a folded bottom and a folded top as separate pieces. Folding gift boxes are generally packaged in shrink-wrap, cellophane, or other packaging materials, in single or multi-box packs for sale to the retail customer. The scope of the order excludes folding gift boxes that have a retailer’s name, logo, trademark or similar company information printed prominently on the box’s top exterior (such folding gift boxes are often known as “not-for-resale” gift boxes or “give-away” gift boxes and may be provided by department and specialty stores at no charge to their retail customers). The scope of the order

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<sup>15</sup> *Folding Gift Boxes from the People’s Republic of China: Preliminary Results of the Second Sunset Review of the Antidumping Duty Order*, 77 FR 65361, October 26, 2012.

also excludes folding gift boxes where both the outside of the box is a single color and the box is not packaged in shrink-wrap, cellophane, other resin-based packaging films, or paperboard.<sup>16</sup>

### **Tariff Treatment**

The merchandise under review is currently classifiable under Harmonized Tariff Schedule of the United States (“HTS”) subheadings 4819.20.00 and 4819.50.40 (statistical reporting numbers 4819.20.0040 and 4819.50.4060) and the applicable general rate of duty for each subheading is free. The HTS statistical reporting numbers covering imports of FGBs also cover many products that are outside the scope of the investigation (e.g., non-gift item folding boxes such as cereal boxes, office products folding cartons, other consumer products, paperboard boxes, etc.).<sup>17</sup>

### **Domestic Like Product and Domestic Industry**

In its original determination, the Commission defined the domestic like product as consisting of certain folding gift boxes for resale, coextensive within the scope of the investigation, and not including give-away gift boxes.<sup>18</sup> The Commission also defined the domestic industry as consisting of all producers of FGBs for resale and did not exclude any domestic producer as a related party.<sup>19</sup> The Coalition responding to the Commission’s notice of institution in this review agrees with the domestic like product and domestic industry defined by the Commission in its original determination.<sup>20</sup>

### **Physical Characteristics, Uses, and Manufacturing Processes<sup>21</sup>**

FGBs are manufactured in a variety of styles and designs. The raw material for FGBs is paperboard. It is believed that a majority of all FGBs (including imports), and approximately 100 percent of “holiday” FGBs, are manufactured with a type of recycled paperboard known as clay-coated newsback, a clay-coated paperboard manufactured from old newspapers and other various recycled fiber.

The manufacturing process usually begins a year and a half before the Christmas selling season (for which most FGBs are intended). The size and shape of the box, and the graphic design to be printed, are determined, and then the selected design is printed on paperboard using either a flexographic or a lithographic printer.<sup>22</sup> The printed paperboard sheets are fed through a die cutter, which cuts the material

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<sup>16</sup> *Folding Gift Boxes from the People’s Republic of China: Continuation of Antidumping Duty Order*, 72 FR 28025, May 18, 2007.

<sup>17</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. I-2.

<sup>18</sup> *Ibid.*, p. 7. The Commission examined the issue of expanding the like product to include “not-for-resale” or “give-away” gift boxes. However, because of the differences in physical characteristics, production processes and workers, channels of distribution, customer and producer perceptions, and the limited interchangeability between for-resale and give-away folding gift boxes, the Commission chose not to expand the definition of the domestic like product. *Ibid.*, pp. 5-7. Commissioner Bragg included not-for-resale or give-away folding gift boxes in the domestic like product. *Ibid.*, p. 5, fn. 9.

<sup>19</sup> *Ibid.*, p. 9.

<sup>20</sup> *Response of domestic interested parties*, May 2, 2012, p. 24.

<sup>21</sup> The discussion in this section is based on information from the following sources: *Staff Report*, December 3, 2001 (INV-Y-240), pp. I-5-I-7; and *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, pp. I-3-I-5.

