

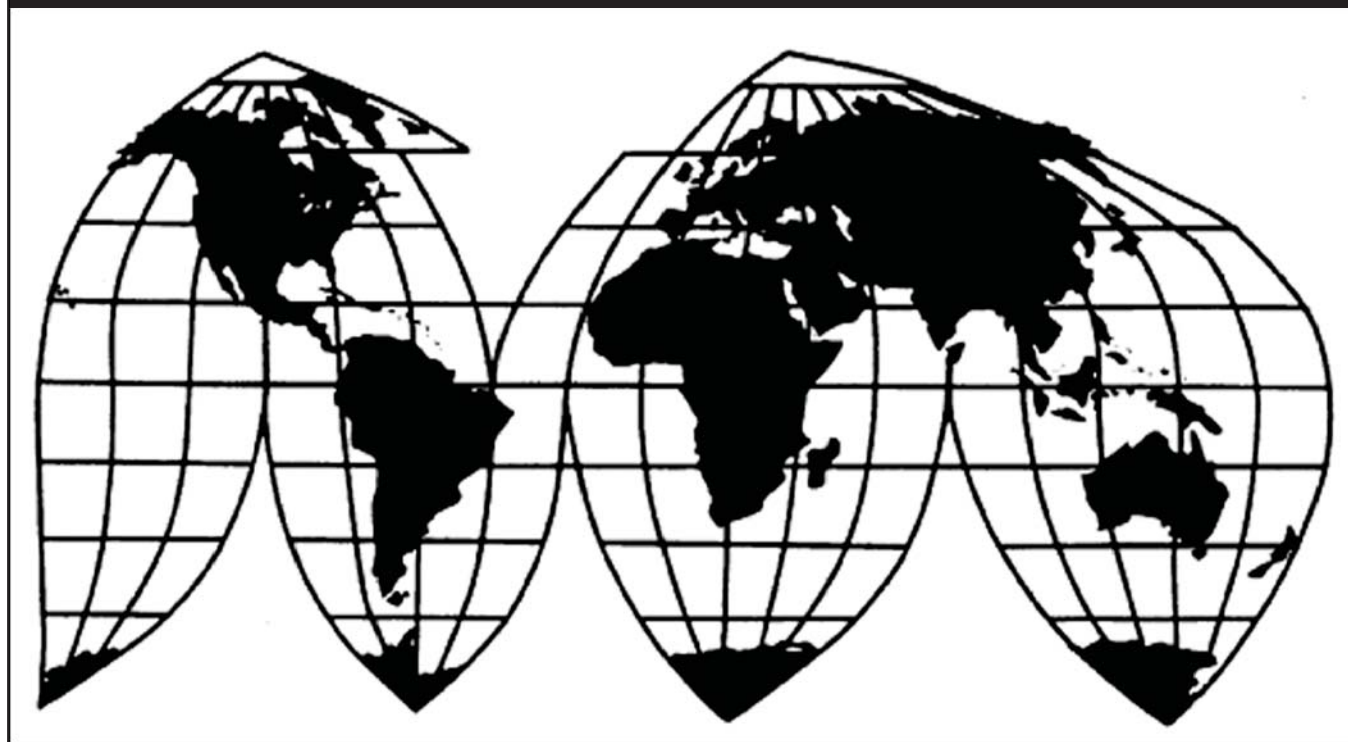
# Pressure Sensitive Plastic Tape from Italy

Investigation No. AA1921-167 (Fourth Review)

Publication 4602

April 2016

**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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been redacted and replaced with asterisks.



**UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation No. AA1921-167 (Fourth Review)

Pressure Sensitive Plastic Tape from Italy

**DETERMINATION**

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930, that revocation of the antidumping duty finding on pressure sensitive plastic tape from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>2</sup>

**BACKGROUND**

The Commission, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), instituted this review on March 2, 2015 (80 F.R. 11224) and determined on June 5, 2015 that it would conduct a full review (80 F.R. 34458, June 16, 2015). Notice of the scheduling of the Commission’s review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on September 28, 2015 (80 F.R. 58295). The hearing was held in Washington, DC, on February 2, 2016, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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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)).

<sup>2</sup> Chairman Broadbent and Commissioner Kieff dissenting.



## Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty finding on pressure sensitive plastic tape (“PSP tape”) from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1</sup>

### I. Background

In September 1977, the Commission determined that an industry in the United States was being or was likely to be injured by reason of dumped imports of PSP tape from Italy pursuant to section 201 of the Antidumping Act of 1921 (“1921 Act”).<sup>2 3</sup> Subsequently, the U.S. Department of the Treasury issued an antidumping duty finding covering these imports.<sup>4</sup>

In February 1999, the Commission completed an expedited first five-year review and determined that revocation of the finding on PSP tape from Italy would be likely to lead to a continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>5</sup>

In June 2004, the Commission completed an expedited second five-year review and determined that revocation of the finding on PSP tape from Italy would be likely to lead to a

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<sup>1</sup> Chairman Broadbent and Commissioner Kieff determine that revocation of the antidumping duty finding on PSP tape from Italy would not be likely to lead to a continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Separate and Dissenting Views of Chairman Broadbent and Commissioner Kieff. They join sections I-III.C.4, III.D.1-D.4, and III.E.1-E.4 of these Views.

<sup>2</sup> The 1921 Act directed the Commission to determine “whether an industry in the United States is being or is likely to be injured, or is prevented from being established by reason of the importation of . . . merchandise into the United States that the Secretary of Treasury had determined is being or is likely to be sold in the United States at less than fair value.” 19 U.S.C. § 160(a)(1977).

<sup>3</sup> *Pressure Sensitive Plastic Tape from Italy*, Inv. No. AA1921-167, USITC Pub. 830 (Aug. 1977), at 2 (“*Original Investigation*”). Chairman Minchew and Commissioner Bedell made negative determinations. USITC Pub. 830 at 9-13. Shortly after issuing its determination regarding subject imports of PSP tape from Italy, the Commission made a negative determination in *Pressure Sensitive Plastic Tape from West Germany*, Inv. No. AA1921-168, USITC Pub. 831 (Sep. 1977). The report for both investigations is included in USITC Pub. 831.

<sup>4</sup> *Antidumping—Pressure Sensitive Plastic Tape Measuring Over One And Three-Eighths Inches in Width and Not Exceeding Four {Mils} in Thickness from Italy*, 42 Fed. Reg. 56110 (Oct. 21, 1977).

<sup>5</sup> *Pressure Sensitive Plastic Tape from Italy*, Inv. No. AA1921-167, USITC Pub. 3157 (Feb. 1999) (“*First Five-Year Review*”). Chairman Bragg and Commissioners Crawford and Askey made negative determinations. USITC Pub 3157 at 1.

continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>6</sup>

In March 2010, the Commission completed a full third five-year review and again determined that revocation of the finding on PSP tape from Italy would be likely to lead to a continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>7</sup>

The Commission instituted this fourth five-year review on March 2, 2015.<sup>8</sup> The Commission received one joint substantive response to the notice of institution from 3M Company, Intertape Polymer Group, and Shurtape Technologies, LLC, domestic producers of PSP tape (“Domestic Producers”). The Commission did not receive a substantive response to its notice of institution from any respondent interested party. On June 5, 2015, the Commission found each of the Domestic Producers’ responses to the notice of institution individually adequate and the domestic industry party group response adequate. The Commission also found the respondent interested party group response inadequate.<sup>9</sup> The Commission determined, however, that circumstances existed to warrant conducting a full review because the Domestic Producers indicated that the definition of the domestic like product should be reconsidered.<sup>10</sup> Therefore, the Commission determined to conduct a full review pursuant to section 751(c)(3) of the Tariff Act.<sup>11</sup> Domestic Producers submitted prehearing and posthearing briefs and appeared at the Commission’s hearing. No respondent party filed briefs or appeared at the hearing.

U.S. industry data are based on questionnaire responses of six U.S. producers of PSP tape that are believed to account for the vast majority of domestic production of PSP tape in 2014.<sup>12</sup> U.S. import data and related information are based on the questionnaire responses of

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<sup>6</sup> *Pressure Sensitive Plastic Tape from Italy*, Inv. No. AA1921-167, USITC Pub. 3698 (Jun. 2004) (“*Second Five-Year Review*”). Chairman Okun and Commissioners Lane and Pearson made negative determinations. USITC Pub 3698 at 1.

<sup>7</sup> *Pressure Sensitive Plastic Tape from Italy*, Inv. No. AA1921-167, USITC Pub. 4128 (Mar. 2010) (“*Third Five-Year Review*”). Chairman Aranoff, Vice Chairman Pearson, and Commissioner Okun made negative determinations. USITC Pub 4128 at 1.

<sup>8</sup> *Pressure Sensitive Plastic Tape from Italy: Institution of Five-Year Review*, 80 Fed. Reg. 11224 (Mar. 2, 2015); see also *Pressure Sensitive Plastic Tape from Italy: Final Results of the Expedited Fourth Sunset Review of the Antidumping Duty Finding*, 80 Fed. Reg. at 39054 (July 8, 2015) (“*Commerce Fourth Sunset Review*”).

<sup>9</sup> Summary Voting Sheet, EDIS Doc. 558389.

<sup>10</sup> Domestic Producers’ Posthearing Brief, Response to Commissioners’ Question 1 at 2; see also Prehearing Brief at 5 to 13.

<sup>11</sup> 19 U.S.C. § 1675(c)(3); see also Explanation of Commission Determination on Adequacy (June 5, 2015), EDIS Doc. 558611; and *Pressure Sensitive Plastic Tape From Italy: Notice of Commission Determination to Conduct a Full Five-Year Review*, 80 Fed. Reg. 34458 (June 16, 2015).

<sup>12</sup> The estimate is based on Domestic Producers’ belief that 3M, IPG, and Shurtape account for approximately \*\*\* percent of PSP tape production in 2014. The Commission received questionnaire responses from the Domestic Producers, as well as three other domestic producers, Avery Dennison (Continued...)

26 U.S. importers of PSP tape that accounted for the vast majority of subject imports during 2014.<sup>13</sup> Foreign industry data and related information are based on the questionnaire responses of three subject producers and exporters of PSP tape in Italy. Only two reported data for the entire POR; their reported exports to the United States accounted for \*\*\* percent of subject imports.<sup>14</sup>

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>15</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>16</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original

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(...Continued)

Performance Tapes (“Avery Dennison”), Sekisui America Corporation (“Sekisui”), and RJM Manufacturing (“TaraTape”), that are believed to account for the remainder of PSP tape production in 2014. Confidential Staff Report (“CR”) at I-15 & n.25.

<sup>13</sup> Confidential Report (“CR”) at IV-1 & n.1, Public Report (“PR”) at IV-1 & n.1. Import data are based on data compiled from completed importer questionnaire responses because HTS subheadings 3919.10.20 and 3919.90.50 are “basket categories” that include a substantial amount of out-of-scope merchandise. CR/PR at IV-1 n.2. Responding U.S. importers of subject PSP tape are believed to have comprised the vast majority of subject imports from Italy in 2014; however, data reported from these sources for nonsubject imports are believed to be incomplete. CR/PR at IV-1 & n.2.

<sup>14</sup> CR at IV-11 and CR at Table IV-4. The Commission received five questionnaire responses from PSP tape producers in Italy. Two of these firms, Boston Tapes (“Boston”) and Plasturopa Nastri Adesivi S.p.A. (“Plasturopa”), are not subject to the antidumping duty finding. Two subject producers, 3M Italia and H-Old S.P.A. (“H-Old”), reported data for the entire January 2012-September 2015 period of review (“POR”); their exports to the United States accounted for \*\*\* percent of U.S. imports of PSP tape from Italy during the POR. The other responding subject producer, Vibac, reported data only for 2014 and January-September (“interim”) 2014 and 2015, because it acquired another producer at the end of 2013 and retained very minimal data for 2012 and 2013. CR at II-8 & n.13, PR at II-5 & n.13. *See also* CR at Appendix F. 3M Italia and H-Old accounted for more than \*\*\* percent of total PSP tape production in Italy in 2014; \*\*\* percent of PSP tape production in Italy that year. CR at I-15 & n.28, PR at I-12 & n.28.

<sup>15</sup> 19 U.S.C. § 1677(4)(A).

<sup>16</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, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>17</sup>

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

The merchandise subject to the finding is pressure sensitive plastic tape. PSP tape measuring over one and three-eighths inches in width and not exceeding four {mils} in thickness. The above described PSP tape is classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings {3919.10.20} and 3919.90.50. The HTS subheadings are provided for convenience and for Customs purposes. The written description remains dispositive.<sup>18</sup>

The definition of the subject merchandise has not changed since the original Treasury finding in 1977.<sup>19</sup>

PSP tape is a plastic film-backed tape with an adhesive on one side that remains permanently tacky at room temperatures. The product adheres to a variety of surfaces (including paper, film, wood, and metal) upon contact with minimal application of pressure. It requires no activation by water, solvent, or heat to generate its adhesive holding force. PSP tape consists of at least two layers, a plastic film backing and a layer of pressure sensitive adhesive.<sup>20</sup> As discussed further below, PSP tape within the scope of the finding includes tapes with three types of adhesives: acrylic, hot melt, and natural rubber.<sup>21</sup>

The principal application of PSP tape is to seal corrugated paper shipping cartons. Although PSP tape is used for hand-sealing cartons, most of the higher volume applications involve highly automated sealing lines. In addition, converter rolls can be slit and rewound as narrower tapes in varying length for various consumer and office tape applications. Finally, PSP

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<sup>17</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).

<sup>18</sup> See *Issues and Decision Memorandum for the Final Results of the Fourth Expedited Review of the Antidumping Duty Finding on Pressure Sensitive Plastic Tape from Italy* (June 30, 2015) at 2, accompanying *Commerce Fourth Sunset Review*, 80 Fed. Reg. at 39054. In its notice announcing the final results, Commerce incorrectly described the subject merchandise as PSP tape “not exceeding four millimeters in thickness.” *Commerce Memorandum* at 2 (emphasis added).

<sup>19</sup> See *Antidumping—Pressure Sensitive Plastic Tape Measuring Over One And Three-Eighths Inches in Width and Not Exceeding Four Millimeters in Thickness from Italy*, 42 Fed. Reg. 56110 (Oct. 21, 1977); and *Pressure Sensitive Plastic Tape from Italy: Final Results of Expedited Sunset Review*, 74 Fed. Reg. 40811, 40812 (August 13, 2010) and accompanying *Commerce Memorandum re: Corrections to Scope Language*, dated October 26, 2009.

<sup>20</sup> CR at I-22, I-24, PR at I-18, I-20.

<sup>21</sup> CR at I-25, PR at I-21.

tape is used in certain lower-volume or more specialized applications such as labels, label protection, color coding, and tabbing.<sup>22</sup>

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

The 1921 Act did not contain a “like product” provision and, therefore, the Commission did not make a like product finding *per se* in its original determination.<sup>23</sup> In the prior three five-year reviews, the Commission defined the domestic like product consistently with Commerce’s scope, that is, all PSP tape measuring over one and three-eighths inches in width and not exceeding four mils in thickness. The definition of the domestic like product was not disputed in any of the prior reviews. Consequently, none of the reviews contains a detailed discussion of the issue.<sup>24</sup>

## 2. Analysis

In this full fourth five-year review, Domestic Producers argue that the Commission’s domestic like product definition from the original investigation and prior five-year reviews is no longer appropriate. They argue that the Commission should find three separate domestic like products: hot melt PSP tape; acrylic PSP tape; and natural rubber PSP tape.<sup>25</sup>

Domestic Producers claim there are differences in the physical characteristics and uses of hot melt PSP tape and acrylic PSP tape. They allege that hot melt tape provides a stronger bond than acrylic tape, seals faster, and takes less time to apply; is less resistant to tears, scuffing, and exposure to some chemicals; yellows with age; and has a narrower range of temperatures under which it can be applied.<sup>26</sup> With respect to uses, they claim that hot melt PSP tape is often used for high-speed automated carton sealing lines, while acrylic PSP tape is generally used in hand applications.<sup>27</sup> They assert that, while there are common manufacturing plants for different types of PSP tapes, the coating lines for acrylic and hot melt tapes are

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<sup>22</sup> CR at I-24 to I-25, PR at I-20.

<sup>23</sup> See *Original Investigation*, USITC Pub. 830, at 4.

<sup>24</sup> *First Five-Year Review*, USITC Pub. 3157, at 4; *Second Five-Year Review*, USITC Pub. 3698, at 5-6; *Third Five-Year Review*, USITC Pub. 4128, at 7.

<sup>25</sup> Domestic Producers’ Posthearing Brief, Response to Commissioners’ Question 1 at 2; see also Prehearing Brief at 5 to 13. Although Domestic Producers argue the Commission should find three separate domestic like products, much of their discussion initially concerned only hot melt PSP tape and acrylic PSP tape, so the Commission collected data based on hot melt PSP tape as a domestic like product separate from acrylic and natural rubber PSP tape. Domestic Producers first raised the issue of three domestic like products during the Commission’s hearing and later in their posthearing brief. See Hearing Transcript at 45-46 (Neeley); and Domestic Producers Posthearing Brief at 1 and Response to Commissioner Question 1.

<sup>26</sup> Domestic Producers’ Prehearing Brief at 8-9.

<sup>27</sup> Domestic Producers’ Prehearing Brief at 9.

different and use different employees.<sup>28</sup> On the other hand, they acknowledge that the various types of PSP tape can be substituted with each other and share the same basic channels of distribution.<sup>29</sup>

Domestic Producers claim customers' perceptions of the various types of PSP tape vary substantially between household users, which are the principal users of acrylic PSP tape, and industrial and commercial users, the principal users of the hot-melt and natural rubber products.<sup>30</sup> They also contend that hot melt PSP tape is almost always more expensive than acrylic PSP tape.<sup>31</sup>

For the reasons indicated below, we have determined not to modify the definition of the domestic like product used in the prior proceedings, and accordingly find that all PSP tape is a single domestic like product. We provide below our analysis of the domestic like product factors.<sup>32</sup>

*Physical Characteristics and Uses.* The large majority of PSP tapes possess a polypropylene backing, and the primary differences in physical characteristics concern the type of adhesive applied to the tape, which can be solvent-based or water-based. All three types of PSP tape have the same general use, to seal corrugated cartons and boxes. In general, hot melt PSP tape is often used in industrial sealing lines because it can be dispensed more smoothly and has a stronger adhesion to corrugated surfaces.<sup>33</sup> Acrylic PSP tape is generally used in lighter duty hand applications where the carton seal is not subjected to significant forces. Hot melt PSP tape also has a release coating for machine application; acrylic PSP tape does not possess release coatings.<sup>34</sup>

Hot melt PSP tape seals more quickly than acrylic PSP tape, takes less time to apply, and is less resistant to tears, scuffing, and exposure to certain chemicals. Acrylic PSP tape performs better in a wider range of temperatures, although it takes more time than hot melt PSP tape to adhere fully.<sup>35</sup> In addition, the color of hot melt PSP tape becomes more yellow with age, while

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<sup>28</sup> Domestic Producers' Prehearing Brief at 12.

<sup>29</sup> Domestic Producers' Prehearing Brief at 9-10.

<sup>30</sup> Domestic Producers' Prehearing Brief at 10-11.

<sup>31</sup> Domestic Producers' Prehearing Brief at 12-13 and Exhibit 4.

<sup>32</sup> These include (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 n.4 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

<sup>33</sup> A domestic industry witness admitted at the hearing, however, that some customers use acrylic PSP tape on automated machines. Hearing Transcript at 89 (Blockowitz) and 90 (Anderson).

<sup>34</sup> CR at I-22, I-34, IV-24 to IV-25, PR at I-26, I-18 to I-19, I-26, IV-14, and CR/PR at G-3 and G-10 to G-11.