<sup>22</sup> Flexographic presses, usually rotary presses, have raised rubber plates (analogous to a stamp pad) from which ink is transferred to the paper. Lithographic presses have flat plates with areas either attractive or repellent to ink.  
(continued...)

to shape and creates creases, scores, or perforations, and are then fed through gluing machines that apply glue and fold the boxes. Because manufacturers of FGBs offer many different designs, collating equipment is necessary where tops with different designs will be included in a single pack. This equipment also adds the appropriate number of tops and bottoms to each pack. Once properly assembled, the packs of boxes are compressed, sometimes shrink-wrapped, and are then packed in cartons for shipment.

### **Channels of Distribution, Interchangeability, Customer and Producer Perceptions, and Prices<sup>23</sup>**

Most of the FGB market is seasonal or holiday business, which requires that boxes be stored in warehouses until the third and fourth quarters, when the deliveries to customers' distribution centers start in earnest (non-seasonal FGBs do not require warehousing). Most FGBs shipped during these quarters are then resold by retailers to consumers in November and December, mainly for packaging Christmas gift items. Domestically produced and imported FGBs are both sold to mass merchandisers, discount stores, food and drug stores, and other retail stores in all 50 states. Most Chinese FGBs are imported directly by retailers, though many FGBs are imported by importers who then resell them to retailers.

In the original investigation, all of the domestic producers who submitted questionnaire responses stated that domestic and Chinese FGBs are always interchangeable. Nine responding importers also indicated that domestic and Chinese FGBs are always interchangeable, and five others said that they are at least sometimes interchangeable. All of the 13 purchasers that responded to the question about interchangeability reported that domestic and Chinese FGBs are used in the same applications. When purchasers compared the U.S. and Chinese products in terms of availability, delivery terms, delivery time, discounts offered, minimum quantity requirements, packaging, product consistency, product quality, product range, reliability of supply, technical support and service, transportation, and lowest price, U.S. producers were ranked superior by a majority of purchasers in only delivery time, and Chinese producers in only price (i.e., the price of the Chinese product was deemed to be generally lower).<sup>24</sup>

The Commission found that the pricing data gathered in the original investigation exhibited a mixed pattern of underselling and overselling. The delivered prices paid by retailers that imported directly, which comprised most subject imports, were lower than U.S. producer prices for pricing product 1 in five of the six quarters in which imports occurred. These pricing data likely understated the extent of actual underselling because the importer prices included transportation charges, and the domestic prices did not. The Commissioners found that pricing data reported by importers who resold to retailers showed a mixed pattern, with a roughly equal number of instances of overselling and underselling in the third and fourth quarters, the period of critical importance for this seasonal product. Given the general substitutability of imported and domestic FGBs, and recognizing that the pricing data likely understate the extent of underselling, the Commission found the underselling to be significant.<sup>25</sup>

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<sup>22</sup> (...continued)

After ink is applied to the plate, the image is captured by the alternately repellent and attractive regions and is transferred to paper. Several factors are considered when selecting the type of press to use. Simpler designs requiring two or three colors and long runs may be suitable for a flexographic printer. More complex designs require a lithographic printer.

<sup>23</sup> The discussion in this section is based on information from the following sources: *Staff Report*, December 3, 2001 (INV-Y-240), pp. I-7-I-9, II-1-II-2, and V-3-V-11; and *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, pp. I-5-I-6, II-1, and V-2-V-5.

<sup>24</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. II-5.

<sup>25</sup> *Ibid.*, pp. 12-13.

As part of the Coalition's response to the notice of institution, it provided a list of five leading purchasers in the U.S. market for the domestic like product. The Commission sent purchaser surveys to these five firms and received responses from \*\*\*. The responses received stated that \*\*\*.<sup>26</sup>

## THE INDUSTRY IN THE UNITED STATES

### U.S. Producers

In the original investigation, the Commission received questionnaire responses from Harvard, Field, Superior Packaging, Inc. ("Superior"), and St. Joseph Packaging, Inc. ("St. Joseph") (table I-3).<sup>27</sup> These firms represented the majority of the FGB domestic industry.<sup>28</sup> In 2004, Superior ceased production of FGBs and now produces give-away boxes.<sup>29</sup> In August 2006, Field merged with Altivity Packaging ("Altivity") and operated under that name.<sup>30</sup> In 2008, Altivity merged with Graphic Packaging and now operates under that name.<sup>31</sup> During the first review, Harvard was the only FGB producer to participate. Currently, there are two known domestic producers of FGBs, Graphic Packaging and Harvard, which are believed to be the only major U.S. producers of FGBs.<sup>32 33</sup>

Data reported by U.S. producers of FGBs in these expedited second reviews are presented in table I-3 along with data for 2000 and 2005 (the terminal years for the original investigation and first review). The two known U.S. producers of FGBs are not related to any firms involved in the production of subject merchandise in China, or in the importation of subject merchandise into the United States.<sup>34</sup> However, \*\*\*.<sup>35</sup>

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<sup>26</sup> \*\*\*'s purchaser surveys.

<sup>27</sup> Field and Superior imported \*\*\* FGBs from China during the period of review in the original investigation, but the Commission determined that they were not benefitting from their subject imports and that each of their interests were predominantly those of a producer, and, therefore, did not exclude the two firms from the domestic industry as related parties. *Ibid.*, p. 9.

<sup>28</sup> Several firms believed to produce FGBs did not return questionnaires to the Commission in the original investigation. However, these firms were thought to produce very small amounts of FGBs. *Ibid.*, p. 13, n. 81.

<sup>29</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Review)*, USITC Publication 3917, April 2007, p. I-8.

<sup>30</sup> *Ibid.*, p. I-8.

<sup>31</sup> *Response* of domestic interested parties, May 2, 2012, p. 5 n. 1.

<sup>32</sup> *Response* of domestic interested parties, May 2, 2012, p. 20.

<sup>33</sup> During the first review, there was some evidence that St. Joseph was producing FGBs. *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Review)*, USITC Publication 3917, April 2007, p. I-8. St. Joseph's homepage states its mission statement which references folding cartons which indicates that it may still produce FGBs. <http://www.stjpkg.com/>, accessed July 10, 2012.

<sup>34</sup> *Supplemental response* of domestic interested parties, June 5, 2012, p. 2.

<sup>35</sup> *Response* of domestic interested parties, May 2, 2012, p. 14. During the original investigation, Commerce found imports from Max Fortune had *de minimis* LTFV margins, and thus Max Fortune was excluded from the order. *Notice of Antidumping Duty Order: Certain Folding Gift Boxes from the People's Republic of China*, 67 FR 864, January 8, 2002. During the first five-year review, Harvard \*\*\*. Harvard added that \*\*\*. *Response* of domestic interested party, January 22, 2007, p. 11, and exh. 5.

**Table I-3**  
**FGBs: U.S. producers and shares of U.S. production, 2000 and 2005**

Firm	Location	Share of reported U.S. production (percent)		
		2000	2005	2011 <sup>4</sup>
Graphic Packaging (originally, Field and then Altivity)	Elk Grove Village, IL	***	( <sup>1</sup> )	***
Harvard	Lynn, MA	***	*** <sup>2</sup>	***
St. Joseph	St. Joseph, MO	***	( <sup>1</sup> )	( <sup>1</sup> )
Superior	Melville, NY	***	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> Data not available.

<sup>2</sup> Harvard provided this number in its response to the notice of institution for the first five-year review, and it is based on the assumption that Harvard and at the time Altivity (now Graphic Packaging) were the only two firms in the United States producing FGBs. There was some evidence, however, that St. Joseph's continued to produce FGBs, which, if true, would imply that Harvard's share of production was overstated.

<sup>3</sup> No longer producing FGBs.

Note.-- For 2011, the Coalition provided the shares for each known domestic producer and presumes that Graphic Packaging and Harvard are the only two firms in the United States currently producing FGBs. However, there is some evidence that St. Joseph's continues to produce FGBs, which, if true, would imply that Graphic Packaging and Harvard's share of production may be overstated.