<sup>35</sup> Although acrylic PSP tape reportedly works better in colder temperatures, certain U.S. producers have developed technology for hot melt PSP tape that can "mimic the temperature ranges of acrylic {PSP tape}." Hearing Transcript at 89 (Blockowitz).



acrylic PSP tape does not visibly change with age or exposure to light.<sup>36</sup> Natural rubber PSP tape is favored for sealing items where sealing surfaces may be dusty, dirty, greasy, or irregular.<sup>37</sup>

Notwithstanding these distinctions, all U.S. producers and nearly all purchasers reported that hot melt PSP tape was comparable to all other PSP tapes either frequently or sometimes with respect to characteristics and uses.<sup>38</sup> One domestic producer noted that \*\*\* and purchasers stated that \*\*\*.<sup>39</sup>

*Interchangeability.* All types of PSP tape are interchangeable for general purpose applications, such as sealing corrugated cartons and boxes. Although acrylic PSP tape is generally used in the retail market, it is also reportedly used at the lower end of the industrial market. As previously stated, Domestic Producers concede that there is some substitutability among the various types of PSP tape.<sup>40</sup> All reporting U.S. producers and all purchasers reported that hot melt PSP tape was frequently or sometimes interchangeable with all other PSP tape.<sup>41</sup>

*Channels of Distribution.* As Domestic Producers themselves acknowledge, all three types of PSP tape are sold either through distributors or directly to end users.<sup>42</sup> The record shows that most shipments of domestic PSP tape, regardless of type, are to distributors.<sup>43</sup> All U.S. producers and all reporting purchasers reported that hot melt PSP tape was always or frequently comparable to all other PSP tapes with respect to channels of distribution.<sup>44</sup>

*Customer and Producer Perceptions.* Domestic producers and U.S. purchasers reported that hot melt PSP tape and all other types of PSP tape can generally perform adequately in most applications, although environmental differences can determine if a specific type of PSP tape is better suited for a particular application. Some customers and distributors reported that they are aware that different types of PSP tape can perform differently,<sup>45</sup> while others based purchasing decisions on price.<sup>46</sup> With respect to market perceptions, reporting U.S. producers indicated that hot melt PSP tape was frequently or sometimes comparable to other PSP tapes, and most purchasers indicated they were frequently or sometimes comparable (one reported they were always comparable).<sup>47</sup> Purchasers commented that \*\*\*.<sup>48</sup>

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<sup>36</sup> CR at I-35, PR at I-26 and CR/PR at G-3 and G-10 to G-11.

<sup>37</sup> CR at I-26, PR at I-21.

<sup>38</sup> CR at I-33, PR at I-25, and CR/PR at Table I-4, G-3 and G-10 to G-11.

<sup>39</sup> CR/PR at G-3, G-10 to G-11.

<sup>40</sup> See also CR/PR at G-4 (domestic producer comments that \*\*\*).

<sup>41</sup> CR at I-33, PR at I-25, and CR/PR at Table I-4, G-4 and G-12.

<sup>42</sup> CR at I-37 to I-38, PR at I-27, and CR/PR at G-6; and Domestic Producers' Prehearing Brief at 9-10.

<sup>43</sup> CR/PR at Table I-5.

<sup>44</sup> CR at I-33 to I-34, PR at I-25, and CR/PR at Table I-4, G-6 and G-14.

<sup>45</sup> Domestic Producers' Posthearing Brief, Answer to Commissioners' Question 3, and CR/PR at G-7 to G-8 and G-15.

<sup>46</sup> Domestic Producers' Posthearing Brief, Answer to Commissioners' Question 7, and CR/PR at G-7 to G-8 and G-15.

<sup>47</sup> CR at I-33, PR at I-25, and CR/PR at Table I-4.

*Common Manufacturing Facilities, Production Processes, and Production Employees.*

The record shows that the production processes for all PSP tape are similar with respect to production of the tape backing and the later slitting and spooling operations, but that the equipment and coating processes for application of the adhesives to the backing are very different.<sup>49</sup> Although the three types of PSP tape are made using different coating equipment, they are sometimes produced in the same facility.<sup>50</sup> Domestic Producers stated at the hearing that employees working on one type of tape production could be substituted on a production line for another type of PSP tape.<sup>51</sup>

Although one of six reporting U.S. producers indicated that hot melt PSP tape was comparable to all other PSP tapes with respect to common manufacturing facilities, production processes, and employees, five other producers reported that hot melt PSP tape was never comparable to other PSP tapes with respect to common manufacturing facilities, production processes, and production employees.<sup>52</sup>

*Price.* Domestic producers and U.S. purchasers provided mixed responses in their questionnaire responses concerning the comparability with respect to price of hot melt tape to other types of PSP tape, with majorities reporting they were sometimes comparable and minorities reporting they were never comparable.<sup>53</sup> Narrative responses were inconsistent regarding whether hot melt PSP tape or acrylic PSP tape commands a higher price.<sup>54</sup> Record data show that average prices for domestically produced natural rubber PSP tape were generally the highest and those for domestically produced hot melt PSP tape were generally the lowest during the POR, although the varying thicknesses of each type of PSP tape as well as specialty tapes (*e.g.*, printed, colored, and “crystal clear”) affected comparisons. At times, the price differences between hot melt and acrylic products of the same thickness have been \*\*\*.<sup>55</sup>

*Conclusion.* Based on the record in this review, the distinctions among the different types of PSP tape products emphasized by the Domestic Producers are outweighed by the similarities they have acknowledged. All types of PSP tape contain the same backing materials and have the same general end use in sealing corrugated cartons and boxes. All types of PSP tapes are sold through the same channels of distribution and are generally viewed as being interchangeable to some extent for sealing applications. The record does not indicate clear distinctions between acrylic and hot melt PSP tapes with respect to price. Moreover, as the discussion above indicates, there are no clear differences in producer and purchaser perceptions; majorities or pluralities of producers found hot melt and other types of PSP tapes somewhat comparable on every product factor other than manufacturing facilities – in which

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(...Continued)

<sup>48</sup> CR/PR at G-15.

<sup>49</sup> CR at I-27 to I-29, PR at I-22 to I-23; and Fieldwork Report, EDIS Doc. 570928, dated December 18, 2015.

<sup>50</sup> CR at I-35-36, PR at I-26, and CR/PR at G-5.

<sup>51</sup> Hearing Transcript at 107 (Shuford).

<sup>52</sup> CR at I-33, PR at I-25, and CR/PR at Table I-4.

<sup>53</sup> CR/PR at Table I-4.

<sup>54</sup> CR at I-40, PR at I-28, and CR/PR at G-9 and G-16.

<sup>55</sup> CR/PR at Table I-6.

there are some clear distinctions – and majorities of purchasers found that hot melt and other types of PSP tape are at least frequently comparable with respect to three of the six factors and at least somewhat comparable in the remaining three factors.<sup>56</sup> In light of this information, we do not find that there are clear dividing lines among the various types of PSP tape products when all product characteristics are considered.<sup>57</sup> We consequently define a single domestic like product consisting of all PSP tape within the scope.

## **B. Domestic Industry**

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>58</sup> In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the prior five-year reviews, the Commission defined the domestic industry as consisting of all domestic producers of PSP tape.<sup>59</sup> In this review, Domestic Producers state that they no longer agree with this domestic industry definition.<sup>60</sup> Instead, corresponding to their arguments concerning the domestic like product, they argue that there are three domestic industries producing PSP tape: producers of hot melt PSP tape; producers of acrylic PSP tape; and producers of natural rubber PSP tape.<sup>61</sup> In light of our finding of a single domestic like product, we also define a single domestic industry consisting of all domestic producers of PSP tape.

Section 771(4)(B) of the Tariff Act allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.<sup>62</sup> Exclusion of such a

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<sup>56</sup> CR/PR at Table I-4.

<sup>57</sup> See S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other. . . .”).

<sup>58</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>59</sup> *First Five-Year Review*, USITC Doc. 3157, at 5; *Second Five-Year Review*, USITC Doc. 3698, at 5; *Third Five-Year Review*, USITC Doc. 4128, at 7.

<sup>60</sup> Domestic Producers’ Prehearing Brief at 5-7; Posthearing Brief at 1 and Response to Commissioner Question 1; and Hearing Transcript at 45-46 (Neeley).

<sup>61</sup> Domestic Producers’ Prehearing Brief at 5-7.

<sup>62</sup> See *Torrington Co v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int’l Trade 1992), *aff’d without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int’l (Continued...))

producer is within the Commission's discretion based upon the facts presented in each investigation.<sup>63</sup>

There is one related party issue in this five-year review.<sup>64</sup> 3M is a related party under the statute, both because it \*\*\* during the POR and because it owns 3M Italia, an exporter of subject merchandise.<sup>65</sup> 3M was a petitioner in the original investigation and supports continuation of the antidumping duty finding in this review.<sup>66</sup> 3M was the \*\*\* producer of PSP tape in the United States in 2014.<sup>67</sup> The company \*\*\* no more than \*\*\* square yards of PSP tape \*\*\* during any year or interim period of the period of review, which equated to less than \*\*\* percent of its production of PSP tape during any such period.<sup>68</sup> \*\*\*.<sup>69</sup> Given the \*\*\* principal interest appears to be in domestic production, and we find that appropriate circumstances do not exist to exclude 3M from the domestic industry.

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

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

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a

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Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

<sup>63</sup> The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzou Trina Solar Energy Co. v. USITC*, Slip. Op. 15-84 at 27 (Ct. Int'l Trade Aug. 7, 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

<sup>64</sup> Domestic Producers did not address the related party issue.

<sup>65</sup> In \*\*\*, 3M reported \*\*\* its subsidiary 3M Italia. CR at III-12, PR at III-7, and CR/PR at Table III-6.

<sup>66</sup> CR/PR at Table I-7.

<sup>67</sup> CR/PR at Table I-7.

<sup>68</sup> CR/PR at Table III-6.

<sup>69</sup> CR at IV-12, PR at IV-8.

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>70</sup> The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>71</sup> Thus, the likelihood standard is prospective in nature.<sup>72</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>73</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>74</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>75</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of

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<sup>70</sup> 19 U.S.C. § 1675a(a).

<sup>71</sup> SAA at 883-84. The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

<sup>72</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>73</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>74</sup> 19 U.S.C. § 1675a(a)(5).

<sup>75</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.*

imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>76</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 an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>77</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>78</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>79</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>80</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>81</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth,

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<sup>76</sup> 19 U.S.C. § 1675a(a)(1).

<sup>77</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings. CR at I-16 n.29, PR at I-13 n.29.

<sup>78</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>79</sup> 19 U.S.C. § 1675a(a)(2).

<sup>80</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>81</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>82</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the finding under review and whether the industry is vulnerable to material injury upon revocation.<sup>83</sup>

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

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>84</sup> The following conditions of competition inform our determination.<sup>85</sup>

### **1. Demand Conditions**

In its expedited first five-year review, the Commission found that the U.S. market for PSP tape had grown significantly since the original finding in 1977. Apparent U.S. consumption had increased from 1976 to 1997 while, at the same time, the market share of subject imports had declined. Demand for PSP tape was derived from demand for cartons and boxes. The Commission found that there were no good commercial substitutes for PSP tape in these applications and that the tape accounted for only a small share of the value of the delivered cartons and boxes.<sup>86</sup> In its expedited second five-year review, the Commission observed that it had received no information that the demand conditions found in its first five-year review had changed.<sup>87</sup>

In its full third five-year review, the Commission found that demand for PSP tape was derived from the demand for boxes and other products for which its use was required. It determined that demand for PSP tape was not elastic because there were no good substitutes for PSP tape and it accounted for a small share of the total costs of the products and

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<sup>82</sup> 19 U.S.C. § 1675a(a)(4).

<sup>83</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>84</sup> 19 U.S.C. § 1675a(a)(4).

<sup>85</sup> In the original investigation, the Commission did not specifically address any conditions of competition or the business cycle. *See generally, Original Determination*, USITC Pub. 830, at 2-4.

<sup>86</sup> *First Five-Year Review*, USITC Pub. 3157, at 7.

<sup>87</sup> *Second Five-Year Review*, USITC Pub. 3698, at 8.

applications for which it was used.<sup>88</sup> It also found that, although there had been significant growth in the PSP market from the original investigation to the late 1990s, demand had declined over the January 2006-September 2009 period and was projected to grow slowly.<sup>89</sup> Hot melt PSP tape accounted for the largest portion of the carton sealing market in the United States, followed by acrylic and natural rubber PSP tapes, respectively.<sup>90</sup>

In the current review, demand for PSP tape continues to be derived from demand for cartons, corrugated boxes, and other products for which its use is required for sealing.<sup>91</sup> There are limited commercial substitutes for PSP tape, particularly for use in industrial applications.<sup>92</sup>

Market participants provided mixed responses when asked about demand trends during the current POR, but a majority indicated that demand had either increased or remained the same. Similarly, a majority of market participants anticipated that future demand for PSP tape would either increase or remain the same.<sup>93</sup> Demand for PSP tape as measured by apparent U.S. consumption<sup>94</sup> increased steadily over the POR, from 2.3 billion square yards in 2012 to 2.5 billion square yards in 2013 and 2.6 billion square yards in 2014. Apparent U.S. consumption was 1.9 billion square yards in interim 2014 and 2.0 billion square yards in interim 2015.<sup>95</sup>

As previously discussed, PSP tape is distinguished by the type of adhesive or the process of adhesive application, with the three main forms being hot melt, acrylic, and natural rubber. Hot melt PSP tape accounts for the largest portion of the carton sealing tape market in the United States at an estimated 63 percent of the market, followed by acrylic PSP tape at 35 percent and natural rubber PSP tape at 2 percent.<sup>96</sup> Demand for hot melt PSP tape and acrylic PSP tape experienced diverging growth rates in the U.S. market over the POR. Demand for acrylic PSP tape, which is generally used in less sophisticated hand application processes, has seen the greatest growth. Demand for the higher performance hot melt PSP tape, which is

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<sup>88</sup> *Third Five-Year Review*, USITC Pub. 4128, at 12.

<sup>89</sup> *Third Five-Year Review*, USITC Pub. 4128, at 12-13.

<sup>90</sup> *Third Five-Year Review*, USITC Pub. 4128, at 13.

<sup>91</sup> CR at II-13, PR at II-8.

<sup>92</sup> CR at II-15, PR at II-9.

<sup>93</sup> CR/PR at Table II-3.

<sup>94</sup> The data on apparent U.S. consumption are believed to be understated due to the incomplete information available from importers of nonsubject imports. CR at II-11 & n.22, PR at II-7 & n.22. As explained above, in this review, we have relied on importer questionnaires for import data because PSP tape, as defined by Commerce, falls into a broad “basket category” of the Harmonized Tariff Schedule (“HTS”) of the United States that includes products that do not conform to the characteristics (*e.g.*, adhesive on one side) or dimensional specifications (*e.g.*, greater than 1 3/8 inches in width and no greater than 4 mils in thickness) included in the scope language. As a result, Commerce official statistics likely overstate substantially the volume of nonsubject imports. CR at I-50, PR at I-35; CR/PR at IV-1 & n.2.

<sup>95</sup> CR/PR at Table C-1.

<sup>96</sup> CR at I-25, PR at I-21.



generally used in automated industrial closing and bundling systems, has not increased as rapidly.<sup>97</sup>

## 2. Supply Conditions

In its expedited first five-year review, the Commission found that the domestic industry had become less concentrated since the time of the original investigation. At the time of the original investigation, four producers accounted for at least 80 percent of domestic production, and 3M was by far the largest producer. By the time of the first five-year review, 3M's share of domestic production had declined significantly.<sup>98</sup> In its expedited second five-year review, the Commission referenced information from 3M that there had been a substantial consolidation of PSP tape producers through acquisitions in both the U.S. and worldwide PSP tape industries since the first five-year review.<sup>99</sup>

In its full third five-year review, the Commission found that that the domestic industry focused increasingly on hot melt PSP tape, while nonsubject suppliers, primarily acrylic PSP tape producers in China, Taiwan, and Indonesia, made inroads in the U.S. market, which resulted in a decline in domestic production of acrylic PSP tape over the POR. The domestic industry's production capacity decreased slightly over the POR, and there were eight domestic producers during the period. The Commission found that subject imports from Italy declined to vastly reduced levels in the United States after imposition of the antidumping duty finding in 1977 and remained at reduced levels during the POR.<sup>100</sup> Nonsubject imports, particularly from producers in China, Taiwan, and Indonesia, increased over the POR.<sup>101</sup>

The record of the current review indicates that the domestic industry was the largest supplier to the U.S. market during the POR, with its market share ranging from 73.9 percent in 2012 to 64.9 percent in 2014.<sup>102</sup> There are currently six domestic producers; the three largest producers, \*\*\*, accounted for \*\*\* percent of domestic production in 2014.<sup>103</sup> The industry's capacity decreased from 3.29 billion square yards in 2012 to 3.10 billion square yards in 2014. Its capacity was 2.28 billion square yards in interim 2014 and 2.25 billion square yards in interim 2015.<sup>104</sup>

The domestic industry's production and U.S. shipments during the POR focused heavily on hot melt PSP tape, which accounted for about 86 percent of domestic production of PSP tape during the POR<sup>105</sup> and accounted for \*\*\* percent of the domestic industry's total U.S.

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<sup>97</sup> CR at I-10, PR at I-8.

<sup>98</sup> *First Five-Year Review*, USITC Pub. 3157, at 7.

<sup>99</sup> *Second Five-Year Review*, USITC Pub. 3698, at 8.

<sup>100</sup> *Third Five-Year Review*, USITC Pub. 4128, at 13.

<sup>101</sup> *Third Five-Year Review*, USITC Pub. 4128, at 13-14.

<sup>102</sup> CR/PR at Table I-10.

<sup>103</sup> CR/PR at Table I-7.

<sup>104</sup> CR/PR at Table III-2.

<sup>105</sup> CR/PR at Table III-2 note.

shipments in 2012 and \*\*\* percent in 2014.<sup>106</sup> IPG is the sole U.S. producer of natural rubber PSP tape and reported production of \*\*\* as well. All other domestic producers reported production of both hot melt and acrylic PSP tape.<sup>107</sup>

Subject imports had a small presence in the U.S. market during the POR. Their share of apparent U.S. consumption increased from \*\*\* percent in 2012 to \*\*\* percent in 2014, and was higher in interim 2015, at \*\*\* percent, than in interim 2014, at \*\*\* percent.<sup>108</sup> The subject producers focus principally on producing hot melt PSP tape.<sup>109</sup>

Nonsubject imports of PSP tape also increased over the POR and accounted for \*\*\* percent of apparent U.S. consumption by 2014.<sup>110</sup> Imports of PSP tape during the POR from sources other than Italy were predominantly types other than hot melt, and the increase in imports from such sources during the POR was exclusively in types other than hot melt.<sup>111</sup> In particular, acrylic tape from China, Taiwan, and Indonesia increased their presence in the U.S. market.<sup>112</sup> Some producers of PSP tape in Italy are not subject to the antidumping duty finding, but their participation in the U.S. market was minimal.<sup>113</sup>

### 3. Other Conditions

In its expedited first five-year review, the Commission observed that PSP tape appeared to be a commodity-like product, with a high degree of substitutability between imported and domestic PSP tape. The record showed that price was the determinative factor in purchasing decisions. Moreover, while three different types of plastic could be used as backing for PSP tape, the record showed that all three types were used interchangeably for carton sealing applications and competed directly with each other in the marketplace for carton sealing business. Finally, it found that U.S.-produced PSP tape and subject imports remained highly

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<sup>106</sup> Derived from CR/PR at Tables C-2 and C-3.

<sup>107</sup> CR/PR at Table III-2 note.

<sup>108</sup> CR/PR at Table I-10.

<sup>109</sup> CR at IV-10 n.19, PR at IV-7 n.19; Domestic Producers' Posthearing Brief at 1-2; Hearing Transcript at 9 (Neeley) and 26-27 (Blockowitz).

<sup>110</sup> CR/PR at Table C-1. As discussed earlier, the data on the record likely understate the volume of nonsubject imports. According to the available data, nonsubject imports' share of apparent U.S. consumption increased from \*\*\* percent in 2012 to \*\*\* percent in 2013, and \*\*\* percent in 2014. Nonsubject imports' share of apparent U.S. consumption was \*\*\* percent in interim 2014 and \*\*\* percent in interim 2015. *Id.*

<sup>111</sup> CR/PR at Tables C-2 and C-3.

<sup>112</sup> CR at II-11 to II-12 and IV-2, PR at II-7 and IV-2.