Source: Data for 2000 are from the *Staff Report*, December 3, 2001 (INV-Y-240), table III-1, p. III-2; data for 2005 are from the *Staff Report*, April 3, 2007 (INV-EE-036), table I-4, p. 11; data for 2011 are from *Response* of domestic interested parties, May 2, 2012, p. 21, exh. 9.

### U.S. Producers' Trade and Financial Data

U.S. producers' capacity, production, and U.S. shipments of FGBs (all measured in pieces) decreased between each year and period for which data were obtained in the original investigation (1998-2000 and January-June of both 2000 and 2001). Capacity utilization remained relatively stable at about 75 percent in each calendar year. The value of U.S. producers' U.S. shipments increased from \$40.3 million in 1998 to \$42.7 million in 1999 and \$43.3 million in 2000.<sup>36</sup> The U.S. industry was increasingly unprofitable in each year and period for which data were collected in the original investigation.<sup>37</sup> In 2005, Harvard reported that the antidumping duty order provided \*\*\*.<sup>38</sup> In 2011, U.S. producers reported limited financial and industry data.

The Coalition reported that domestic producers' U.S. sales were valued at approximately \$\*\*\*<sup>39</sup> in 2011 and that Graphic Packaging's U.S. sales were \$\*\*\* and that Harvard's U.S. sales of its

<sup>36</sup> *Staff Report*, December 3, 2001 (INV-Y-240), table III-3, p. III-5, and table III-4, p. III-6.

<sup>37</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, table VI-1.

<sup>38</sup> *Staff Report*, April 3, 2007 (INV-EE-036), p. I-12.

<sup>39</sup> *Response* of domestic interested parties, May 2, 2012, exh. 9. The Coalition reported that the domestic industry's total sales of FGBs in 2011 were \*\*\*. *Ibid.*, p. 9.

domestically produced FGBs were \$\*\*\*.<sup>40</sup> \*\*\*.<sup>41</sup> The Coalition stated that without the imposition of the antidumping duty order \*\*\*,<sup>42</sup>

## U.S. IMPORTS AND APPARENT U.S. CONSUMPTION

### U.S. Imports<sup>43</sup>

Between 1998 and 2000, the period examined in the Commission's original investigation, China was the only source of U.S. imports of FGBs.<sup>44</sup> <sup>45</sup> During this period, the value of U.S. shipments of subject imports from China nearly doubled, increasing from \$\*\*\* in 1998 to \$\*\*\* in 2000. The value of U.S. shipments of nonsubject imports increased from \$\*\*\* in 1998 to \$\*\*\* in 2000.<sup>46</sup> <sup>47</sup> The domestic interested parties believe that the value of imports from China \*\*\*<sup>48</sup> in 2011 and that the antidumping duty order has restrained subject imports from China significantly and prevented \*\*\*<sup>49</sup>\*\*\* and taking over the FGB market.<sup>50</sup>

### Apparent U.S. Consumption and Market Shares

During the period of the original investigation, the value of apparent consumption rose from \$\*\*\* in 1998 to \$\*\*\* in 2000 (table I-4).<sup>51</sup> The value of U.S. producers' U.S. shipments followed the same

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<sup>40</sup> Ibid., exh. 9.

<sup>41</sup> Ibid., p. 14.

<sup>42</sup> Ibid., pp. 14-15.

<sup>43</sup> In making its original determination, the Commission focused on data pertaining to the value of subject imports, and not the quantity, because of the difficulty in determining the quantities reported. Although the Commission in the final phase of the original investigation requested quantity data as pieces, rather than packs, it appeared that a number of firms may have reported quantity figures in terms of packs while others reported their figures in terms of pieces. The fact that different numbers of folding gift boxes are contained in various packs did not enable staff to readily convert the number of packs to the number of pieces. *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. 10, fn. 59.

<sup>44</sup> Ibid., p. IV-2.

<sup>45</sup> Imports from Max Fortune were found to have *de minimis* LTFV margins by Commerce, and Max Fortune was excluded from the order. Imports from Max Fortune comprised all of the nonsubject imports reported in the original investigation. Ibid., p. IV-2.

<sup>46</sup> *Staff Report*, December 3, 2001 (INV-Y-240), table IV-1, p. IV-4, and table IV-3, p. IV-6.

<sup>47</sup> Adjusting 2000 data to account for two major importers of FGBs, \*\*\*, whose data were not included in the Staff Report (because \*\*\* data could not be reconciled and \*\*\* data were estimates provided in a telephone conversation), increases the value of subject imports to \$\*\*\*. *Confidential opinion*, p. 16, n. 73. *See also* INV-Y-250, December 13, 2001.

<sup>48</sup> *Response* of domestic interested parties, May 2, 2012, pp. 9, 14.

<sup>49</sup> Red Point is subject to a zero margin. *Response* of domestic interested parties, May 2, 2012, p. 14 and *Certain Folding Gift Boxes from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 68 FR 74207, December 23, 2003.

<sup>50</sup> *Response* of domestic interested parties, May 2, 2012, p. 14.

<sup>51</sup> *Staff Report*, December 3, 2001 (INV-Y-240), table IV-3, p. IV-6. Adjusting 2000 data to account for two additional importers of FGBs, \*\*\* (see footnote 46 on the previous page of this report), increases the value of apparent consumption in 2000 to \$\*\*\*. *Confidential opinion*, p. 14, n. 60. *See also* INV-Y-250, December 13,

(continued...)

trend. However, domestic market share (by value) steadily declined during this period (from \*\*\* percent in 1998 to \*\*\* percent in 2000), as subject import market share (by value) rose from \*\*\* percent in 1998 to \*\*\* percent in 2000.<sup>52</sup> The market share (by value) of nonsubject imports increased from \*\*\* in 1998 to \*\*\* percent by 2000.<sup>53</sup> In 2005, the domestic interested party reported that the U.S. FGB market was approximately \$\*\*\* and that domestic producers' shipments comprised \*\*\* of the value of the FGB market.<sup>54</sup> In the current review, the Coalition provided limited 2011 data in its response to the notice of institution.<sup>55</sup> It contends that the value of the U.S. FGB market in 2011 was approximately \*\*\*<sup>56</sup> and that domestic producers' total sales of FGBs were \*\*\* of the value of the FGB market.<sup>57</sup> The Coalition further estimates that the volume of subject imports from China \*\*\* of the FGB market.<sup>58</sup> Finally, the Coalition estimates that nonsubject imports, including imports from several countries<sup>59</sup> with small market shares and Max Fortune (an excluded producer in China) accounted for \*\*\* of the FGB market.<sup>60</sup>

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<sup>51</sup> (...continued)  
2001.

<sup>52</sup> *Confidential opinion*, p. 20, n. 88. The adjusted 2000 data, which includes \*\*\*, increases the subject import market share (by value) to \*\*\* percent. *Confidential opinion*, p. 16, n. 73. *See also* INV-Y-250, December 13, 2001.

<sup>53</sup> *Staff Report*, December 3, 2001 (INV-Y-240), table IV-1, p. IV-4, and table IV-3, p. IV-6.

<sup>54</sup> *Staff Report*, April 3, 2007 (INV-EE-036), pp. I-13-I-14.

<sup>55</sup> The data provided appear on page 9 of the response to the notice of institution and specific aggregated domestic industry data appear in exhibit 9. Staff notes that the data reported in this section is based on the write up by the domestic parties on page 9, whereas the data presented in table I-4 presents the U.S. commercial shipment data presented in exhibit 9.

<sup>56</sup> *Response of domestic interested parties*, May 2, 2012, p. 9.