<sup>113</sup> CR/PR at Table I-10. Boston and Plasturopa, producers of PSP tapes in Italy, are excluded from the antidumping duty finding on PSP tape from Italy. Plasturopa was excluded by Treasury during the original investigation, and Commerce revoked the antidumping finding with respect to Boston in 1990. CR at I-15 n.27, PR at I-12 n.27.

substitutable products, and small changes in their relative prices had significant volume effects.<sup>114</sup> The Commission reiterated these findings in its expedited second five-year review.<sup>115</sup>

In its full third five-year review, the Commission found that the domestic like product and subject imports were highly interchangeable and that price was an important consideration in purchasing decisions. It also determined that raw material costs accounted for a substantial share of the cost of goods sold (“COGS”) for PSP tape over the period. The Commission noted that the monthly prices of both oil and natural gas feedstocks used in the production of the major raw materials used in the production of PSP tape (plastic polymer films and adhesives) increased irregularly before declining at the end of the review period.<sup>116</sup>

The record of the current review indicates that the domestic like product and subject imports are highly substitutable.<sup>117</sup> A majority of U.S. producers and responding importers reported that domestically produced PSP tape and the subject imports are always or frequently interchangeable (one purchaser reported that U.S.-produced PSP tape and subject imports were always interchangeable and one reported they were never interchangeable).<sup>118</sup> Majorities of purchasers reported that U.S.-produced PSP tape and subject imports were comparable on a number of factors, including availability, packaging, and quality meeting or exceeding industry standards.<sup>119</sup>

The record also shows that price is an important factor in purchasing decisions. All 12 responding purchasers indicated that price, along with product consistency, is a very important factor in making purchasing decisions.<sup>120</sup> A majority of purchasers ranked price as the first or second factor used in making their purchasing decisions.<sup>121</sup>

Raw material costs account for a substantial share of COGS for PSP tape. Raw material costs were 63.7 percent of total COGS in 2012 and 63.0 percent in 2014, and were 60.0 percent in interim 2015.<sup>122</sup> Major raw materials are (1) polypropylene used to produce plastic backing for PSP tape and (2) adhesives.<sup>123</sup> Costs of oil and natural gas feedstocks used in the production of plastics and adhesives have a major influence on raw material costs.<sup>124</sup> Monthly oil prices decreased by 54.6 percent and monthly natural gas prices decreased by 22.9 percent between January 2012 and September 2015.<sup>125 126</sup>

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<sup>114</sup> *First Five-Year Review*, USITC Pub. 3157, at 7.

<sup>115</sup> *Second Five-Year Review*, USITC Pub. 3698, at 8.

<sup>116</sup> *Third Five-Year Review*, USITC Pub. 4128, at 14.

<sup>117</sup> CR at II-16, PR at II-9.

<sup>118</sup> CR/PR at Table II-9.

<sup>119</sup> CR/PR at Table II-8; see also CR/PR at Table II-10.

<sup>120</sup> CR/PR at Table II-8.

<sup>121</sup> CR/PR at Table II-5.

<sup>122</sup> CR/PR at V-1.

<sup>123</sup> CR/PR at V-1.

<sup>124</sup> CR at V-2, PR at V-2.

<sup>125</sup> CR at V-2, PR at V-1 to V-2, and CR/PR at Figure V-1(b).

<sup>126</sup> Chairman Broadbent and Commissioner Kieff do not join in the remainder of these views.

See Separate and Dissenting Views of Chairman Meredith M. Broadbent and Commissioner F. Scott Kieff.

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

### **1. The Original Investigation**

In its original determination, the Commission found that the volume of subject imports increased over the period of investigation. The volume of subject imports tripled and their market share doubled from 1975 to 1976. The Commission found that the subject producers had obtained about one-quarter of the total U.S. market for PSP tape and had increased their market share by approximately two-thirds in January-May 1977 over the quantity entered in the corresponding period in 1976.<sup>127</sup>

### **2. The First Five-Year Review**

In the expedited first five-year review, the Commission found that subject import volume would likely increase significantly and would likely be significant if the finding were revoked. The Commission recognized that subject imports were then at relatively low levels, but it attributed this to the restraining effects of the antidumping duty finding. Nevertheless, it noted that the record from the original investigation indicated that Italian producers had the ability and willingness to establish a significant presence in the United States. The Commission also relied on the subject industry's substantial excess capacity and on the fact that PSP tape is a commodity product that competes on price.<sup>128</sup>

### **3. The Second Five-Year Review**

In the expedited second five-year review, the Commission concluded that subject import volume would be likely to increase significantly and would likely be significant if the finding were revoked. The Commission again attributed the low level of subject imports (relative to total U.S. consumption), in part, to the restraining effects of the finding, rather than the Italian producers' inability or unwillingness to ship significant volumes to the U.S. market, given the demonstrated ability of those producers to increase shipments and gain market share in the original investigation. In addition, the Commission found that the Italian producers had substantial unused production capacity and only a moderate capacity utilization rate in 2003. The Commission concluded, given the commodity nature of PSP tape, the substantial growth of demand for PSP tape in the U.S. market, the substantial excess capacity in Italy, and the apparent high degree of substitutability between domestic and Italian PSP tape, that the likely volume of subject imports would be significant if the finding were revoked.<sup>129</sup>

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<sup>127</sup> *Original Investigation*, USITC Pub. 830, at 5 (Vice Chairman Parker and Commissioner Moore) and 7 (Commissioner Ablondi).

<sup>128</sup> *First Five-Year Review*, USITC Pub. 3157, at 8.

<sup>129</sup> *Second Five-Year Review*, USITC Pub. 3698, at 12-13.

#### 4. The Third Five-Year Review

In the full third five-year review, the Commission found that there was considerable production capacity in Italy and that a significant portion of this capacity was unused.<sup>130</sup> It found that Italy had the second largest PSP tape industry in the world, with approximately 80 producers, and that these producers had significant excess capacity available for export to the United States in the event of revocation of the finding.<sup>131</sup> The Commission also found that PSP tape manufacturing was highly capital intensive; thus, subject producers had a strong incentive to increase production by directing additional shipments of subject merchandise to the United States if the finding were revoked.<sup>132</sup> Moreover, the Commission found that the PSP tape industry in Italy was highly export oriented given that exports comprised the vast majority of the industry's shipments during the POR.<sup>133</sup> Finally, the Commission found that the United States was an especially attractive market for the PSP tape producers in Italy because it was the world's second largest market for PSP tape and hot melt PSP tape accounted for the vast majority of both the U.S. market and PSP production capacity in Italy.<sup>134</sup> The Commission also concluded that the low volume of subject imports during the POR was attributable to the effects of the finding.<sup>135</sup>

#### 5. Current Review

Subject imports had a modest but increasing presence in the U.S. market during the POR. The quantity of subject imports increased from \*\*\* square yards in 2012 to \*\*\* square yards in 2013 and then to \*\*\* square yards in 2014. Subject imports were \*\*\* square yards in interim 2014 and \*\*\* square yards in interim 2015.<sup>136</sup> Subject imports accounted for less than \*\*\* percent of apparent U.S. consumption throughout the POR.<sup>137</sup>

Several factors indicate that the volume of subject imports would likely be significant in the event of revocation. The information available indicates that the subject industry has considerable production capacity and significant unused capacity.<sup>138</sup> Italy is the largest

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<sup>130</sup> *Third Five-Year Review*, USITC Pub. 4128, at 15.

<sup>131</sup> *Third Five-Year Review*, USITC Pub. 4128, at 15-16.

<sup>132</sup> *Third Five-Year Review*, USITC Pub. 4128, at 16.

<sup>133</sup> *Third Five-Year Review*, USITC Pub. 4128, at 17.

<sup>134</sup> *Third Five-Year Review*, USITC Pub. 4128, at 17.

<sup>135</sup> *Third Five-Year Review*, USITC Pub. 4128, at 17.

<sup>136</sup> CR/PR at Table IV-1.

<sup>137</sup> CR/PR at Table I-10.

<sup>138</sup> Although the record contains only limited data concerning the PSP tape industry in Italy because of the failure of several subject producers to respond to the Commission's questionnaires in this review, the record contains several industry studies concerning the pressure sensitive adhesive industries both in Italy and globally. We find that the data and analysis contained in the studies with respect to the PSP tape industry in Italy are consistent with the data provided by the Italian PSP tape producers that did respond to the questionnaire. Therefore, we have relied on both the questionnaire (Continued...)

producer of pressure sensitive adhesive tapes in Western Europe and is one of the largest PSP tape producing countries in the world.<sup>139</sup> There are approximately 30 pressure sensitive adhesive tape producers in Italy; of these, the 11 leading producers are \*\*\*.<sup>140</sup> These firms alone are estimated to have had a combined production of \*\*\* square meters (\*\*\* square yards) of PSP tape in 2014, a substantial amount of which was hot melt PSP tape.<sup>141</sup> Production of PSP tape reported by subject producers \*\*\* in their questionnaire responses was \*\*\* square yards in 2014, \*\*\* square yards in interim 2014, and \*\*\* square yards in interim 2015.<sup>142</sup>

Because of the failure of many subject producers to respond to the Commission's questionnaires, we are unable to quantify precisely the unused production capacity of the subject producers. However, the Italian industry's capacity utilization rate is estimated to be between 55 and 60 percent, leaving approximately two billion square meters of excess capacity available for export to the United States.<sup>143</sup> Thus, the excess capacity of subject producers was

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(...Continued)

data and the industry studies, in addition to information from the original investigation, the prior five-year reviews, and data collected by staff.

<sup>139</sup> CR at IV-22, PR at IV-13, and *World Pressure Sensitive Tapes, Industry Study 3163*, The Freedonia Group, Inc. (May 2014) ("Freedonia Study") at 126, 129. The data provided in the Freedonia Study cover all pressure sensitive adhesive tapes, which is a broader product category than the PSP tape covered in this review.

<sup>140</sup> Freedonia Study at 130. Vibac S.p.A. consolidated its operations with Syrom 90 in 2014. CR at I-15 n.27, PR at I-12 n.27.

<sup>141</sup> Hearing Transcript at 26 (Blockowitz) and 40 (Kobe); Domestic Producers' Prehearing Brief at 20. The data overstate somewhat the capacity of producers subject to the finding, as Boston is not a subject producer. Nevertheless, the nonsubject producers from Italy that submitted questionnaire data, including Boston, only accounted for \*\*\* of 2014 PSP tape production in Italy reported by all Italian PSP tape producers that submitted questionnaire responses. See CR/PR at Table IV-4. This set of producers, in turn, represented substantially less than all PSP tape production in Italy. Domestic Producers' Prehearing Brief at 20 and Exhibit 2.

<sup>142</sup> CR/PR at Table F-3. Vibac provided only limited data covering 2014 and interim 2015 in its questionnaire response. Production of hot melt PSP tape reported by subject producers \*\*\* was \*\*\* square yards in 2012, \*\*\* square yards in 2013, and \*\*\* square yards in 2014, and was \*\*\* square yards in interim 2014 and \*\*\* square yards in interim 2015. CR/PR at Table F-1. Hot melt PSP production as a share of all PSP tape production reported by subject producers \*\*\* was \*\*\* percent in 2012, \*\*\* percent in 2013, and \*\*\* percent in 2014, and was \*\*\* percent in interim 2014 and \*\*\* percent in interim 2015. CR/PR at Table F-1. Production of all other types of PSP tape reported by subject producers \*\*\* was \*\*\* square yards in 2012, \*\*\* square yards in 2013, and \*\*\* square yards in 2014, and was \*\*\* square yards in interim 2014 and \*\*\* square yards in interim 2015. CR/PR at Table F-2.

<sup>143</sup> CR at IV-10, IV-13, PR at IV-7, IV-9, and CR/PR at Table F-3; and Petitioners' Prehearing Brief at Exhibit 2, *Pressure Sensitive Tape Market – Italy*, Alexander Watson Associates ("Watson Study") at 4. The Watson Study estimates that production of PSP tape in Italy was \*\*\* square meters in 2012, \*\*\* square meters in 2013, and \*\*\* square meters in 2014, and will be \*\*\* square meters in 2015 to 2017. *Id.* at 4 and 6. It also estimates that subject PSP tape producers had approximately \*\*\* square meters of production capacity during the POR. *Id.* at 7.

nearly equivalent to apparent U.S. consumption in 2014.<sup>144</sup> The capacity utilization rate for the responding subject producers was \*\*\* percent in 2014, and was \*\*\* percent in interim 2014 and \*\*\* percent in interim 2015.<sup>145</sup> Thus, regardless of which information we use, the record indicates that subject producers in Italy possess substantial excess capacity, particularly relative to apparent U.S. consumption.

Moreover, the PSP tape industry in Italy is highly export oriented.<sup>146</sup> Exports comprise the large majority of the Italian industry's shipments, accounting for \*\*\* percent of total shipments from reporting subject producers in 2014, and \*\*\* percent in interim 2014 and \*\*\* percent in interim 2015.<sup>147</sup> Italy is one of the world's largest net exporting nations for adhesive tapes.<sup>148</sup> While the majority of its PSP tape exports are to the European Union ("EU") nations, it has a significant volume of exports to other countries.<sup>149</sup>

Finally, the United States is an especially attractive market for the PSP tape producers in Italy. It was the world's second largest market for PSP tape in 2013 and is projected to remain one of the top PSP tape markets through 2023, despite anticipated slow growth in demand.<sup>150</sup> The U.S. market consumes a large quantity of hot melt PSP tape,<sup>151</sup> which is a product produced in substantial quantities by the subject producers.<sup>152</sup> Although the EU is currently the main market for PSP tape exports from Italy, PSP tape producers in Italy face significant competition in the EU market from Asian and other European PSP tape producers.<sup>153</sup> Moreover, the record shows that other export markets for PSP tape in Asia, Latin America, Africa, and the Middle East

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<sup>144</sup> CR/PR at Table C-1. Apparent U.S. consumption was 2.6 billion square yards or 2.2 billion square meters in 2014. *Id.*

<sup>145</sup> CR/PR at Table F-3 (showing available data for 3M, H-Old, and Vibac). The capacity utilization rate reported by subject producers \*\*\* decreased steadily over the POR and was \*\*\* percent in 2012, \*\*\* percent in 2013, and \*\*\* percent in 2014. It was \*\*\* percent in interim 2014 and \*\*\* percent in interim 2015. CR/PR at Table IV-5. The capacity utilization rate reported by subject producers \*\*\* for hot melt PSP tape was \*\*\* percent in 2012, \*\*\* percent in 2013, and \*\*\* percent in 2014. It was \*\*\* percent in interim 2014 and \*\*\* percent in interim 2015. CR/PR at Table F-3. The capacity utilization rate reported by \*\*\* was \*\*\* percent in 2014, \*\*\* percent in interim 2014, and \*\*\* percent in interim 2015. CR at IV-13 n.29, PR at IV-9 n.29; and calculated from \*\*\* Foreign Producer Questionnaire Response at II-14 and II-15. The capacity utilization rate reported by \*\*\* for hot melt PSP tape was \*\*\* percent in 2014, and was \*\*\* percent in interim 2014 and \*\*\* percent in interim 2015. Calculated from \*\*\* Foreign Producer Questionnaire Response at II-14 and II-15.

<sup>146</sup> See \*\*\* Foreign Producer Questionnaire Response, EDIS Doc. 569824, at 25 (acknowledging heavily export oriented PSP tape industry in Italy).

<sup>147</sup> CR/PR at Table F-3. Subject producers \*\*\* reported even higher percentages of export shipments during the POR. CR/PR at Table IV-5.

<sup>148</sup> CR at IV-22, PR at IV-13.

<sup>149</sup> CR at IV-20, PR at IV-11, and CR/PR at Table IV-7.

<sup>150</sup> CR/PR at Table IV-12.

<sup>151</sup> CR/PR at Table C-2.

<sup>152</sup> CR at IV-14 to IV-15, PR at IV-9 to IV-10.

<sup>153</sup> CR at IV-23, PR at IV-13.

have limited ability to absorb significant volumes of hot melt PSP tape from Italy.<sup>154</sup> Additionally, one of the \*\*\* PSP tape producers in Italy has an established affiliated distributor located in Canada, providing it with ready access to the U.S. market.<sup>155</sup>

In making our determination, we recognize that exports from three PSP tape producers in Italy were not subject to the antidumping duty finding.<sup>156</sup> These producers make specialty products that are outside the scope of this review.<sup>157</sup> Consequently, the small quantities of PSP tape that they shipped to the United States during the POR are not necessarily indicative of a lack of interest by other Italian producers in the U.S. market. We therefore find that the low volume of subject imports during the POR was attributable to the effects of the finding on the subject producers.<sup>158 159</sup>

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<sup>154</sup> Domestic Producers' Prehearing Brief at 18-19; Posthearing Brief at 3 and Exhibit 2, Response to Commissioner Question 5; and Hearing Transcript at 13-14 (Anderson) and 36 (Kobe). Asian markets do not appear to offer significant export opportunities for hot melt PSP tape from Italy because these markets prefer acrylic PSP tape for its lower price. Moreover, some hot melt PSP tape capacity is already available in Asia. CR at IV-10 & n.20, PR at IV-7 & n.20.

<sup>155</sup> Vibac S.p.A. owns a tape production facility and exporter in Canada through the Vibac Group. CR at I-15 and II-6, PR at I-12 and II-3 to II-4.

<sup>156</sup> Autoadesivitalia, S.p.A. ("Autoadesivi"), Boston, and Plasturopa are nonsubject producers of PSP tapes in Italy. CR at I-4 to I-5 and n.9, I-15 n.27, PR at I-3 and n.9 and I-12 n.27.

<sup>157</sup> Autoadesivi was acquired by 3M Italia in 1985 and has concentrated on different markets and specialty products so as not to compete with 3M's U.S. production. CR at I-4 and n. 10, PR at I-3 and n.10. Boston and Plasturopa produce specialty PSP tape that is largely outside the scope of the review. CR at I-4, PR at I-3; Domestic Producers' Prehearing Brief at 4; *see also* Hearing Transcript at 63 (Malashevich) and 64 (Anderson).

<sup>158</sup> We note that deposit rates on several subject producers were relatively low. *See* CR/PR at Table I-2. However, this does not indicate that the finding did not have a restraining effect on these producers, because the deposit rate is typically not the same as the final duty assessment rate, and both such rates are subject to change in Commerce's administrative reviews. Due to the distinct possibility that assessment and/or future deposits would not be at the low rates, the existence of the finding is likely to have had a restraining effect on subject import volume and pricing.

<sup>159</sup> We have also considered the other factors enumerated in the statute regarding analysis of the likely volume. The limited evidence in the record with respect to existing inventories of the subject merchandise shows that end-of-period inventories held by 3M Italia and H-Old increased slightly (by \*\*\* percent) from 2012 to 2014, and they were \*\*\* between interim 2014 and interim 2015. Hot melt PSP tape accounted for \*\*\* percent of \*\*\* end-of-period inventories and for \*\*\* percent of \*\*\* end-of-period inventories during the POR. CR at IV-15, PR at IV-10. Vibac reported end-of-period inventories of \*\*\* square yards in \*\*\*. CR at II-10 & n.20, PR at II-6 & n.20. Of Vibac's reported inventory, \*\*\* percent is accounted for by hot melt product. *Id.* at n.20. Inventories of subject merchandise in the United States were minimal during the POR. CR/PR at Table IV-3.

There are no reported third country barriers to entry. CR at IV-28, PR at IV-15. The limited information available about the Italian industry does not permit us to make a finding whether product shifting is likely.



Accordingly, based on the substantial production capacity and unused capacity of the subject producers, their export orientation, and the attractiveness of the U.S. market, we find that the likely volume of subject imports, both in absolute terms and as a share of the U.S. market, would be significant in the event of revocation.

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

##### **1. The Original Investigation**

In its original determination, the Commission found that the domestic producers' prices for PSP tape declined in the last three quarters of 1975 and the first half of 1976 due to continuing price declines by subject imports in those periods. The Commission found that the underselling by subject imports had caused price depression, that prices had remained at depressed levels since mid-1976, and that the price reductions that had taken place since early 1975 occurred despite substantial increases in unit production costs incurred by the domestic producers. Finally, the Commission found evidence of significant sales lost by domestic producers due to subject imports.<sup>160</sup>

##### **2. The First Five-Year Review**

In its expedited first five-year review, the Commission found that revocation of the antidumping duty finding would be likely to lead to significant price effects, including significant underselling, and significant price suppression and depression.<sup>161</sup>

##### **3. The Second Five-Year Review**

In the expedited second five-year review, the Commission found that PSP tape was a commodity product and that purchasing decisions appeared to be based largely on price. Consequently, subject exporters would offer low prices to U.S. purchasers in order to gain market share, while the substantial excess capacity available to the Italian producers provided a strong incentive to price aggressively. The Commission concluded that prices for domestically produced PSP tape in the United States would likely decline to a significant degree due to the effects of increased volumes of highly substitutable subject imports offered at lower prices. As a result, the Commission found that revocation would lead to significant price effects, including significant underselling by subject imports, as well as significant price suppression and depression, in the reasonably foreseeable future.<sup>162</sup>

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<sup>160</sup> *Original Investigation*, USITC Pub. 830, at 5-6 (Vice Chairman Parker and Commissioner Moore) and 7-8 (Commissioner Ablondi).