<sup>57</sup> *Ibid.*

<sup>58</sup> *Ibid.*

<sup>59</sup> The countries include \*\*\*. *Ibid.*

<sup>60</sup> *Ibid.*



**Table I-4**  
**FGBs: U.S. producers and shares of U.S. production, 2000, 2005, and 2011**

Item	Calendar year		
	2000	2005	2011
	<b>Value (\$1,000)</b>		
U.S. producers' shipments	***	***1	***
U.S. importers' shipments:			
Subject	***	(2)	***
Nonsubject	***	(2)	***
Total import shipments	***	***	***
Apparent consumption	***	***	***
	<b>Share of value (percent)</b>		
U.S. producers' shipments	***	***1	***
U.S. importers' shipments:			
Subject	***	(2)	***
Nonsubject	***	(2)	***
Total import shipments	***	***	***
<sup>1</sup> This number may include some shipments of imported product. This number may be understated because the domestic interested party did not include production of FGBs by possible producer ***. <sup>2</sup> Unavailable.			
Source: <i>Folding Gift Boxes Staff Report Inv. No. 731-TA-921 (Final)</i> , Memorandum INV-Y-240, December 3, 2001, tables III-3, III-4, and VI-1; <i>Folding Gift Boxes Staff Report Inv. No. 731-TA-921 (Review)</i> , Memorandum INV-EE-036, April 3, 2007, table I-5; and <i>Response of domestic interested parties</i> , May 2, 2012, p. 9 and exh. 9.			

### SUMMARY DATA

Appendix C presents the summary data from the original investigation of FGBs from China.

### ANTIDUMPING ACTIONS OUTSIDE THE UNITED STATES

Based on available information, FGBs from China have not been subject to any other import relief investigations in any other countries.

## THE INDUSTRY IN CHINA

In the original investigation, the Commission received questionnaires with usable data from only two foreign producers: Red Point and Luk Ka Printing Company, Ltd. (“Luk Ka”) (table I-5).<sup>61</sup> Red Point estimated that it accounted for \*\*\* percent of total production of FGBs in China and \*\*\* percent of China’s exports of FGBs to the United States in 2000. Red Point exported \*\*\* between 1998 and 2000.<sup>62</sup> Luk Ka reported that over \*\*\* percent of its FGBs were sold to factories in China for packaging their end products and not sold in retail directly, but did report \*\*\*.<sup>63</sup>

No specific information regarding Chinese producers’ capacity, production, or shipments of FGBs since 2000 are available in this review. In 2000, China had 20,409 printing houses that were engaged in printing packaging.<sup>64</sup> According to the domestic interested parties, any Chinese printer with a printing press and a die cutter is capable of manufacturing FGBs.<sup>65</sup> The domestic interested parties claim that China’s FGB industry is comprised of numerous large, sophisticated printers that are committed to seeking business in the global market and within the United States.<sup>66</sup>

### Table I-5

**FGBs: Red Point and Luka Ka’s combined production capacity, production, and shipments, 1998-2000<sup>1</sup>**

\* \* \* \* \*

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<sup>61</sup> *Folding Gift Boxes from China, Inv. No. 731-TA-921 (Final)*, USITC Publication 3480, December 2001, p. VII-2.

<sup>62</sup> *Staff Report*, December 3, 2001 (INV-Y-240), p. VII-2.

<sup>63</sup> *Ibid.*, p. VII-6.

<sup>64</sup> *Response of domestic interested parties*, May 2, 2012, p. 16.

<sup>65</sup> *Ibid.*

<sup>66</sup> *Ibid.*, p. 17.