<sup>161</sup> *First Five-Year Review*, USITC Pub. 3157, at 9.

<sup>162</sup> *Second Five-Year Review*, USITC Pub. 3698, at 9.

#### 4. The Third Five-Year Review

In the full third five-year review, the Commission found that price remained an important factor in the purchases of PSP tape and that the domestic like product and subject imports were highly interchangeable.<sup>163</sup> The Commission also found that subject imports continued to undersell the domestic like product even with the discipline of the antidumping duty finding.<sup>164</sup> The Commission concluded, in view of the unused capacity and export orientation of the industry in Italy, the capital intensive nature of the PSP tape industry, the size of the U.S. market, and the high degree of substitutability between subject imports and the domestic like product, that subject producers in Italy were likely to undersell the domestic industry to increase market share in the United States. It also found that this underselling was likely to result in significant price effects in the event of revocation. Thus, the Commission concluded that significant volumes of subject imports from Italy likely would significantly undersell the domestic like product to gain market share and likely would have significant depressing or suppressing effects on prices of the domestic like product if the antidumping duty finding were revoked.<sup>165</sup>

#### 5. The Current Review

Price remains an important factor in the purchase of PSP tape, with all purchasers reporting that price is very important in their purchasing decisions.<sup>166</sup> As discussed above, the domestic like product and the subject imports are highly substitutable.<sup>167</sup>

The pricing data in this review indicate that, even under the discipline of the antidumping duty finding, subject imports continued to undersell domestically produced PSP tape. The Commission collected pricing data on five products.<sup>168</sup> These products accounted for 53.1 percent of U.S. producers' shipments and \*\*\* percent of U.S. commercial shipments of

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<sup>163</sup> *Third Five-Year Review*, USITC Pub. 4128, at 18.

<sup>164</sup> *Third Five-Year Review*, USITC Pub. 4128, at 18-19.

<sup>165</sup> *Third Five-Year Review*, USITC Pub. 4128, at 119.

<sup>166</sup> CR/PR at Table II-6.

<sup>167</sup> See CR at II-16, PR at II-9.

<sup>168</sup> CR at V-13 to V-14, PR at V-9. The five pricing products were (1) Pressure sensitive plastic tape with a thickness of 1.6 to 1.7 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters (*Hot Melt Adhesive*); (2) Pressure sensitive plastic tape with a thickness of 1.8 to 2.0 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of 900 to 2,000 meters (*Hot Melt Adhesive*); (3) Pressure sensitive plastic tape with a thickness of 1.6 to 1.7 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters (*Acrylic Adhesive*); (4) Pressure sensitive plastic tape with a thickness of 1.8 to 2.0 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of 900 to 2,000 meters (*Acrylic Adhesive*); and (5) Pressure sensitive plastic tape with a thickness of 1.6 to 1.7 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters (*Natural Rubber Adhesive*). *Id.*

subject imports from Italy in 2014.<sup>169</sup> The data indicate that the subject imports undersold the domestic like product in all 20 quarterly comparisons, with margins of underselling ranging from \*\*\* percent to \*\*\* percent.<sup>170</sup>

Quarterly prices for U.S.-produced PSP tape were fairly stable during the POR. The limited data for subject imports from Italy show fluctuating prices over the period.<sup>171</sup>

We have found that the likely volume of subject imports upon revocation would be significant, that price is important in purchasing decisions, and that the domestic like product and subject imports are highly substitutable. Thus, we further find that, upon revocation, subject producers would likely undersell to increase market share in the United States. This conclusion is further supported by the consistent underselling that occurred during the POR. This underselling is likely to result in significant price effects, as domestic producers would be forced either to cut prices or risk losing market share to subject import competition. We consequently find that significant volumes of subject imports from Italy likely would significantly undersell the domestic like product to gain market share and likely would have significant depressing or suppressing effects on the domestic like product if the antidumping duty finding on PSP tape from Italy were revoked.

## **E. Likely Impact**

### **1. The Original Investigation**

In its original determination, the Commission found that the effect of the subject imports in causing depressed prices and lost sales was reflected in the financial experience of the domestic producers. Specifically, the Commission found that the net operating profit of the domestic industry had fallen continuously, from a substantial profit in 1974 to a substantial loss in 1976. The Commission also found that the ratio of net operating profit to net sales fell from a profit of more than 15 percent in 1974 to a loss of more than 10 percent in 1976. On these bases, the Commission concluded that the domestic industry was being injured by reason of the subject imports.<sup>172</sup>

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<sup>169</sup> CR at V-14, PR at V-10.

<sup>170</sup> CR/PR at Table V-9. All comparisons involved Product 1, a hot melt tape with the largest quantities of both the domestic like product and subject imports, and Product 5, a natural rubber tape. *Id.*

<sup>171</sup> CR/PR at Tables V-3 and V-7, and Figures V-4 and V-8.

<sup>172</sup> *Original Investigation*, USITC Pub. 830, at 6 (Vice Chairman Parker) and 8 (Commissioner Ablondi).

## **2. The First Five-Year Review**

In the expedited first five-year review, the Commission found that if the antidumping duty finding were revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time. It stated that, because PSP tape accounted for only a small share of the value of the cartons and boxes that it is used to seal, reduced prices for PSP tape would not stimulate additional demand, but rather would result in a shift to lower priced subject imports. This would result in lower market share for the domestic industry and erosion in its financial, production and employment indicators.<sup>173</sup>

## **3. The Second Five-Year Review**

In the expedited second five-year review, the Commission observed that there was little new information on the condition of the domestic industry.<sup>174</sup> The Commission found that reduced prices for PSP tape would not stimulate additional demand because most PSP tape was used to seal cartons and boxes and the tape represented only a small share of the value of the carton or box. Thus, even if some market share gained by the increased volume of imports from Italy came at the expense of fairly traded imports and not the domestic like product, a significant portion of the lost sales would be incurred by the domestic industry. The Commission concluded that the loss of this market share would adversely impact the domestic industry's revenues, production, capacity utilization, and employment, and result in significant adverse effects on the industry's financial condition. As a result, the Commission concluded that subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time if the antidumping duty finding were revoked.<sup>175</sup>

## **4. The Third Five-Year Review**

In the full third five-year review, the Commission found that the condition of the domestic industry generally declined from 2006 to 2008 before improving slightly in interim 2009. The domestic industry's production of PSP tape decreased, as did its production capacity, capacity utilization, U.S. shipments, net sales, and employment-related indicators. However, inventories also declined during the review period.<sup>176</sup> The Commission found that the domestic industry's financial indicators worsened, with declines in its operating income and operating income margin during the review period and preceding the economic downturn.<sup>177</sup>

The Commission determined that revocation of the antidumping duty finding would likely lead to significant increases in subject imports that would undersell the domestic like

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<sup>173</sup> *First Five-Year Review*, USITC Pub. 3157, at 10.

<sup>174</sup> *Second Five-Year Review*, USITC Pub. 3698, at 22.

<sup>175</sup> *Second Five-Year Review*, USITC Pub. 3698, at 22-23.

<sup>176</sup> *Third Five-Year Review*, USITC Pub. 4128, at 21.

<sup>177</sup> *Third Five-Year Review*, USITC Pub. 4128, at 21-22.

product and significantly depress or suppress U.S. prices. It found a significant portion of any gain in market share by subject imports after revocation would likely come at the expense of the domestic industry.<sup>178</sup> Accordingly, the Commission concluded that subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time if the antidumping duty finding were revoked.<sup>179</sup>

## 5. The Current Review<sup>180</sup>

The condition of the domestic industry generally improved over the POR. Domestic production of PSP tape increased from 1.892 billion square yards in 2012 to 1.899 billion square yards in 2013, before decreasing to 1.885 billion square yards in 2014; it was 1.420 billion square yards in interim 2014 and 1.425 billion square yards in interim 2015. The domestic industry's production capacity decreased from 3.29 billion square yards in 2012 to 3.08 billion square yards in 2013, before increasing to 3.10 billion square yards in 2014; it was 2.28 billion square yards in interim 2014 and 2.25 billion square yards in interim 2015. Capacity utilization increased from 57.4 percent in 2012 to 61.7 percent in 2013, before decreasing to 60.7 percent in 2013; it was 62.3 percent in interim 2014 and 63.4 percent in interim 2015.<sup>181</sup>

The domestic industry's U.S. shipments of PSP tape fluctuated within a narrow range over the period. U.S. shipments decreased from 1.72 billion square yards in 2012 to 1.70 billion square yards in 2013 and 2014; they were 1.27 billion square yards in interim 2014 and 1.30 billion square yards in interim 2015. Net sales decreased from 1.90 billion square yards in 2012 to 1.88 billion square yards in 2013 and 2014; they were 1.49 billion square yards in interim 2014 and interim 2015.<sup>182</sup> Domestic producers' inventories increased from 152 million square yards in 2012 to 160 million square yards in 2013, before decreasing to 158 million square yards

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<sup>178</sup> *Third Five-Year Review*, USITC Pub. 4128, at 22.

<sup>179</sup> *Third Five-Year Review*, USITC Pub. 4128, at 22-23.

<sup>180</sup> Section 752(a)(6) of the Tariff Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" 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.

In its expedited fourth sunset review, Commerce determined that revocation of the antidumping duty finding on PSP tape from Italy would likely lead to a continuation or recurrence of dumping at dumping margins of 3.70 percent for all producers and exporters of the subject merchandise. *Commerce Fourth Sunset Review*, 80 Fed. Reg. at 39055.

<sup>181</sup> CR/PR at Table III-3.

<sup>182</sup> CR/PR at Table III-4.

in 2014; inventories were 168 million square yards in interim 2014 and 156 million square yards in interim 2015.<sup>183</sup>

The domestic industry's employment indicators were mixed. The industry's production and related workers ("PRWs") decreased from 931 in 2012 to 895 in 2013, before increasing to 913 in 2014; the number of PRWs was 914 in interim 2014 and 893 in interim 2015. The number of total hours worked decreased from 1.94 million in 2012 to 1.86 million in 2013, before increasing to 1.88 million in 2014; the hours worked were 1.39 million in interim 2014 and 1.33 million in interim 2015.<sup>184</sup> Although productivity increased over the period, per unit labor costs also increased steadily.<sup>185</sup>

The domestic industry's financial performance improved steadily over the period. The industry's operating income increased from \$79.2 million in 2012 to \$97.8 million in 2013 to \$101.9 million in 2014; it was \$72.9 million in interim 2014 and \$95.3 million in interim 2015. The industry's operating income margin increased from 14.7 percent in 2012 to 17.4 percent in 2013 and 17.6 percent in 2014; it was 16.9 percent in interim 2014 and 21.7 percent in interim 2015.<sup>186 187</sup>

Based on the record in this review, we conclude that revocation of the antidumping duty finding would likely lead to a significant increase in subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices. Most PSP tape sold in the U.S. market is used to seal cartons and boxes, and the tape represents only a small share of the value of the cartons and boxes. Therefore, decreased prices for PSP tape would not stimulate additional demand, but would likely cause purchasers to switch to lower priced subject imports. A significant portion of any gain in market share by the subject imports after revocation would likely come at the expense of the domestic industry. Thus, we find that the 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. Declines in these indicators of industry performance would likely have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital and to make and maintain capital investments. Accordingly, we conclude that subject imports from Italy

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<sup>183</sup> CR/PR at Table III-5. The ratio of domestic producers' inventories to U.S. shipments increased from 8.8 percent in 2012 to 9.4 percent in 2013, before decreasing to 9.3 percent in 2014; it was 9.9 percent in interim 2014 and 9.0 percent in interim 2015. *Id.*

<sup>184</sup> CR/PR at Table III-8. Wages paid increased from \$57.5 million in 2012 to \$59.0 million in 2013 and \$61.2 million in 2014; they were \$47.7 million in interim 2014 and \$45.6 million in interim 2015. *Id.*

<sup>185</sup> CR/PR at Table III-8. Productivity (square yards/hour) increased from 974.4 in 2012 to 1,023.5 in 2013, before decreasing to 1,002.2 in 2014; it was 1,021.8 in interim 2014 and 1,074.8 in interim 2015. Per unit labor costs (per 1,000 square yards) increased from \$30.37 in 2012 to \$31.06 in 2013 to \$32.49 in 2014; they were \$33.58 in interim 2014 and \$31.97 in interim 2015. *Id.*

<sup>186</sup> CR/PR at Table III-9.

<sup>187</sup> Based on these indicators, we do not find that the domestic industry is in a vulnerable condition despite some declining performance indicators and increasing competition from both subject and nonsubject imports during the period.

would likely have a significant adverse impact on the domestic industry within a reasonable foreseeable time.

We have also considered the likely effects of nonsubject imports in the U.S. market. As previously discussed, nonsubject imports were primarily acrylic PSP tape from China, India, Indonesia, and Taiwan,<sup>188</sup> and the increase in nonsubject imports during the POR was entirely attributable to imports of PSP tape other than hot melt PSP tape from sources other than Italy.<sup>189</sup> The impact of increasing subject imports would likely fall disproportionately on the domestic industry, as opposed to nonsubject imports, in the event of revocation because the producers in the United States are focused on hot melt products.<sup>190</sup> Consequently, subject imports would likely cause adverse effects on the domestic industry distinct from those of nonsubject imports in the event of revocation. Accordingly, we find that subject imports of PSP tape from Italy are likely to have a significant impact on the domestic industry in the event of revocation of the antidumping duty finding.

#### **IV. Conclusion**

For the foregoing reasons, we determine that revocation of the antidumping duty finding on PSP tape from Italy would be likely to lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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<sup>188</sup> Domestic Producers' Prehearing Brief, Exhibit 4; Posthearing Brief at Response to Commissioner Question 9; see also, CR at II-11 to II-12, PR at II-6 to II-7; CR at IV-4 n.2, PR at IV-2 n.4 (\*\*\*) .

<sup>189</sup> See CR/PR at Tables C-1 to C-3.

<sup>190</sup> Compare CR/PR at Tables C-2 and C-3; CR at II-12 & n.25, PR at II-7 & n.25; Domestic Producers' Prehearing Brief at 6, 13-14, and Exhibit 4; Posthearing Brief at 5 and Response to Commissioner Question 9.





## **Additional and Dissenting Views of Chairman Meredith M. Broadbent and Commissioner F. Scott Kieff**

### **I. Introduction**

Based on the record of this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended, that revocation of the antidumping duty finding on pressure sensitive plastic tape (“PSP tape”) from Italy would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1</sup>

We base our separate determination on the virtual absence of subject imports from the U.S. market for 39 years, the Italian industry’s concentration on selling to other markets, namely the European Union (“EU”), the significant changes in the domestic industry and the U.S. market since the original investigation, and the domestic industry’s continued dominance in the U.S. market.

Since the final phase of the original investigation in 1977, the Commission consistently has been divided over the likelihood that subject imports would injure the domestic industry absent the antidumping duty finding. Over the last 39 years, dissenting Commissioners routinely identified the increasing sophistication and dominance of the U.S. producers of PSP tape in the U.S. market. These Commissioners also considered the Italian producers’ declining interest in exporting to the United States and increasing focus on regional shipments of PSP tape to the European market as sufficient evidence to determine that a significant volume of subject imports from Italy was not likely to surge into the U.S. market and capture market share at domestic producers’ expense, absent trade relief.

In their dissent in the original final phase of the investigation, Chairman Minchew and Commissioner Bedell identified the rising U.S. production of PSP tape, including an industry expansion from three to nine U.S. producers and growth of industry shipments and employment over the period of investigation (“POI”).<sup>2</sup> They also noted that new, competitive U.S. producers tended to produce polypropylene tape, a product that was first introduced into the U.S. market in substantial quantities during the POI and which at that time was displacing incumbent suppliers of polyester tape, a higher-priced form of PSP tape that is no longer produced in significant quantities.<sup>3</sup> Within their discussion of threat of injury, the dissenting Commissioners noted strongly increasing U.S. demand as evidence that the U.S. market for PSP tape was in a stage of rapid development in comparison to a more mature European market.<sup>4</sup> They also found that Italian producers would be focusing on regional European shipments

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<sup>1</sup> Except as otherwise noted, we join with and adopt as our own sections I-III.C.4, III.D.1-D.4, and III.E.1-E.4 of the Views of the Commission.

<sup>2</sup> *Pressure Sensitive Plastic Tape from Italy*, USITC Pub. 830 (August 1977) (“Original Determination”) at 10-11 (Statement of Negative Determination of Chairman Daniel Minchew and Commissioner Catherine Bedell).

<sup>3</sup> Original Determination at 11-12; CR at I-27, PR at I-22.

<sup>4</sup> Original Determination at 12.

following an Italian recession, leading them to conclude that there would be a reduction of Italian exports to the U.S. market.<sup>5</sup>

In 1999, during the Commission's expedited first five-year review, Chairman Bragg and Commissioners Crawford and Askey determined that revocation of the antidumping duty finding would not be likely to lead to a continuation or recurrence of material injury to the domestic industry. They cited the small amount of market share of subject imports from Italy (1.0 percent of apparent U.S. consumption) and the significant changes in the European market towards an integrated EU. They observed that:

Given these changes \*\*\* and the minimal level of exports to the United States, it is likely that Italian producers will focus their efforts on a European market that is collectively larger than that of the United States.<sup>6</sup>

Moreover, the dissenting Commissioners noted that while the antidumping duty finding "had a significant impact on the market penetration of both subject and nonsubject Italian imports, the tremendous growth in consumption and the domestic industry's share of this growth are not likely to lead to any adverse effect if the finding is revoked."<sup>7</sup>

In 2004, during the Commission's expedited second five-year review, Chairman Okun and Commissioners Lane and Pearson determined that revocation of the antidumping duty finding would not be likely to lead to a continuation or recurrence of material injury to the domestic industry.<sup>8</sup> They stated that the record showed there was "no indication that subject producers intend to or even have the ability to reenter the U.S. market."<sup>9</sup> They found that the U.S. market for PSP tape was dominated by domestic producers and nonsubject sources, and, notwithstanding Domestic Producers' arguments that Italian producers had "significant underutilization" and could rapidly increase exports to the United States upon revocation of the finding, there was no likelihood that Italian producers would capture market share from U.S. producers. Indeed, the Commissioners concluded that Italian producers were more interested in the European markets, and not the U.S. market, as demonstrated by the fact that "Italian market share has remained insignificant notwithstanding Commerce's revocation of the finding on two Italian companies . . . which indicates that the United States is not the primary market for Italian PSP tape."<sup>10</sup>

In the Commission's full third five-year review in 2010, Chairman Aranoff, Vice Chairman Pearson, and Commissioner Okun determined that revocation of the antidumping duty finding

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<sup>5</sup> Original Determination at 12.

<sup>6</sup> *Pressure Sensitive Plastic Tape from Italy*, Inv. No. AA1921-167, USITC Pub. 3157 (Feb. 1999) ("First Five-Year Review") at 15 (Dissenting Views of Chairman Lynn M. Bragg, Commissioner Carol T. Crawford, and Commissioner Thelma J. Askey).

<sup>7</sup> First Five-Year Review at 14.

<sup>8</sup> *Pressure Sensitive Plastic Tape from Italy*, Inv. No. AA1921-167, USITC Pub. 3698 (June 2004) ("Second Five-Year Review") at 13 (Dissenting Views of Chairman Deanna Tanner Okun, Commissioner Charlotte R. Lane, and Commissioner Daniel R. Pearson).

<sup>9</sup> Second Five-Year Review at 19.

<sup>10</sup> Second Five-Year Review at 20.

on imports of PSP tape from Italy would not be likely to lead to recurrence or continuation of material injury to a domestic industry. In determining that subject imports from Italy were not likely to surge into the U.S. market in significant volumes, these Commissioners made several observations. First, these Commissioners found Domestic Producers' arguments regarding excess capacity in the Italian PSP tape industry unpersuasive. The Domestic Producers argued that the Italian industry "would be compelled to increase production and sell at variable costs" to achieve a capacity utilization rate that was high enough for them to operate.<sup>11</sup> However, the domestic industry itself operated at a lower capacity utilization rate than what they considered to be necessary for the Italian industry. Despite this lower capacity utilization rate, the domestic industry operated profitably while using the same technology and producing similar products as the Italian industry. Second, they found that unlike the original investigation, the U.S. market was dominated by domestic producers and, "to a lesser extent, nonsubject suppliers that combined held almost \*\*\* of apparent U.S. consumption during the period of review."<sup>12</sup> They deduced from the data that "the U.S. industry's extensive, and consistently maintained, share in the U.S. market signifies that imports from Italy are likely to face strong competition from U.S. and nonsubject suppliers."<sup>13</sup> Third, these Commissioners observed that the Italian share of the U.S. market remained insignificant notwithstanding Commerce's revocation of the finding on two Italian companies in 1988 and 1990, and the relatively low dumping margins for all Italian producers and exporters since the original finding in 1977.<sup>14</sup> Lastly, they found that the growth and integration of the EU, in connection with the circulation of a common currency, the euro, "represented a massive new market potential for Italian PSP tape producers," such that "Italy's primary market is the EU, and the EU is likely to remain the primary market of Italian PSP tape producers, given the duty-free advantages it provides."<sup>15</sup>

Many of the same reasons that guided previous Commissioners in their negative determinations inform our decision, as well as new information and data before the Commission.

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<sup>11</sup>*Pressure Sensitive Plastic Tape from Italy*, Inv. No. AA1921-167, USITC Pub. 4128 (Mar. 2010) ("Third Five-Year Review") at 30 (Dissenting Views of Chairman Shara L. Aranoff, Vice Chairman Daniel R. Pearson, and Commissioner Deanna Tanner Okun). During the third five-year review, the domestic industry's capacity utilization rate was 77.0 percent in 2006, 70.5 percent in 2007, 72.3 percent in 2008, 75.8 percent in January-September 2008, and 61.1 percent in January-September 2009. The industry's operating income margin ranged from a low of 8.2 percent in 2008 to a high of 17.3 percent in January-September 2009. Table III-3, pg. III-2; Table III-8, pg. III-9.

<sup>12</sup> Third Five-Year Review at 31.

<sup>13</sup> Third Five-Year Review at 31.

<sup>14</sup> Third Five-Year Review at 32.

<sup>15</sup> Third Five-year Review at 33. At the time of the third review, the value of the euro was higher than the U.S. dollar. The dissenting Commissioners identified "the current high level of the euro to be an *added* deterrent to Italian exports to the U.S. market." *Id.* at 31-32 (emphasis added).

## II. The Legal Standard in a Five-year Review

In a five-year review, we must determine whether revocation of an order or finding would be likely to lead to continued or recurrent material injury to a domestic industry.<sup>16</sup> This standard is prospective in nature and requires us to engage in a counter-factual analysis to determine the likely impact in the reasonably foreseeable future of an important change in the status quo, namely the revocation of the order or finding and the consequent elimination of any restraining effects on volumes and prices of imports.<sup>17</sup> We must consider, *inter alia*, the Commission's prior injury determinations, including the period preceding the issuance of the finding, as that period is the most recent time during which imports of subject merchandise competed free of discipline in the U.S. market.<sup>18</sup> If the Commission finds that pre-finding conditions are likely to recur, it is reasonable to conclude that there is a likelihood of continuation or recurrence of injury.<sup>19</sup> Alternatively, if pre-finding conditions are not likely to recur, the Commission must also consider additional factors, such as the vulnerability of the industry to injury, in determining the likely effects on volume, price, and impact upon revocation or termination of the finding.<sup>20</sup>

## III. No Likelihood of Material Injury by Reason of Subject Imports from Italy

Notably, the conditions of competition have changed substantially since the Commission's original determination. In-scope PSP tape was developed in the mid-1960s and the market for PSP tape began to subsequently emerge in the 1970s.<sup>21</sup> As consumers shifted from traditional methods of sealing cartons (i.e., gummed paper tape and staples) to PSP tape, and new uses for PSP tape were developing, the market for PSP tape grew rapidly over the original POI, by 206.7 percent.<sup>22</sup>

Today, the U.S. market for PSP tape no longer resembles the burgeoning market of the 1970s. As measured by apparent U.S. consumption, the U.S. market was \*\*\* percent larger in 2014 than in 1976.<sup>23</sup> In addition to being larger, it is also far more mature: while apparent U.S.

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<sup>16</sup> 19 U.S.C. § 1675(a).

<sup>17</sup> H.R. Rep. 103-316 vol. 1 ("SAA") at 884 (1994).

<sup>18</sup> 19 U.S.C. § 1675a(a)(1)(a).

<sup>19</sup> SAA at 884.

<sup>20</sup> SAA at 884-85.

<sup>21</sup> Original Staff Report at A-18.

<sup>22</sup> Original Staff Report at A-18-19. Indeed, even the type of tape backing used in the market changed. Originally, most PSP tape sold in the market by U.S. producers was a high-strength polyester tape. Original Staff Report at A-19. Most imports from Italy and from West Germany, which was also subject to the original investigation, were made from unplasticized polyvinylchloride plastic film in a process that was developed and patented in Europe. Original Staff Report at A-49. The type of tape which predominates in the U.S. market today, polypropylene-backed tape, was only just starting to make inroads and take market share. Original Staff Report at A-19, A-49-50

<sup>23</sup> CR/PR at App. C, Tables C-1 and I-1.

consumption increased significantly between the 1970s and the time of the first review, the market during this current period of review was characterized by steady growth, as apparent domestic consumption grew from 2.3 billion square yards in 2012 to 2.6 billion square yards in 2014.<sup>24</sup> The U.S. industry is also comparatively more dominant in the market. Whereas in 1973-76 the domestic industry accounted for \*\*\* percent of apparent U.S. consumption, it has consistently accounted for the majority of sales in the U.S. market over the course of the last reviews.<sup>25</sup> In addition, the domestic industry also imports large volumes of nonsubject imports, and therefore commands an even larger share of the market.<sup>26</sup> While the U.S. industry developed and dominated the U.S. market, Italy has developed as the primary supplier to the EU, which did not exist in its current form during the time of the original investigation. The EU, through its single market and its common currency, substantially facilitates trade between member states, and it has increased its membership over time.<sup>27</sup> Consequently, and in light of the significant changes that have occurred, we find that the pre-finding conditions would not likely recur in the U.S. market if the finding is revoked.

## 1. Likely Volume

The Commission is to consider whether the likely volume of subject imports would be significant either in absolute terms or relative to production or consumption in the United States if the finding under review were revoked. In so doing, the Commission shall consider “all relevant economic factors,” including four enumerated in the statute: (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) existence of barriers to the importation of the subject merchandise in countries other than the United States; and (4) the potential for product shifting if the production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

Subject imports were very minor throughout the current period of review (“POR”), ranging from \*\*\* to \*\*\* percent of the market.<sup>28</sup> Subject imports did not equate to greater than \*\*\* square yards between 2012 and 2014; by contrast, U.S. producers’ shipments were 1.7 billion square yards in each of those years, while nonsubject imports from other countries increased from \*\*\* square yards in 2012 to \*\*\* square yards in 2014.<sup>29</sup> The insignificant volume of subject imports during the POR is consistent with longstanding trends: in each review for which import data was available, subject imports have not amounted to more than \*\*\* percent of apparent U.S. consumption.<sup>30</sup>

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<sup>24</sup> CR/PR at App. C, Tables C-1 and I-1.

<sup>25</sup> CR/PR at App. C, Tables C-1 and I-1.

<sup>26</sup> CR/PR at Table III-6.

<sup>27</sup> CR at IV-22, PR at IV-13.

<sup>28</sup> CR/PR at Table C-1.

<sup>29</sup> CR/PR at Table C-1.

<sup>30</sup> CR/PR at App. C, Table I-1. In addition, the significance of subject imports from Italy during the original investigation should be considered in the context of the U.S. market at that time. Subject (Continued...)

Domestic Producers allege that this minimal subject import volume was due largely to the restraining effect of the antidumping duty finding.<sup>31</sup> However, in the fourth five-year review, Commerce found a dumping margin of 3.7 percent for five Italian firms and all other Italian entities,<sup>32</sup> which is lower than the normal rate of duty for PSP tape (5.8 percent).<sup>33</sup> Domestic Producers argue that, despite the low dumping margins, the ability of the domestic industry to request that Commerce review the antidumping duty margin and retroactively increase the rate paid for a given period of time acts as a sufficient deterrent against shipping significant volumes of low-priced PSP tape from Italy.<sup>34</sup> With respect to this argument, we note that no administrative reviews by Commerce of the antidumping duty finding concerning Italian producers or exporters have been completed in nearly 20 years.<sup>35</sup> Since 1983, Commerce's administrative reviews consistently produced low or *de minimis* dumping margins.<sup>36</sup> In addition, three Italian producers have not been subject to the finding since at least 1990.<sup>37</sup> Despite not being subject to the antidumping duty or the threat of adverse administrative reviews, nonsubject imports from Italy consistently amounted to less than \*\*\* percent of apparent U.S. consumption in each year for which they were measured.<sup>38</sup> We find that the fact that Italian imports, whether or not subject to the finding, have not returned in any significant

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(...Continued)

imports from Italy reached a period-high market share of \*\*\* percent in 1976, with a volume of \*\*\* square yards. In 1976, however, apparent U.S. consumption was only \*\*\* square yards. Over the period between the original determination and the first five-year review, the market for PSP tape increased substantially. By 1997, apparent U.S. consumption was \*\*\* square yards. Subject imports from Italy were even higher in that year than in 1976, at \*\*\* square yards, but accounted for only \*\*\* percent of the market. CR/PR at App. C, Table I-1. Therefore, while subject imports from Italy were significant in the context of the market in 1976, that same volume is not significant in a more modern context.

<sup>31</sup> Domestic Producers Posthearing Brief, Responses to Staff Questions, Question 4.

<sup>32</sup> CR/PR at Table I-3.

<sup>33</sup> CR at I-21, PR at I-18.

<sup>34</sup> Domestic Producers Posthearing Brief, Responses to Staff Questions, Question 4.

<sup>35</sup> CR/PR at Table I-2.

<sup>36</sup> CR/PR at Table I-2.

<sup>37</sup> CR at I-16, PR at I-13. Treasury excluded one Italian producer from the finding in 1977, and Commerce revoked the antidumping duty finding for two other Italian companies in 1988 and 1990.

<sup>38</sup> CR/PR at App. C, Table I-1. Data on nonsubject imports from Italy are not available for the original investigation or the first or second five-year reviews, but are available for the third and fourth five-year reviews.

Domestic Producers contend that these nonsubject suppliers are small and specialized, and focus on products where the U.S. market is not particularly attractive, and therefore are not indicative of how the majority of the Italian industry would behave if the finding were revoked. Hearing Tr. at 63 (Malashevich). These arguments notwithstanding, we note that \*\*\* were listed in the Freedomia Group's May 2014 study as being significant producers of PSP tape in Italy. CR at IV-25-26, PR at IV-14. Plasturopa, the third firm not subject to the finding, and Boston were considered among the top four sources of subject imports during the original investigation. CR at IV-7, PR at IV-5-6. We consider the volume of nonsubject imports from Italy to be indicative of how subject imports would behave if the finding were revoked.

volumes to the U.S. market in the 39 years since the original determination demonstrates a long-term lack of interest by Italian producers in the U.S. market.

The records of these reviews and of prior reviews indicate that the Italian industry has been primarily focused on serving the EU for decades. At the time of the original investigation in 1977, the EU did not exist. The creation of a single European market for goods, the adoption of a common currency, the euro, and the free movement of people across European national borders have created substantial duty-free, transactional, and logistical advantages for Italian exporters in serving fellow EU member countries.<sup>39</sup> Moreover, the number of countries that are EU members has expanded from 15 to 28 member states since the first review, thereby expanding the Italian PSP tape industry's natural market.<sup>40</sup>

Italian firms report that their primary focus is on serving the EU market.<sup>41</sup> Trade data on the record reinforces the Italian industry's focus on serving the EU, including its home market. During the third five-year review, responding subject Italian producers reported selling between \*\*\* percent of total shipments within Italy or to the EU market between 2006 and 2008.<sup>42</sup> In these reviews, the subject Italian industry's EU concentration has only increased, with home market and other inter-EU shipments accounting for \*\*\* percent of total reported subject Italian shipments \*\*\* in each year and interim period of the POR.<sup>43</sup> In addition, Italian producers not subject to the antidumping duty finding also were heavily concentrated in selling to the EU market throughout the POR, with home market and EU shipments accounting for the vast majority of total nonsubject Italian shipments in each year and interim period of the POR.<sup>44</sup> Although we do not have foreign producer-reported export data for the entire Italian industry on the record of this review, official trade statistics compiled from the GTIS Database indicate that 78-81 percent of Italian exports of adhesive tapes, a basket category including PSP tape, were shipped to EU countries between 2009 and 2014.<sup>45</sup> We note that there were no antidumping or countervailing duty or safeguard investigations on PSP tape from Italy identified in any other country.<sup>46</sup>

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<sup>39</sup> See First Five-Year Review at 15; Second Five-Year Review at 20; Third Five-Year Review at 28, 33; CR at IV-11, PR at IV-8.

<sup>40</sup> First Five-Year Review at 15; CR at IV-11, PR at IV-8.

<sup>41</sup> Foreign Producer Questionnaire at II-11, Responses of \*\*\*.

<sup>42</sup> Third Five-Year Review, INV-GG-012 (Feb. 12, 2010) at Table IV-3.

<sup>43</sup> CR/PR at Table IV-5 and Table F-3. Although the firms responding to the Commission's foreign producer questionnaires do not comprise the entire Italian industry, official trade statistics compiled from the GTIS Database indicate that consistently 78-81 percent of Italian exports of adhesive tapes, a basket category including PSP tape, were shipped to EU countries between 2009 and 2014. EDIS Document No. 575479. This consistency in exporting primarily to the EU despite changes in underlying European demand over this period contradicts Domestic Producers' argument that any reduced demand for PSP tape in Europe will lead to a shift in the Italian industry's concentration in the EU market. Domestic Producers' Posthearing Brief at 3.

<sup>44</sup> CR/PR at Table IV-6. Between \*\*\* percent of total nonsubject Italian shipments were to the Italian home market or the EU market.

<sup>45</sup> EDIS Document No. 575477.

<sup>46</sup> CR at IV-28, PR at IV-15.

Domestic Producers argue that subject producers are likely to shift many sales currently destined for the EU to the United States due to faltering demand in Europe and a depreciating euro.<sup>47</sup> However, as discussed above, these arguments are contradicted by the consistent and high share of total Italian shipments sold in the EU despite changes in underlying European demand and no apparent barriers to trade in third-country markets. Moreover, the Freedonia Group projects that demand for pressure sensitive adhesive tape in Western and Eastern Europe will be \*\*\* square yards and \*\*\* square yards higher, respectively, in 2018 than in 2013.<sup>48</sup>

In each prior five-year review, parties in support of the continuation of the finding have cited excess capacity in the Italian industry as evidence that subject Italian producers have the incentive to increase production and ship a significant volume of PSP tape to the United States upon revocation of the antidumping duty finding.<sup>49</sup> The Commission is again confronted with such an argument in this review from Domestic Producers.<sup>50</sup> As in prior reviews, the precise size of the PSP tape industry in Italy remains unclear,<sup>51</sup> but there is evidence that suggests that the subject Italian industry has excess capacity.<sup>52</sup> We are unpersuaded, however, that any excess capacity held by the subject Italian industry will translate into a significant increase in

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<sup>47</sup> Domestic Producers' Posthearing Brief, Response to Staff Questions, Question 5.

<sup>48</sup> CR/PR at Table IV-12.

<sup>49</sup> CR at II-2, II-9; PR at II-1, II-5.

<sup>50</sup> Domestic Producers' Posthearing Brief at 2.

<sup>51</sup> According to a May 2014 study from The Freedonia Group, Italy's PSP tape industry is composed of approximately 30 producers, with shipments in 2013 of \*\*\* square yards. CR at IV-23 and IV-25, PR at IV-13 and IV-14: *see also* EDIS Document No. 558231; Domestic Producers' Prehearing Brief at Exh. 2. Domestic Producers identified 19 producers in Italy, and stated that there was production capacity in Italy of \*\*\* square yards in 2014, with production of \*\*\* square yards. CR at IV-10, PR at IV-7; Domestic Producers' Prehearing Brief at 20.

<sup>52</sup> Only two of the three subject producers that responded to the Commission's foreign producer questionnaire provided data for all three years. These two Italian producers, \*\*\* had capacity utilization rates of \*\*\* percent or higher between 2012 and 2014, and \*\*\* percent in interim 2015. CR/PR at IV-5. If only hot-melt tape production capacity is considered, which is considered to be the most threatening by Domestic Producers, CR at I-32, PR at I-24,, these two firms reported capacity utilization rates of \*\*\* percent or higher between 2012 and 2014 and \*\*\* percent in interim 2015. CR/PR at Table F-1.

The third subject producer that responded to the Commission's foreign producer questionnaire, Vibac, only provided data for 2014 and interim 2015 since it completed its acquisition of Syrom S.p.A. ("Syrom") at the end of 2013. The Commission did not receive a foreign producer questionnaire from Syrom. CR/PR at IV-5. With the inclusion of \*\*\*, the reported capacity utilization for the Italian industry was \*\*\* percent in 2014 and \*\*\* percent in interim 2015, with excess capacity amounting to \*\*\* square yards in 2014 and \*\*\* square yards in interim 2015. CR/PR at Table F-3.

\*\*\* Foreign Producer Questionnaire at II-2, Response of \*\*\*. Evidence does not suggest that \*\*\* has ever been a supplier of any material quantities of PSP tape to the U.S. market, including during the original investigation in 1977, \*\*\*. CR at IV-7-8, PR at IV-5-6. \*\*\* reported that the antidumping duty finding was not significant due to its orientation toward the EU market, and anticipated no changes if the finding were revoked. Foreign Producer Questionnaire at II-12-13, Response of \*\*\*.



subject imports in the reasonably foreseeable future if the antidumping duty finding was revoked.

Domestic Producers argue that the Italian industry has a financial imperative to ship an increasing volume of PSP tape in order to fill excess capacity upon revocation of the antidumping duty finding.<sup>53</sup> However, the evidence does not indicate that PSP tape producers must optimize all available capacity in order to remain profitable. Indeed, the domestic industry's high profitability during the POR, despite not operating at or near full capacity utilization,<sup>54</sup> contradicts Domestic Producers' arguments that the subject Italian industry will need to increase its capacity utilization rates to be profitable. In addition, the Italian industry resembles the U.S. industry in its focus on serving local and home markets.<sup>55</sup> The experience of the domestic industry, which is structurally similar to the Italian industry given its focus on producing and selling higher-priced hot-melt tape, demonstrates that filling all available capacity through aggressive price-based competition is not necessarily an imperative for Italian PSP tape producers.

The mere presence of excess capacity in the Italian industry is not in itself sufficient indication that subject imports are likely to be significant if the finding is revoked, particularly in light of the Italian industry's longstanding focus on the EU market. No other factor indicates that subject imports are likely to increase significantly in the reasonably foreseeable future. U.S. importers' inventories of subject imports were near zero throughout the POR,<sup>56</sup> while the subject Italian foreign producers reported stable inventories throughout the POR.<sup>57</sup> Production of PSP tape accounts for the majority of subject Italian producers' production, suggesting that any product shifting is unlikely to lead to significant increases in subject imports.<sup>58</sup>

For all of these reasons, we do not find it likely that the volume of subject imports of PSP tape from Italy would be significant, in absolute terms or relative to production or consumption in the United States, within a reasonably foreseeable time in the event of revocation of the antidumping duty finding.

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<sup>53</sup> Domestic Producers' Posthearing Brief, Response to Staff Questions, Question 5.

<sup>54</sup> CR/PR at Table C-1.

<sup>55</sup> The U.S. industry consistently exported less than 10 percent of its total shipments during the POR. CR/PR at Table III-4. Most U.S. exporters reported exporting to North American destinations. CR at III-9, PR at III-5.