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



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

<b>Citation</b>	<b>Title</b>	<b>Link</b>
77 FR 19714 April 2, 2012	Folding Gift Boxes from China; Institution of a Five-Year Review of the Antidumping Duty Order	<a href="http://www.gpo.gov/fdsys/pkg/FR-2012-04-02/pdf/2012-7794.pdf">http://www.gpo.gov/fdsys/pkg/FR-2012-04-02/pdf/2012-7794.pdf</a>
77 FR 4995 April 2, 2012	Initiation of Five-Year (“Sunset”) Review	<a href="http://www.gpo.gov/fdsys/pkg/FR-2012-04-02/pdf/2012-7863.pdf">http://www.gpo.gov/fdsys/pkg/FR-2012-04-02/pdf/2012-7863.pdf</a>
77 FR 42762 July 20, 2012	Scheduling of an Expedited Five-Year Review Concerning Antidumping Duty Order on Folding Gift Boxes from China	<a href="http://www.gpo.gov/fdsys/pkg/FR-2012-07-20/pdf/2012-17701.pdf">http://www.gpo.gov/fdsys/pkg/FR-2012-07-20/pdf/2012-17701.pdf</a>
77 FR 45337 July 31, 2012	Folding Gift Boxes from the People’s Republic of China: Extension of Time Limits for Preliminary and Final Results of Second Antidumping Duty Sunset Review	<a href="http://www.gpo.gov/fdsys/pkg/FR-2012-07-31/pdf/2012-18681.pdf">http://www.gpo.gov/fdsys/pkg/FR-2012-07-31/pdf/2012-18681.pdf</a>
77 FR 48168 August 13, 2012	Folding Gift Boxes from China; Postponement of Release of Staff Report and Date for Final Comments	<a href="http://www.gpo.gov/fdsys/pkg/FR-2012-08-13/pdf/2012-19792.pdf">http://www.gpo.gov/fdsys/pkg/FR-2012-08-13/pdf/2012-19792.pdf</a>
77 FR 65361 October 26, 2012	Folding Gift Boxes from the People’s Republic of China: Preliminary Results of the Second Sunset Review of the Antidumping Duty Order	<a href="http://www.gpo.gov/fdsys/pkg/FR-2012-10-26/pdf/2012-26410.pdf">http://www.gpo.gov/fdsys/pkg/FR-2012-10-26/pdf/2012-26410.pdf</a>
<p>Note.–The Commission’s adequacy determination can be found at <a href="http://usitc.gov/press_room/news_release/2012/er0706kk2.htm">http://usitc.gov/press_room/news_release/2012/er0706kk2.htm</a>.  Note.–The Commission’s adequacy votes can be found at <a href="http://pubapps2.usitc.gov/sunset/caseProf/show/10176">http://pubapps2.usitc.gov/sunset/caseProf/show/10176</a>.</p>		



**APPENDIX B**  
**STATEMENT ON ADEQUACY**





## **EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY**

in

*Folding Gift Boxes from China*, Inv. No. 731-TA-921 (Second Review)

On July 6, 2012, the Commission unanimously determined that it should conduct an expedited review in the subject five-year review pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. §1675(c)(3)(B).

The Commission unanimously determined that the domestic interested party group response to the notice of institution was adequate. The Commission received an adequate response filed by the Folding Gift Boxes Fair Trade Coalition, an association the majority of whose members manufacture the domestic like product. Because the Commission received an adequate response from the domestic industry accounting for the majority of U.S. production of folding gift boxes, the Commission determined that the domestic interested party group response was adequate.

The Commission also unanimously determined that the respondent interested party group response was inadequate, as no respondent interested party filed a response to the notice of institution.

The Commission did not find any circumstances that would warrant conducting a full review. The Commission, therefore, decided to conduct an expedited review of this order.

A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's web site.



**APPENDIX C**

**SUMMARY DATA FROM THE ORIGINAL INVESTIGATION**



Table C-1  
 FGBs: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001

(Quantity=1,000 pieces, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per piece; period changes=percent, except where noted)