<sup>56</sup> CR/PR at Table IV-3. U.S. importers' inventories of subject imports amounted to zero square yards in 2012 and 2013, and only 15,000 square yards in 2014 and interim 2015.

<sup>57</sup> End-of-period inventories reported by subject Italian producers \*\*\* were constant throughout the POR, at \*\*\* square yards in each year and interim periods. CR/PR at Table IV-5. Including \*\*\*, end-of-period inventories were \*\*\* square yards in 2014, \*\*\* square yards in interim 2014, and \*\*\* yards in interim 2015. CR/PR at Table F-3.

<sup>58</sup> Subject Italian producers' PSP tape production capacity, as a percentage of total capacity utilization, was: \*\*\* percent in 2012, \*\*\* percent in 2013, \*\*\* percent in 2014, \*\*\* percent in interim 2014, and \*\*\* percent in interim 2015. Conversely, non-PSP tape production capacity, as a percentage of total capacity utilization, was: \*\*\* percent in 2012, \*\*\* percent in 2013, \*\*\* percent in 2014, \*\*\* percent in interim 2014, and \*\*\* percent in interim 2015. CR/PR at Table IV-10.

## 2. Likely Price Effects

In considering the likely price effects of subject imports from Italy if the antidumping duty finding were revoked, we acknowledge that subject imports from Italy and the domestic like product are generally interchangeable, and that price is important in purchasing decisions.<sup>59</sup>

Pricing data for subject imports from Italy were available for hot melt PSP tape and natural rubber PSP tape only, as no importers reported price data for the acrylic products.<sup>60</sup> While subject imports of natural rubber PSP tape from Italy undersold the domestic like product by margins ranging from \*\*\* to \*\*\* percent, Domestic Producers conceded that subject imports from Italy of acrylic and natural rubber PSP tapes are likely to be non-injurious to the domestic industry.<sup>61</sup> Thus, by Domestic Producers' own admission, subject imports from Italy of natural rubber PSP tape are not likely to cause significant adverse price effects.

With regard to hot melt PSP tape, subject imports from Italy undersold the domestic like product in 5 of 5 quarterly instances during the POR, with margins ranging from \*\*\* to \*\*\* percent.<sup>62</sup> However, the total reported quantity of these subject imports was \*\*\* square yards from \*\*\* to \*\*\*.<sup>63</sup> Conversely, the reported quantity of the same product sold by U.S. producers was \*\*\* square yards over the same period.<sup>64</sup> Indeed, subject imports of hot melt PSP tape from Italy only accounted for \*\*\* percent and \*\*\* percent of the U.S. market, based on apparent U.S. consumption, in interim periods 2014 and 2015.<sup>65</sup> The apparent underselling by a very small volume of subject imports of hot melt tape did not appear to have any meaningful impact on U.S. prices.<sup>66</sup>

Domestic Producers submitted pricing data from the United Kingdom ("UK"), where Italian PSP tape competes with U.S.-produced PSP tape, in order to demonstrate that Italian prices are lower than U.S. prices. They state that this underselling in the UK market will likely occur in the U.S. market upon revocation of the antidumping duty finding.<sup>67</sup> We do not find that the U.S. market and the UK market are sufficiently analogous. As discussed above, Italian producers of PSP tape have been and remain interested in the EU's market for adhesive tapes.

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<sup>59</sup> See Views of the Commission, section III.B.3, which we join.

<sup>60</sup> CR/PR at Tables V-5-V-6.

<sup>61</sup> "What we have here is testimony by the U.S. industry that there's no injury by reason of a natural rubber or the acrylic. So whether you find one, two, three, five, it doesn't matter how many industries you find, the testimony is the same. There's no injury." Hearing Tr. at 47 (Neeley).

<sup>62</sup> CR/PR at Table V-3.

<sup>63</sup> CR/PR at Table V-3.

<sup>64</sup> CR/PR at Table V-3.

<sup>65</sup> CR/PR at Table C-2.

<sup>66</sup> Although U.S. prices for product 1, a hot melt tape product in which both U.S. producers and subject imports competed, declined between July 2014 and September 2015, CR/PR at Table V-3, we do not attribute these declines to the minimal volume of subject imports of that product. We note that U.S. prices for product 2, a product for which there were no subject imports, declined as well over that period. CR/PR at Table V-4.

<sup>67</sup> Domestic Producers' Prehearing Brief at 21-22.

Because we have concluded that the Italian industry is unlikely to shift its exports away from its European regional markets to the U.S. market, we do not find underselling in third-country European markets to be indicative of how subject imports from Italy would be priced in the U.S. market.<sup>68</sup>

In the absence of a significant volume of subject imports from Italy in the U.S. market, we do not conclude that subject imports will significantly undersell the domestic like product upon revocation of the antidumping duty finding, nor will subject imports have significant price depressing or suppressing effects on the domestic prices.

## 2. Likely Impact

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>69</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the finding under review and whether the industry is vulnerable to material injury upon revocation.<sup>70</sup>

As has been noted in prior reviews, the condition of the domestic industry has improved significantly since the original finding in 1977. At the time of the original finding, the domestic industry accounted for less than \*\*\* of apparent U.S. consumption.<sup>71</sup> Although both apparent U.S. consumption and domestic production and shipments rose between 1973 and 1977, the domestic industry nonetheless lost market share to subject imports.<sup>72</sup> Despite increases in

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<sup>68</sup> Moreover, the creation of the European common market under the Single European Act and the creation of a common currency under the Treaty of Maastricht, both of which has served to foster economic and political integration and facilitate trade between member states, further negates the alleged similarities between the U.S. and UK markets. CR at IV-11, PR at IV-8.

<sup>69</sup> 19 U.S.C. § 1675a(a)(4).

<sup>70</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>71</sup> CR/PR at App. C, Table I-1.

<sup>72</sup> CR/PR at App. C, Table I-1.

production and shipments, the domestic industry shifted from significant operating profits to significant operating losses.<sup>73</sup>

By the time of the first review, however, the domestic industry's condition had improved significantly in step with the growth of a considerably larger market. Apparent U.S. consumption had risen from \*\*\* square yards in 1976 to \*\*\* square yards in 1997.<sup>74</sup> Domestic production had risen from \*\*\* square yards in 1976 to \*\*\* square yards in 1997, and its market share had risen from \*\*\* percent in 1976 to \*\*\* percent in 1997 at the expense of nonsubject and subject imports.<sup>75</sup> Subject imports were largely absent from the U.S. market.<sup>76</sup>

The record gathered during the full third-year review showed that the industry's improvement was enduring. At the end of that period of review, the domestic industry accounted for 81.5 percent of apparent domestic consumption.<sup>77</sup> The domestic industry operated profitably throughout those years despite a modest downturn in apparent U.S. consumption at the end of the period.<sup>78</sup> Subject imports remained largely absent from the U.S. market, as did PSP tape from \*\*\*.<sup>79</sup>

During this fourth POR, the domestic industry continued to lead the U.S. market and perform well. While the domestic industry lost market share to nonsubject imports from other countries (primarily composed of acrylic tape), its production and shipments were stable throughout the POR.<sup>80</sup> The unit value of net sales rose over the POR and the industry's COGS/sales ratio fell.<sup>81</sup> The domestic industry earned significant operating income throughout this POR, with operating income relative to net sales rising in each calendar year and reaching 17.6 percent in 2014 and 21.7 percent in interim 2015.<sup>82</sup> The operating income ratios in this POR exceeded those registered in any year of the third five-year review or the final two calendar years of the original investigation.<sup>83</sup> The domestic industry consistently made capital expenditures throughout the POR, and its research and development expenditures were also consistent.<sup>84</sup> Employment levels in 2014 were down slightly from 2012 but hourly wages were 10 percent higher in 2014 than in 2012, and productivity was higher in 2014 than in 2012.<sup>85</sup> Given this level of performance, we do not find the domestic industry to be vulnerable.

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<sup>73</sup> CR/PR at App. C, Table I-1.

<sup>74</sup> CR/PR at App. C, Table I-1.

<sup>75</sup> CR/PR at App. C, Table I-1.

<sup>76</sup> CR/PR at App. C, Table I-1. Following the imposition of the antidumping duty finding, subject imports may have declined as a result of the trade remedy. However, for reasons discussed above in our analysis of the likely volume of subject imports, we do not consider the presence of the antidumping duty finding to be the primary reason that subject imports have remained absent over 39 years.

<sup>77</sup> CR/PR at App. C, Table I-1.

<sup>78</sup> CR/PR at App. C, Table I-1.

<sup>79</sup> CR/PR at App. C, Table I-1.

<sup>80</sup> CR/PR at Table C-1.

<sup>81</sup> CR/PR at Table C-1.

<sup>82</sup> CR/PR at Table III-9.

<sup>83</sup> Compare CR/PR at Table III-9 with App. C, Table I-1.

<sup>84</sup> CR/PR at Table III-12.

<sup>85</sup> CR/PR at Table C-1.

We have already found it unlikely that subject imports will reach the U.S. market in significant volumes in the reasonably foreseeable future and that significant price effects are also therefore unlikely. The domestic industry is well established and has accounted for a significant majority of the U.S. market throughout this POR and indeed for years before. Subject imports have been insignificant since the original finding, and even imports from Italy not subject to duties have been \*\*\* from the U.S. market. We therefore find that revocation of the antidumping duty finding on subject imports from Italy would not be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.<sup>86</sup>

#### **IV. Conclusion**

For the above stated reasons, we determine that revocation of the antidumping duty finding on PSP tape from Italy would not be likely to lead to the continuation or recurrence of material injury to the domestic PSP tape industry within a reasonably foreseeable time.

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<sup>86</sup> During the hearing, counsel for Domestic Producers stated that “acrylics have simply moved to Asia,” and “natural rubber . . . is just a very small part of the market {and} {i}t’s gone in a different direction altogether.” Hearing Tr. at 48-49 (Neeley). The Commission is confronted with a nearly forty year old antidumping duty finding in which the domestic like product has always been defined as coextensive with Commerce’s scope. Yet, Domestic Producers raised domestic like product arguments in the course of this fourth five-year review that served only to undermine their argument that the finding was still needed. Notably, the demand in the U.S. market for acrylic and natural rubber PSP tapes based on apparent U.S. consumption increased by \*\*\* percent from 2012 to 2014, and by \*\*\* percent between interim periods 2014 and 2015. CR/PR at Table C-3. Conversely, demand in the U.S. market for hot melt PSP tape based on apparent U.S. consumption decreased by \*\*\* percent from 2012 to 2014, and increased by only \*\*\* percent between interim periods 2014 and 2015. CR/PR at Table C-2. To the extent that Domestic Producers relied on the antidumping duty finding as evidence of the disciplining effect on subject import volume, their arguments that the finding is no longer necessary for two of the three types of tape products, in light of increasing demand in the U.S. market for those two products, belies the purported efficacy of the antidumping duty finding as a whole.



## PART I: INTRODUCTION

### BACKGROUND

On March 2, 2015, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of the antidumping finding on pressure sensitive plastic tape (“PSP tape”) from Italy would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2 3</sup> On June 5, 2015, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.<sup>4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:<sup>5</sup>

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

<sup>2</sup> *Pressure Sensitive Plastic Tape from Italy; Institution of a Five-Year Review*, 80 FR 11224, March 2, 2015. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

<sup>3</sup> In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping finding concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 80 FR 11164, March 2, 2015 (effective March 1, 2015).

<sup>4</sup> *Pressure Sensitive Plastic Tape from Italy; Notice of Commission Determination to Conduct a Full Five-Year Review*, 80 FR 34458, June 16, 2015. The Commission received one response to its notice of institution for the subject review. It was filed on behalf of 3M (formerly known as Minnesota Mining and Manufacturing Company), a U.S. producer of PSP tape and the petitioner in the original investigation; Intertape Polymer Group (“IPG”); and Shurtape Technologies LLC (“Shurtape”). The Commission did not receive a response to the notice of institution from any respondent party. The Commission found the domestic interested party response to be adequate and found the respondent interested party group response to be inadequate. All six Commissioners voted to conduct a full review because the domestic interested parties indicated that the definition of the domestic like product used in the Commission’s previous reviews of the antidumping duty finding is no longer appropriate and should be reconsidered. *Domestic Interested Parties’ Response to the Notice of Institution*, April 1, 2015; *Explanation of Commission Determination on Adequacy*.

<sup>5</sup> The Commission’s notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy are referenced in app. A and may also be found at the Commission’s web site (internet address [www.usitc.gov](http://www.usitc.gov)). Commissioners’ votes on whether to conduct an expedited or full review may also be found at the web site. App. B presents witnesses that appeared at the Commission’s hearing.

<b>Effective date</b>	<b>Action</b>
April 8, 1976	Petition filed with the Department of Treasury (41 FR 19990, May 14, 1976)
October 21, 1977	Department of Treasury's antidumping duty finding on PSP tape from Italy (42 FR 56110)
September 1, 1998	Commission's institution (63 FR 46475) and Commerce's initiation (63 FR 64610) of their first five-year reviews
January 6, 1999	Commerce's final results of its expedited first five-year review (64 FR 853)
February 10, 1999	Commission's expedited first five-year review determination (64 FR 6681)
February 17, 1999	Commerce's first continuation order concerning the antidumping duty finding on PSP tape from Italy (64 FR 51515, September 23, 1999)
January 2, 2004	Commission's institution (69 FR 101) and Commerce's initiation (69 FR 50) of their second five-year reviews
May 11, 2004	Commerce's final results of its expedited second five-year review (69 FR 26068)
June 14, 2004	Commission's expedited second five-year review determination (69 FR 33070)
June 25, 2004	Commerce's second continuation order concerning the antidumping duty finding on PSP tape from Italy (69 FR 35584)
May 1, 2009	Commission's institution (74 FR 20340) and Commerce's initiation (74 FR 20286) of their third five-year reviews
August 4, 2009	Commission's determination to conduct a full five-year review (74 FR 40845, August 13, 2009)
August 13, 2009	Commerce's final results of its third expedited five-year review (74 FR 40811)
March 22, 2010	Commission's third five-year review determination (75 FR 14628, March 26, 2010)
April 5, 2010	Commerce's third continuation order concerning the antidumping duty finding on PSP tape from Italy (75 FR 17124)
March 1, 2015	Commerce's initiation of its fourth five-year review (80 FR 11164, March 2, 2015)
March 2, 2015	Commission's institution of its fourth five-year review (80 FR 11224)
June 5, 2015	Commission's determination to conduct a full five-year review (80 FR 34458, June 16, 2015)
July 8, 2015	Commerce's final results of its expedited fourth five-year review (80 FR 39054)
September 22, 2015	Commission's scheduling of its fourth five-year review (80 FR 58295, September 28, 2015)
February 2, 2016	Commission's hearing
March 15, 2016	Commission's vote
April 4, 2016	Commission's determination and views

### **The original investigation**

The original investigation resulted from a petition filed on April 8, 1976 by Minnesota Mining & Manufacturing Co., St. Paul, Minnesota, alleging sales at LTFV of "box sealing tape" from Italy and West Germany. In September 1977, the Commission determined that an industry in the United States was not being, and was not likely to be, injured by imports of PSP tape



from West Germany sold, or likely to be sold, at LTFV.<sup>6</sup> The Commission also determined that an industry in the United States was being injured by imports of PSP tape from Italy sold, or likely to be sold, at LTFV. After receipt of the Commission's determination, Treasury issued an antidumping duty finding on imports of PSP tape from Italy. The weighted average margins for the three Italian manufacturers found by Treasury to have made LTFV sales of the subject merchandise were: 9.9 percent for Manuli Tapes S.p.A ("Manuli"), 9 percent for Boston Tape S.p.A. ("Boston"), and 11 percent for Comet S.p.A. ("Comet"). Treasury excluded one Italian firm producing and exporting PSP tape, Plasturopa-SIPA S.A.S. ("Plasturopa"), from its antidumping duty finding.<sup>7 8</sup> In 1988, Commerce revoked the antidumping duty finding on PSP tape produced by Autoadesivitalia, S.p.A. ("Autoadesivi").<sup>9</sup> Autoadesivi was acquired by 3M Italia S.r.l. ("3M Italia") in 1985 and subsequently concentrated on other markets so as not to compete with 3M Company ("3M") in the United States.<sup>10</sup> In 1990, Commerce revoked the antidumping duty finding on PSP tape produced by Boston S.p.A. ("Boston").<sup>11 12</sup>

### The first five-year review

In February 1999, the Commission completed its expedited first five-year review of the antidumping duty finding on PSP tape from Italy and determined that revocation of the finding on PSP tape from Italy would be likely to lead to continuation of recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>13</sup> Following affirmative

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<sup>6</sup> *Pressure Sensitive Plastic Tape from West Germany, Investigation No. AA1921-168*, USITC Publication 831, September 1977, p. A-1. Information obtained in the two separate investigations was presented together by the Commission in USITC Publication 831.

<sup>7</sup> Treasury found no LTFV margin for sales of PSP tape by Plasturopa, and excluded the company from the finding. *Antidumping—Pressure Sensitive Plastic Tape Measuring Over One and Three-Eighths Inches in Width and Not Exceeding Four Millimeters in Thickness From Italy*, 42 FR 56110, October 21, 1977. Treasury issued a correction notice (*Antidumping—Pressure Sensitive Plastic Tape Measuring Over One and Three-Eighths Inches in Width and Not Exceeding Four Mills in Thickness from Italy; Correction*, 42 FR 63887, December 21, 1977) noting that "Not Exceeding Four Millimeters in Thickness" should read "Not Exceeding Four Mills in Thickness" wherever it appears.

<sup>8</sup> Plasturopa primarily produced specialty tapes that are outside the scope of this finding. Domestic interested parties' prehearing brief, p. 4.

<sup>9</sup> *Pressure Sensitive Plastic Tape from Italy; Final Results of Antidumping Duty Administrative Review and Revocation, in Part*, 53 FR 16444, May 9, 1988.

<sup>10</sup> Domestic interested parties' prehearing brief, p. 4. Counsel for the domestic interested parties noted that 3M Italia \*\*\*. Counsel further reported that 3M Italia "\*\*\*\*." Email with \*\*\*, February 1, 2016.

<sup>11</sup> *Final Results of Antidumping Duty; Administrative Review and Revocation in Part, Pressure Sensitive Plastic Tape from Italy*, 55 FR 6031, February 21, 1990.

<sup>12</sup> Boston primarily produced specialty tapes that are outside the scope of this finding. Domestic interested parties' prehearing brief, p. 4.

<sup>13</sup> *Pressure Sensitive Plastic Tape from Italy*, 64 FR 6681, February 10, 1999. Chairman Bragg and Commissioners Crawford and Askey made a negative determination. See their *Dissenting Views* in

(continued...)

determinations in the five-year reviews by Commerce and the Commission, effective February 17, 1999, Commerce issued a continuation of the antidumping duty finding on imports of PSP tape from Italy.<sup>14</sup>

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

In June 2004, the Commission completed its expedited second five-year review of the antidumping duty finding on PSP tape from Italy and determined that revocation of the finding on PSP tape from Italy would be likely to lead to continuation of recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>15</sup> Following affirmative determinations in the second five-year reviews by Commerce and the Commission, effective June 25, 2004, Commerce issued a continuation of the antidumping duty finding on imports of PSP tape from Italy.<sup>16</sup>

### **The third five-year review**

In March 2010, the Commission completed its full third five-year review, finding that revocation of the antidumping duty finding on PSP tape from Italy would be likely to lead to continuation or recurrence of material injury in the United States within a reasonably foreseeable time.<sup>17</sup> Commerce issued a continuation of the antidumping duty finding on the subject imports on April 5, 2010.<sup>18</sup>

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(...continued)

*Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Review)*, USITC Publication 3157, February 1999.

<sup>14</sup> *Continuation of Antidumping Finding: Pressure Sensitive Plastic Tape from Italy*, 64 FR 51515, September 23, 1999.

<sup>15</sup> *Pressure Sensitive Plastic Tape from Italy*, 69 FR 33070, June 14, 2004. Chairman Okun and Commissioners Lane and Pearson made a negative determination. See their *Dissenting Views* in *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Second Review)*, USITC Publication 3698, June 2004.

<sup>16</sup> *Continuation of Antidumping Findings: Prestressed Concrete Wire Strand from Japan and Pressure Sensitive Plastic Tape from Italy*, 69 FR 35584, June 25, 2004.

<sup>17</sup> *Pressure Sensitive Plastic Tape From Italy; Determination*, 75 FR 14628, March 26, 2010. Commissioners Lane, Williamson, and Pinkert determined that revocation of the antidumping duty finding on PSP tape from Italy would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Chairman Aranoff, Vice Chairman Pearson, and Commissioner Okun dissented. *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. 1.

<sup>18</sup> *Pressure Sensitive Plastic Tape From Italy: Notice of Continuation of Antidumping Duty Finding*, 75 FR 17124, April 5, 2010.

## Related investigations

PSP tape has not been the subject of any other antidumping or countervailing duty investigations in the United States.

## SUMMARY DATA

Table I-1 presents a summary of data from the original investigation (1976) as well as the first (1997), second (2003), third (2008), and current (2014) reviews. In the original investigation, the U.S. industry's production, shipments, and net sales increased markedly over the period. However, as costs and expenses increased, operating income turned negative. Capacity utilization of the U.S. industry was not calculated during the original investigation because machinery and equipment used in the production of PSP tape were also used in the production of other plastic tape products.<sup>19</sup> As noted in table I-1, certain data, including U.S. production, shipments, and imports of PSP tape for the expedited first and second five-year reviews were based on estimates submitted by 3M to the Commission's notice of institution in the respective reviews.

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<sup>19</sup> *Pressure Sensitive Plastic Tape from Italy and West Germany, Investigation Nos. AA1921-167 and 168, Original Staff Report, August 15, 1977, p. A-23.*

**Table I-1**

**PSP tape: Comparative data from the original investigation, expedited first and second five-year reviews, full third five-year review, and current full fourth five-year review, 1976, 1997, 2003, 2008, and 2014**

**(Quantity = 1,000 square yards; value = 1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)**

Item	Calendar year				
	Original investigation	First review	Second review	Third review	Fourth review
	1976	1997	2003	2008	2014
U.S. consumption quantity	***	***	( <sup>2</sup> )	2,554,033	2,619,237
Share of U.S. consumption quantity:					
U.S. producers' share <sup>1</sup>	***	***	( <sup>2</sup> )	81.5	64.9
U.S. importers' share: <sup>1</sup>					
Italy (subject)	***	***	( <sup>2</sup> )	0.8	***
Italy (nonsubject)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	***	***
All other countries	***	***	( <sup>2</sup> )	***	***
Total imports	***	***	( <sup>2</sup> )	18.5	35.1
U.S. consumption value	***	***	( <sup>2</sup> )	516,265	914,899
U.S. producers' share <sup>1</sup>	***	***	( <sup>2</sup> )	84.4	58.0
U.S. importers' share: <sup>1</sup>					
Italy (subject)	***	***	( <sup>2</sup> )	0.9	***
Italy (nonsubject)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	***	***
All other countries	***	***	( <sup>2</sup> )	***	***
Total imports	***	***	( <sup>2</sup> )	15.6	42.0
U.S. imports from Italy (subject):					
Quantity	30,615	***	( <sup>2</sup> )	16,874	***
Value	5,397	( <sup>2</sup> )	( <sup>2</sup> )	3,870	***
Unit value	\$0.18	( <sup>2</sup> )	( <sup>2</sup> )	\$0.23	***
Italy (nonsubject):					
Quantity	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	***	***
Value	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	***	***
Unit value	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	***	***
All other sources:					
Quantity	40,703	***	( <sup>2</sup> )	***	***
Value	8,007	( <sup>2</sup> )	( <sup>2</sup> )	***	***
Unit value	\$0.20	( <sup>2</sup> )	( <sup>2</sup> )	***	***
All sources:					
Quantity	71,318	***	( <sup>2</sup> )	466,052	919,546
Value	13,404	( <sup>2</sup> )	( <sup>2</sup> )	59,750	384,194
Unit value	\$0.19	( <sup>2</sup> )	( <sup>2</sup> )	\$0.13	\$0.42

Table continued on the following page.

**Table I-1--Continued**

**PSP tape: Comparative data from the original investigation, expedited first and second five-year reviews, full third five-year review, and current full fourth five-year review, 1976, 1997, 2003, 2008, and 2014**

**(Quantity = 1,000 square yards; value = 1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)**

Item	Calendar year				
	Original investigation	First review	Second review	Third review	Fourth review
	1976	1997	2003	2008	2014
U.S. industry:					
Capacity (quantity)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	2,963,683	3,104,316
Production (quantity)	***	***	***	2,141,994	1,885,174
Capacity utilization (percent)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	72.3	60.7
U.S. shipments:					
Quantity	***	( <sup>2</sup> )	( <sup>2</sup> )	2,081,742	1,699,691
Value	***	( <sup>2</sup> )	( <sup>2</sup> )	435,653	530,705
Unit value	***	( <sup>2</sup> )	( <sup>2</sup> )	\$0.21	\$0.31
Ending inventory	***	( <sup>2</sup> )	( <sup>2</sup> )	220,029	158,005
Inventories/total shipments	***	( <sup>2</sup> )	( <sup>2</sup> )	9.9	8.4
Production and related workers	***	( <sup>2</sup> )	( <sup>2</sup> )	596	913
Hours worked (1,000)	***	( <sup>2</sup> )	( <sup>2</sup> )	1,078	1,881
Wages paid (1,000 dollars)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	28,168	61,244
Hourly wages	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	\$26.14	\$32.56
Productivity (square yards per hour)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1,988	1,002
Financial data:					
Net sales:					
Quantity	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	2,226,699	1,878,421
Value	***	( <sup>2</sup> )	( <sup>2</sup> )	465,949	580,623
Unit value	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	\$0.21	\$0.31
Cost of goods sold	***	( <sup>2</sup> )	( <sup>2</sup> )	372,250	401,784
Gross profit or (loss)	***	( <sup>2</sup> )	( <sup>2</sup> )	93,699	178,839
SG&A expense	***	( <sup>2</sup> )	( <sup>2</sup> )	55,605	76,916
Operating income or (loss)	***	( <sup>2</sup> )	( <sup>2</sup> )	38,094	101,923
Unit COGS	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	\$0.17	\$0.21
Unit operating income or (loss)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	\$0.02	\$0.05
COGS/sales (percent)	***	( <sup>2</sup> )	( <sup>2</sup> )	79.9	69.2
Operating income or (loss)/sales (percent)	***	( <sup>2</sup> )	( <sup>2</sup> )	8.2	17.6

Footnotes continued on the following page.

**Table I-1--Continued**

**PSP tape: Comparative data from the original investigation, expedited first and second five-year reviews, full third five-year review, and current full fourth five-year review, 1976, 1997, 2003, 2008, and 2014**

Note.--Import data in 1976, 1997, and 2008 were drawn from actual U.S. import entries, while import data in 2014 were drawn from U.S. shipments of imports.

Note.--The unit value for shipments of nonsubject Italian imports in 2014 is \*\*\*. Email with \*\*\*, December 1, 2015.

Note.--The increase in employment data in this current five-year review as compared to the third five-year review is largely due to data reported by \*\*\*. Email with \*\*\*, January 13, 2016. Email with \*\*\*, February 11, 2016.

<sup>1</sup> In percent.

<sup>2</sup> Not available.

*Source: Investigation Nos. AA1921-167 and 168 (Final): Pressure Sensitive Plastic Tape from Italy and West Germany—Staff Report, August 15, 1977, tables 3 and 7; Investigation No. 1921-167 (Review): Pressure Sensitive Plastic Tape from Italy—Staff Report, INV-W-002, January 8, 1999, pp. I-7 – I-8; Investigation No. AA1921-167 (Second Review): Pressure Sensitive Plastic Tape from Italy—Staff Report, INV-BB-057, May 10, 2004, tables I-1, I-3, and I-4; Investigation No., AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report, INV-GG-012, February 12, 2010, tables I-1, I-7, I-8, and III-8; and from data submitted in response to Commission questionnaires (2014).*

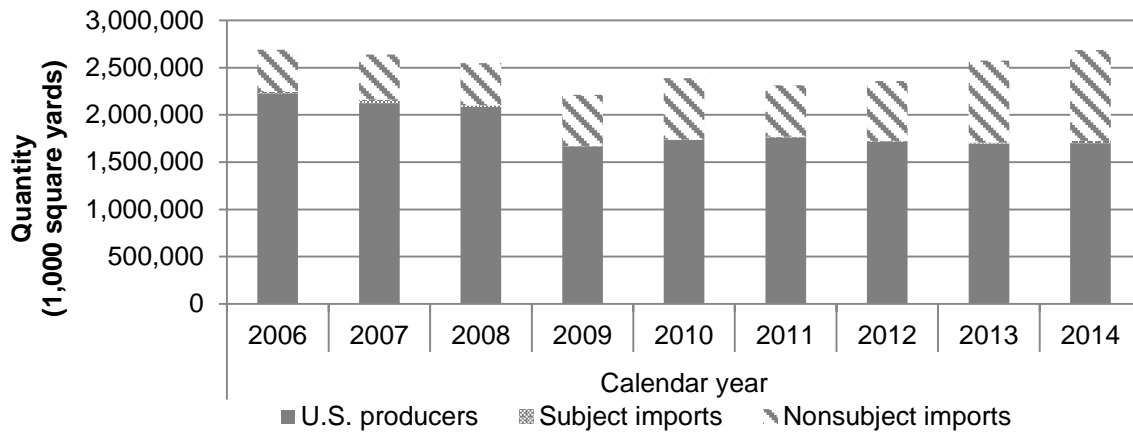
Figures I-1 and I-2 present apparent U.S. consumption and market shares during 2006-14. The data show that U.S. production decreased overall between 2006 and 2014, while nonsubject imports of PSP tape increased overall between 2006 and 2014. Subject imports were minimal, remaining at \*\*\* during this time period. In addition, overall consumption decreased by \*\*\* percent since the expedited first five-year review (1997), and increased by 2.6 percent since the full third five-year review (2008).

According to the domestic interested parties, the growth of the economy in recent years has affected the percentage shares between hot melt PSP tape and acrylic PSP tape in the marketplace. This diverging growth rate is because the consumer and light-duty industrial side of the market, in which acrylic PSP tape is “good enough” and the lower prices are attractive, has seen the greatest growth in demand. This part of the market requires little explanation of the product by the distributors. The other part of the market, such as heavier industrial companies, has continued to use higher performance hot melt PSP tape because the overall economic benefit means that the higher nominal expense of hot melt PSP tape is offset by overall cost savings. The box usage of that part in the market has not increased as rapidly as in the light-industrial side of the market. Therefore, the consequent derived demands for hot melt PSP tape versus acrylic PSP tape have also diverged.<sup>20</sup>

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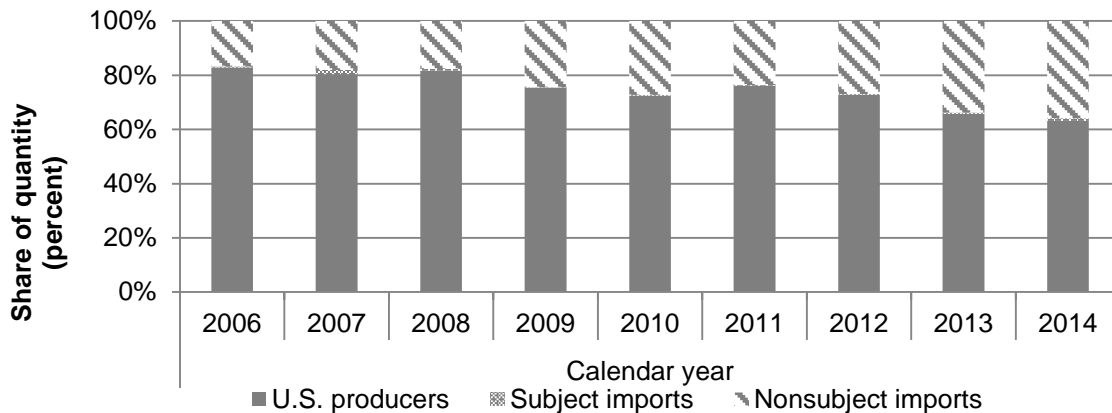
<sup>20</sup> Email with \*\*\*, February 11, 2016.

**Figure I-1**  
**PSP tape: Historical apparent U.S. consumption, 2006-14**



Source: Investigation No., AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report, INV-GG-012, February 12, 2010, table I-1; compiled from data submitted in response to Commission questionnaires.

**Figure I-2**  
**PSP tape: Historical market shares, 2006-14**



Source: Investigation No., AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report, INV-GG-012, February 12, 2010, table I-1; compiled from data submitted in response to Commission questionnaires.

In the full third five-year review, U.S. import data and related information were based on questionnaire responses of \*\*\* U.S. importers of PSP tape that are believed to have accounted for the vast majority of the subject U.S. imports from Italy during 2008, which domestic interested parties estimated to be \*\*\* percent of total U.S. imports of PSP tape.<sup>21</sup> In

<sup>21</sup> Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report, INV-GG-012, February 12, 2010, p. I-5.

the current five-year review, U.S. import data and related information are based on questionnaire responses of 26 U.S. importers of PSP tape that are believed to have accounted for the vast majority of the subject U.S. imports from Italy during 2014. In both the third and current five-year reviews, staff believes that data for U.S. imports of PSP tape from nonsubject companies are under-represented due to the large volume of the remaining imports from all other countries.<sup>22</sup>

## STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

### Statutory criteria

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

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

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

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

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

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

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

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<sup>22</sup> PSP tape, as defined by Commerce, is part of a broad “basket category” of the HTSUS, which includes products that do not conform to the characteristics (*e.g.*, adhesive on one side) or dimensional specifications (*e.g.*, greater than 34.93 mm (one and three-eighths inches) in width and no greater than 0.10 mm (four mils) in thickness included in the scope language. As a result, staff believes that official Commerce statistics overstate imports of PSP tape.



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

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

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

*(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*

*(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*

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

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

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

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

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

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

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

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

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider

information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

### Organization of report

Information obtained during the course of the review that relates to the statutory criteria is presented throughout this report.<sup>23</sup> A summary of trade and financial data for PSP tape as collected in the review is presented in appendix C.<sup>24</sup> U.S. industry data are based on the questionnaire responses of six U.S. producers of PSP tape that are believed to have accounted for the vast majority of domestic production of carton sealing PSP tape in 2014.<sup>25</sup> U.S. import data and related information are based on questionnaire responses of 26 U.S. importers of PSP tape that are believed to have accounted for virtually all of the subject U.S. imports from Italy during 2014.<sup>26</sup> Given the large volume of the remaining imports from all other countries, staff believes that data for U.S. imports of PSP tape from nonsubject countries are under-represented. Foreign industry data and related information are based on the questionnaire responses of two subject producers of PSP tape in Italy: 3M Italia and H-Old S.p.a. (“H-Old”), accounting for more than \*\*\* percent of total production of PSP tape by all producers in Italy in 2014.<sup>27 28</sup> Responses by U.S. producers, importers, purchasers, and foreign producers of PSP

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<sup>23</sup> As PSP tape defined within the scope of this review specifies certain characteristics, data and descriptions of the pressure sensitive adhesive market (particularly information from Global Trade Atlas and the Freedonia Industry Study) may include products that are outside the scope of this review and/or used in non-carton sealing applications.

<sup>24</sup> App. C contains data for hot melt PSP tape, as well as all other types of PSP tape. App. C also presents historical data from prior proceedings.

<sup>25</sup> This estimate is based on the domestic interested parties’ belief that 3M, IPG, and Shurtape account for approximately \*\*\* percent of production. Staff believes that Avery Dennison Performance Tapes (“Avery Dennison”), Sekisui America Corporation (“Sekisui”) and RJM Manufacturing (“TaraTape”) account for \*\*\* of the remainder of carton sealing PSP tape production in 2014. The Commission also received a questionnaire response from Syntac Coated Products (“Syntac”), which accounted for \*\*\*. In addition, \*\*\* responded to the Commission’s questionnaire indicating that they are not producers of PSP tape as defined within the scope of this review.

<sup>26</sup> According to \*\*\*, subject U.S. imports of PSP tape from Italy accounted for approximately \*\*\* percent of total imports under HTS subheadings 3919.10.20 and 3919.90.50 from all sources in 2014, with the vast majority imported by \*\*\*.

<sup>27</sup> The Commission also received a questionnaire response from Italian producer Vibac S.p.A. (“Vibac”), \*\*\*. Staff therefore did not include Vibac’s questionnaire response in the subject Italian aggregate data presented in the body of this report. However, foreign producer data including Vibac for 2014 as well as interim periods 2014 and 2015 are included in app. F. The Commission also received questionnaire responses from Boston Tapes (“Boston”) and Plasturopa Nastri Adesivi S.p.A. (“Plasturopa”). Plasturopa was excluded from the original antidumping finding and Commerce revoked the antidumping finding with respect to Boston in 1990.

<sup>28</sup> H-Old estimated that it accounted for \*\*\* percent of total production of PSP tape in Italy in 2014 and Vibac estimated that it accounted for \*\*\* percent of total production of PSP tape in Italy in 2014.

(continued...)

tape to a series of questions concerning the significance of the existing antidumping duty finding and the likely effects of revocation of the finding are presented in appendix D.

## COMMERCE'S REVIEWS

### Administrative reviews<sup>29</sup>

Commerce has completed 12 administrative reviews of the antidumping duty finding on PSP tape from Italy as shown in table I-2.<sup>30</sup> Treasury excluded PSP tape produced by Plasturopa from its original antidumping duty finding in October 1977.<sup>31</sup> On May 9, 1988, Commerce revoked the antidumping duty finding on PSP tape from Italy produced by Autoadesivi.<sup>32</sup> On February 21, 1990, Commerce revoked the antidumping duty finding on PSP tape from Italy produced by Boston.<sup>33</sup>

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(...continued)

3M Italia \*\*\*. In addition, Plasturopa \*\*\*. Boston \*\*\*. Emails with \*\*\*, November 23, 2015 and November 30, 2015, and Commission questionnaire responses.

<sup>29</sup> Commerce has not made any duty absorption or circumvention determinations since the imposition of the antidumping duty finding. *Issues and Decision Memorandum for the Final Results of the Fourth Expedited Sunset Review of the Antidumping Duty Finding on Pressure Sensitive Plastic Tape from Italy*, United States Department of Commerce, International Trade Administration, June 30, 2015.

<sup>30</sup> For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

<sup>31</sup> *Antidumping—Pressure Sensitive Plastic Tape Measuring Over One and Three-Eighths Inches in width and Not Exceeding Four {Mils} in Thickness from Italy*, 42 FR 56110, October 21, 1977.

<sup>32</sup> *Pressure Sensitive Plastic Tape From Italy; Final Results of Antidumping Duty Administrative Review and Revocation in Part*, 53 FR 16444, May 9, 1988.

<sup>33</sup> *Final Results of Antidumping Duty; Administrative Review and Revocation in Part; Pressure Sensitive Plastic Tape from Italy*, 55 FR 6031, February 21, 1990.

**Table I-2**

**PSP tape: Commerce's administrative reviews of the antidumping duty finding concerning Italy**

<b>Date results published</b>	<b>Period of review</b>	<b>Producer or exporter</b>	<b>Margin (percent)</b>
August 5, 1983 (48 FR 35686)	05/11/78-09/30/80	Autodesivitalia, S.p.A.	0.00
	01/01/79-09/30/80	Boston, S.p.A	8.53
	07/01/78-09/30/80	Comet S.A.R.A., S.p.A.	2.79
	02/18/77-09/30/80	Cosmonastri, S.p.A.	12.66
	04/01/79-09/30/80	Manuli Autoadesivi, S.p.A.	0.39 <sup>1</sup>
	02/18/77-09/30/80	Nazionale Imballaggi	12.66
	09/01/79-09/30/80	S.M.A.C., S.p.A.	12.66
December 5, 1986 (51 FR 43955), corrected, March 10, 1987 (52 FR 7288)	10/01/80-09/30/81	Autodesivitalia, S.p.A.	0.16
	10/01/81-10/05/82		0.31
	10/01/80-09/30/81	Boston, S.p.A.	8.67
	10/01/80-08/30/83		8.67 <sup>2</sup>
	10/01/80-09/30/81	Comet S.A.R.A., S.p.A.	6.15
	10/01/81-09/30/82		5.64
	10/01/82-09/30/83		6.07
	01/16/84-06/15/84		Irplastnastri
	02/18/77-03/31/78	Manuli Autoadesivi, S.p.A.	2.06
	04/01/78-03/31/79		1.35
	10/01/80-09/30/81		1.19
	10/01/81-09/30/82		0.03
	10/01/82-09/30/83		2.19
	10/01/83-09/30/84		0.97
	10/01/84-09/30/85		0.00
	07/01/79-09/30/80		N.A.R., S.p.A
	10/01/80-09/30/81	2.66	
	10/01/81-09/30/82	2.40	
	10/01/82-09/30/83	4.61	
	10/01/83-09/30/84	4.51	
	10/01/80-09/30/81	SICAD, S.p.A.	4.71
	10/01/81-09/30/82		0.16
	10/01/82-09/30/83		1.65
	06/01/82-09/30/85	Syrom	12.66

Table continued on the following page.