Item	Reported data					Period changes				
	1998	1999	2000	January-June		1998-2000	1998-1999	1999-2000	Jan.-June 2000-2001	
<b>U.S. consumption quantity:</b>										
Amount	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***
Importers' share (1):										
China	***	***	***	***	***	***	***	***	***	***
China (non-subject)	***	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***
<b>U.S. consumption value:</b>										
Amount	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***
Importers' share (1):										
China	***	***	***	***	***	***	***	***	***	***
China (non-subject)	***	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***
<b>U.S. shipments of imports from:</b>										
<b>China:</b>										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
<b>China (non-subject):</b>										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
<b>All other sources:</b>										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
<b>All sources:</b>										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
<b>U.S. producers:</b>										
Average capacity quantity	363,196	355,092	338,895	153,256	129,950	-6.7	-2.2	-4.6	-15.2	
Production quantity	275,429	269,392	255,334	99,404	87,561	-7.3	-2.2	-5.2	-11.9	
Capacity utilization (1)	75.8	75.9	75.3	64.9	67.4	-0.5	(5)	-0.5	2.5	
<b>U.S. shipments:</b>										
Quantity	273,455	269,351	255,222	47,340	30,321	-6.7	-1.5	-5.2	-36.0	
Value	40,324	42,733	43,272	8,072	5,364	7.3	6.0	1.3	-33.5	
Unit value	\$0.15	\$0.16	\$0.17	\$0.17	\$0.18	15.0	7.6	6.9	3.8	
<b>Export shipments:</b>										
Quantity	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***
Production workers	425	427	420	356	391	-1.2	0.5	-1.6	9.8	
Hours worked (1,000s)	659	672	613	285	318	-7.0	2.0	-8.8	11.6	
Wages paid (\$1,000s)	7,548	8,006	7,734	3,503	3,524	2.5	6.1	-3.4	0.6	
Hourly wages	\$11.45	\$11.91	\$12.62	\$12.29	\$11.08	10.2	4.0	5.9	-9.8	
Productivity (pieces per hour) (3)	352.7	333.0	342.1	268.8	214.4	-3.0	-5.6	2.7	-20.2	
Unit labor costs (3)	\$0.03	\$0.04	\$0.04	\$0.05	\$0.05	13.6	10.2	3.1	13.0	
<b>Net sales:</b>										
Quantity	274,033	270,002	256,002	47,340	29,294	-6.6	-1.5	-5.2	-38.1	
Value	40,455	42,879	43,525	8,072	5,364	7.6	6.0	1.5	-33.5	
Unit value	\$0.15	\$0.16	\$0.17	\$0.17	\$0.18	15.2	7.6	7.1	7.4	
Cost of goods sold (COGS)	37,608	40,077	41,614	8,147	6,780	10.7	6.6	3.8	-16.8	
Gross profit or (loss)	2,847	2,802	1,911	(75)	(1,418)	-32.9	-1.6	-31.8	-1788.0	
SG&A expenses	3,688	4,318	4,869	2,049	2,039	32.0	17.1	12.8	-0.5	
Operating income or (loss)	(841)	(1,516)	(2,958)	(2,124)	(3,455)	-251.7	-80.3	-95.1	-62.7	
Capital expenditures	***	***	***	***	***	***	***	***	***	***
Unit COGS	\$0.14	\$0.15	\$0.16	\$0.17	\$0.23	18.4	8.2	9.5	34.5	
Unit SG&A expenses	\$0.01	\$0.02	\$0.02	\$0.04	\$0.07	41.3	18.8	18.9	60.8	
Unit operating income or (loss)	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.04)	(\$0.12)	-276.5	-83.0	-105.8	-162.9	
COGS/sales (1)	93.0	93.5	95.6	100.9	126.4	2.6	0.5	2.1	25.5	
Operating income or (loss)/ sales (1)	-2.1	-3.5	-6.8	-26.3	-64.4	-4.7	-1.5	-3.3	-38.1	

- (1) "Reported data" are in percent and "period changes" are in percentage points.  
 (2) Not applicable.  
 (3) Based on firms reporting production and hours worked or wages paid.  
 (4) Less than 0.05 percent.  
 (5) Less than 0.05 percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

**Table C-2**

**Give-away folding gift boxes: Summary data concerning the U.S. market, 1998-2000, January-June 2000, and January-June 2001**

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**Table C-3**

**All folding gift boxes: Summary data concerning the U.S. market, 1998-2000, January-June 2002, and January-June 2001**

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