**Table I-2--Continued**

**PSP tape: Commerce's administrative reviews of the antidumping duty finding concerning Italy**

<b>Date results published</b>	<b>Period of review</b>	<b>Producer or exporter</b>	<b>Margin (percent)</b>
May 9, 1988 (53 FR 16444)	10/01/85-09/30/86	N.A.R., S.p.A.	6.39
	10/01/85-09/30/85	Manulia Autoadesivi, S.p.A	0.00 <sup>2</sup>
March 30, 1989 (54 FR 13091)	10/01/86-09/30/87	Boston, S.p.A.	8.67 <sup>2</sup>
	10/01/86-09/30/87	Irplastnastri	12.66 <sup>2</sup>
	10/01/86-09/30/87	Manuli Autoadesivi, S.p.A.	0.00 <sup>2</sup>
	10/01/86-09/30/87	N.A.R., S.p.A	1.40
February 21, 1990 (55 FR 6031) corrected, March 5, 1990 (55 FR 7867)	10/01/87-08/05/88	Boston, S.p.A.	8.67 <sup>2</sup>
	10/01/87-09/30/88	Manuli Autoadesivi, S.p.A.	0.00 <sup>2</sup>
	10/01/87-09/30/88	N.A.R., S.p.A	0.14 <sup>1</sup>
November 30, 1990 (55 FR 49670)	10/01/88-09/30/89	Manuli Autoadesivi, S.p.A.	0.00 <sup>2</sup>
	10/01/88-09/30/89	N.A.R., S.p.A	4.76
November 6, 1991 (56 FR 56630)	10/01/89-09/30/90	N.A.R., S.p.A	1.24
October 4, 1993 (58 FR 51616)	10/01/91-09/30/92	N.A.R., S.p.A	1.24 <sup>2</sup>
July 15, 1994 (59 FR 36162)	10/01/92-09/30/93	N.A.R., S.p.A	1.24 <sup>2</sup>
October 31, 1995 (60 FR 55362)	10/01/93-09/30/94	Autoadesivi Magri	12.66
	10/01/93-09/30/94	N.A.R., S.p.A	12.66
September 23, 1998 (63 FR 50882)	10/01/96-09/30/97	N.A.R., S.p.A	12.66
November 16, 1999 (64 FR 62175)	10/01/97-09/30/98	Autoadesivi Magri	12.66

<sup>1</sup> Margins less than 0.5 percent were de minimis and liquidated without regard to antidumping duties.

<sup>2</sup> No shipments during this period; margins from last review in which there were shipments.

Note.--The original antidumping duty finding covered all Italian producers, except Plasturopa (42 FR 56110, October 21, 1977). Commerce partially revoked the antidumping duty finding in 1988 with respect to Autoadesivitalia (53 FR 16444, May 9, 1988) and in 1990 with respect to Boston (55 FR 6031, February 21, 1990).

Source: Cited *Federal Register* notices.

### Changed circumstances reviews

Since the publication of the antidumping duty finding on PSP tape from Italy, Commerce has completed two changed circumstances reviews. Commerce determined in 2004 that Tyco Adhesives Italia S.p.A. (“Tyco”) is a successor-in-interest company to Manuli Tapes S.p.A. (“Manuli”) and that Tyco should receive the same antidumping duty margin as Manuli.<sup>34</sup> Commerce determined in 2010 that Evotape S.p.A (“Evotape”) was the successor-in-interest to Tyco, and that Evotape Packaging S.r.l. and Evotape Masking S.r.l. were both successors-in-interest to Evotape for purposes of determining antidumping liability.<sup>35</sup>

### Scope inquiry reviews

There have been two scope inquiry reviews concerning the antidumping duty finding on PSP tape from Italy. On May 7, 1992, Commerce issued a scope ruling on highlighting “note tape” and determined that it was not within the scope of the finding.<sup>36</sup> On February 7, 2007, Commerce issued a scope ruling on certain PSP tapes imported by Ritrama, Inc. (“Ritrama”) and determined that dual-adhesive products imported by Ritrama from Italy did not meet the definition of PSP tape as defined in the antidumping duty finding, while single-adhesive products imported by Ritrama from Italy were within the scope of the finding.<sup>37</sup>

### Five-year reviews results

Table I-3 presents the dumping margins calculated by Commerce in its first, second, third, and fourth five-year reviews.<sup>38</sup>

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<sup>34</sup> *Notice of Final Results of Antidumping Duty Changed Circumstances Review: Pressure Sensitive Plastic Tape from Italy*, 69 FR 15297, March 25, 2004.

<sup>35</sup> *Pressure Sensitive Plastic Tape From Italy: Final Results of Antidumping Duty Changed Circumstances Review*, 75 FR 27706, May 18, 2010.

<sup>36</sup> *Notice of Scope Rulings*, 57 FR 19602, May 7, 1992.

<sup>37</sup> *Notice of Scope Rulings*, 72 FR 5677, February 7, 2007.

<sup>38</sup> Commerce’s five-year reviews covered all manufacturers and exporters of PSP tape from Italy other than Plastropla, which was excluded from the original finding by Treasury, and Autoadesivi and Boston for which the finding was revoked.

**Table I-3****PSP tape: Commerce's first, second, third, and fourth five-year review dumping margins for producers/exporters in Italy**

<b>Producer/exporter</b>	<b>First five-year review margin (percent)</b>	<b>Second five-year review margin (percent)</b>	<b>Third five-year review margin (percent)</b>	<b>Fourth five-year review margin (percent)</b>
Comet	10.0	10.0	10.0	3.7
Cosmonastri	10.0	( <sup>1</sup> )	( <sup>1</sup> )	3.7
Manuli <sup>2</sup>	10.0	10.0	10.0	3.7
Nazionale Imballaggi	10.0	( <sup>1</sup> )	( <sup>1</sup> )	3.7
SMAC	10.0	( <sup>1</sup> )	( <sup>1</sup> )	3.7
All others	( <sup>1</sup> )	10.0	10.0	3.7

<sup>1</sup> Not listed.

<sup>2</sup> Commerce determined that Tyco Adhesives Italia S.p.A. was the successor-in-interest to Manuli Tapes S.p.A. in 2004 (69 FR 15297, March 25, 2004). Commerce also determined that Evotape S.p.A. was the successor-in-interest to Tyco Adhesives Italia S.p.A and that Evotape Packaging S.r.l. and Evotape Masking S.r.l. were both successors-in-interest to Evotape S.p.A. in 2010 (75 FR 27703, May 18, 2010).

Note.--Plasturopa-SIPA S.a.S; Autodesivitalia, S.p.A; and Boston S.p.A are excluded from the finding.

Note.--The likely prevailing rate in the fourth five-year review decreased to 3.7 percent because in February 2012, Commerce announced it was modifying its practice in sunset reviews such that it will not rely on weighted-average dumping margins calculated using the methodology found to be inconsistent with the World Trade Organization ("WTO"). Commerce therefore found that at least one dumping margin had been calculated in a manner that did not employ the zeroing methodology found to be WTO-inconsistent, which was 3.7 percent. However, individual firms that pay a different margin rate due to administrative reviews will continue to pay duties at the specified rate (see table I-2). *Issues and Decision Memorandum for the Final Results of the Fourth Expedited Sunset Review of the Antidumping Duty Finding on Pressure Sensitive Plastic Tape from Italy*, United States Department of Commerce, International Trade Administration, June 30, 2015.

*Source: Final Results of Expedited Sunset Review: Pressure Sensitive Plastic Tape from Italy*, 64 FR 853, January 6, 1999; *Pressure Sensitive Plastic Tape from Italy: Final Results of the Second Sunset Review of Antidumping Duty Finding*, 69 FR 26068, May 11, 2004; *Pressure Sensitive Plastic Tape from Italy: Final Results of Expedited Sunset Review*, 74 FR 40811, August 13, 2009; *Pressure Sensitive Plastic Tape from Italy: Final Results of Expedited Fourth Sunset Review of the Antidumping Duty Finding*, 80 FR 39054, July 8, 2015.

## THE SUBJECT MERCHANDISE

### Commerce's scope

Commerce has defined the scope of this review as follows:<sup>39</sup>

PSP tape measuring over one and three-eighths inches in width and not exceeding four {mils} in thickness. The above described PSP tape is classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings {3919.10.20} and 3919.90.50. The HTS subheadings are provided for convenience and for customs purposes. The written description remains dispositive.

### Tariff treatment

PSP tape is imported under Harmonized Tariff Schedule of the United States ("HTS") subheadings 3919.10.20 and 3919.90.50 ("self-adhesive plates, sheets, film, foil, tape, strip, and other flat shapes, of plastics, whether or not in rolls").<sup>40</sup> The general duty rate for both subheadings is 5.8 percent *ad valorem*.<sup>41 42</sup>

## THE PRODUCT

### Description and applications

The adhesive tape market includes pressure sensitive, heat sensitive, and water/solvent activated tape. This review is focused on the pressure sensitive tape category.<sup>43</sup> Pressure sensitive tape is comprised of at least two layers, a backing and a layer of pressure sensitive adhesive. The backing can be comprised of paper, cloth, metal foil, or plastic. This review

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<sup>39</sup> *Pressure Sensitive Plastic Tape from Italy: Final Results of Expedited Fourth Sunset Review of the Antidumping Duty Finding*, 80 FR 39054, July 8, 2015. (The full scope appears in *Issues and Decision Memorandum for the Final Results of the Fourth Expedited Sunset Review of the Antidumping Duty Finding on Pressure Sensitive Plastic Tape from Italy*, United States Department of Commerce, International Trade Administration, June 30, 2015).

<sup>40</sup> In addition to the subject PSP tape, these HTS subheadings include nonsubject tape that measures less than 34.93 mm (one and three-eighths inches) in width and has a thickness greater than 0.10 mm (four mils). The scope also does not cover self-adhesive goods having a light-reflecting surface produced in whole or in part by glass grains (ballotini) of subheadings 3919.10.10 or 3919.90.10, but other types of reflective tape may be classified in the two covered HTS rate lines.

<sup>41</sup> At the time of the original investigation, PSP tape was dutiable under item 790.55 of the former Tariff Schedules of the United States at a rate of 10.0 percent *ad valorem*. *Pressure Sensitive Plastic Tape from Italy and West Germany, Investigation Nos. AA1921-167 and 168*, Original Staff Report, August 15, 1977, p. A-11.

<sup>42</sup> Decisions on the tariff classification and treatment of imported goods are solely within the authority of U.S. Customs and Border Protection.

<sup>43</sup> \*\*\*. Email with \*\*\*, February 11, 2016.



focuses on the tape with a plastic backing. PSP tape has an adhesive attached to it that remains permanently tacky at room temperature. The product adheres to a variety of surfaces, including paper, film, wood, and metal, upon contact with minimal application of pressure. Importantly, it requires no activation by water, solvent, or heat to generate its adhesive holding force.

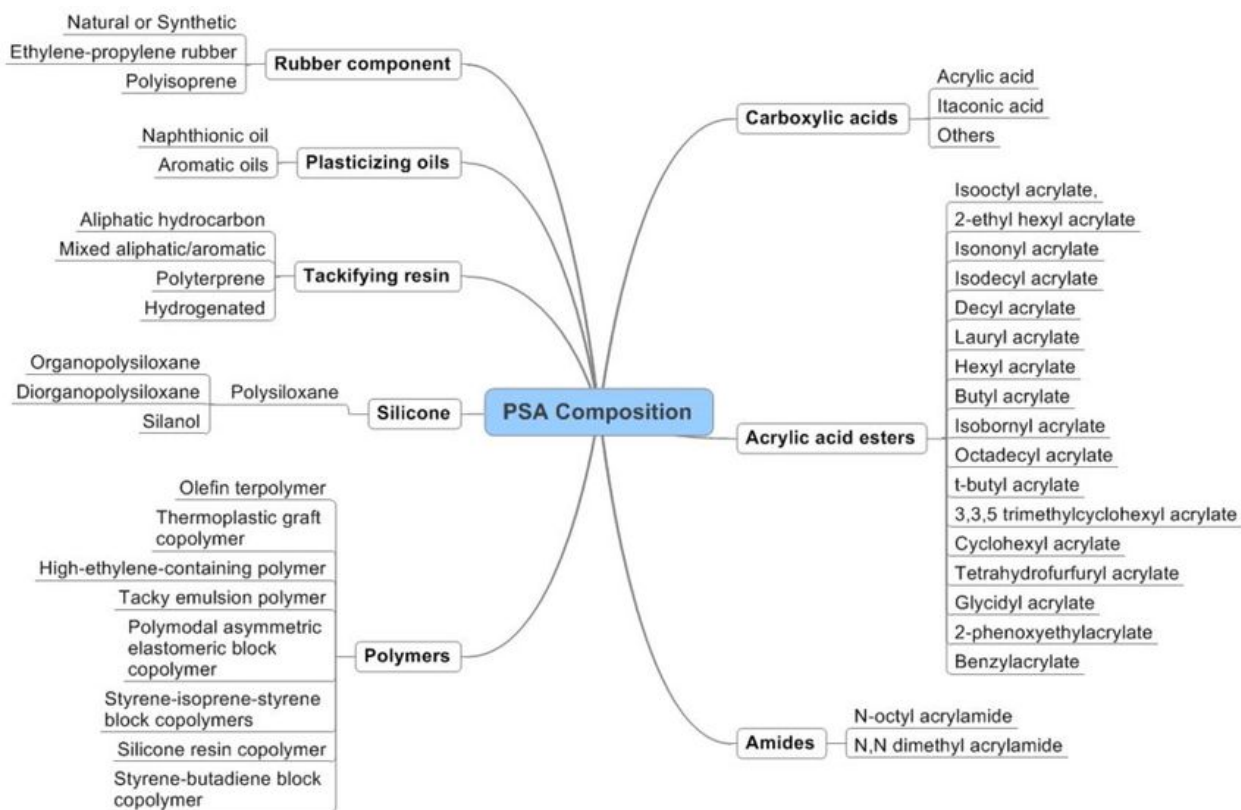
The tape backing can be made of various materials. In 2013, the global demand for pressure sensitive adhesive tape backings, a broader category than PSP tape backings, was polypropylene (63 percent), paper (14 percent), polyvinyl chloride (5 percent), and other (18 percent). The “other” category includes medical grade cloth, foam, fiberglass, fabrics, glass cloth, reinforced epoxy, polyester, polyethylene terephthalate, polyimide, and polytetrafluoroethylene.<sup>44</sup>

The pressure sensitive adhesive consists of an elastomer (a polymer having elastic properties), a tackifier if necessary (used to increase stickiness), and other minor agents (*e.g.*, color agents). Elastomers can be based on acrylics, vinyl compounds, rubber (natural or synthetic), or other materials. One type of elastomer used by the domestic industry is styrene block co-polymers, also called styrene co-polymer adhesives and rubber-based adhesives, which are a blend of styrene with butadiene, ethylene, butylene, or propylene. If the elastomer is sticky enough, a tackifier will not need to be added. Acrylic-based elastomers are generally sticky enough and do not require the addition of a tackifier. The various chemical compounds that may comprise a pressure sensitive adhesive are shown in figure I-3.

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<sup>44</sup> *Afera, the European Adhesive Tape Association* (market trends and statistics based on the 2014 Freedonia Industry Study), <http://www.afera.com/why-tape/afera-tape-blog/berichten/market-trends-and-statistics-based-on-the-2014-freedonia-global-tape-study.html>, retrieved on May 15, 2015.

**Figure I-3**  
**Pressure sensitive adhesive (“PSA”) components: Chemical composition**



Source: *Making of PSA*, [https://www.dolcera.com/wiki/index.php?title=Making\\_of\\_PSA](https://www.dolcera.com/wiki/index.php?title=Making_of_PSA), retrieved on May 22, 2015.

The principal application of PSP tape is to seal corrugated paper shipping cartons.<sup>45</sup> Although PSP tape may be used for hand sealing cartons, it is generally used in higher volume applications that involve highly automated sealing lines. In addition, converter rolls can be slit and rewound into different lengths and widths for various consumer tape applications. PSP tape is also used in certain lower volume and/or more specialized applications, such as labels, label protection, color-coding, and tabbing.<sup>46</sup>

In the tape industry, the name of a product does not necessarily reflect its chemical composition. Rather, the name can be based on the backing material (*e.g.*, polypropylene tape), the adhesive (*e.g.*, acrylic tape), the method used in the process of manufacturing (*e.g.*, hot melt tape), how it is applied (*e.g.*, pressure sensitive tape), the end use (*e.g.*, medical tape, packaging tape), or appearance (*e.g.*, colored tape).

<sup>45</sup> Other uses may include masking applications, insulating electrical wires and cables, and for certain sanitary, medical, or health-related functions. *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. II-1.

<sup>46</sup> Staff field trip report, IPG and Shurtape, December 3, 2015 and December 4, 2015.

Hot melt adhesive tape accounts for an estimated 63 percent of the U.S. market for carton sealing tape, compared to 35 percent for acrylic PSP tape and 2 percent for natural rubber PSP tape.<sup>47</sup> Hot melt, acrylic, and natural rubber PSP tapes are discussed further below.

The term “hot melt” refers to the process of applying adhesive to the PSP tape backing. The terms “acrylic” and “natural rubber,” in contrast, are terms that refer to the chemical composition of the pressure sensitive adhesive. During the “hot melt” process, the adhesive is heated, applied to the tape backing, then cooled, after which cohesion (internal strength) is developed. Principally, a hot melt adhesive, like all adhesives, consists of one or more polymers plus additives, such as pigments and stabilizers.<sup>48</sup> Manufacturers use various components in their hot melt PSP tape causing the chemical composition to potentially differ between companies. Ethylene-vinyl acetate with high vinyl acetate content can be formulated as a hot melt pressure sensitive adhesive. Typically, the hot melt favored by the domestic producers is based on the elastomer of styrene block co-polymers (styrene-isoprene-styrene (“SIS”) monomer units) and a tackifier.

Hot melt PSP tape is often used in high-speed sealing lines that apply heat to the tape to quickly make a strong seal, but may also be used in cold application machines or hand sealing applications. Acrylic PSP tape is considered to be lower quality box sealing tape used in the less sophisticated hand application market. Natural rubber PSP tape is favored for sealing items where the sealing surfaces may be dusty, dirty, greasy, or irregular.<sup>49</sup> The holding power (*i.e.*, adhesion, tack, and shear strength) of hot melt PSP tape is superior to that of acrylic tape, and hot melt PSP tape can be applied more quickly.<sup>50</sup> Hot melt PSP tape is also more suitable for automated closing and bundling systems than acrylic PSP tape.<sup>51</sup> Both hot melt PSP tape and acrylic PSP tape perform poorly on heavily printed surfaces, especially if an ultraviolet coating or varnish is applied over the print. In those cases, natural rubber tape may perform well.<sup>52</sup> Typically, the end users choose the product with the performance attributes and pricing that best fit their needs.

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<sup>47</sup> Hot melt PSP tape accounts for approximately 77 percent of the Italian industry for carton sealing tape, compared to 15 percent for acrylic PSP tape, and 8 percent for natural rubber PSP tape. Domestic interested parties’ posthearing brief, exh. 2 (response to question 8).

<sup>48</sup> *Hot Melt Adhesives, Technical Information Sheet*, [http://www.klebstoffe.com/fileadmin/redaktion/ivk/Merkblaetter/TKH\\_4\\_englisch.pdf](http://www.klebstoffe.com/fileadmin/redaktion/ivk/Merkblaetter/TKH_4_englisch.pdf), accessed on May 22, 2015.

<sup>49</sup> IPG is the only U.S. producer of natural rubber PSP tape. *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. III-5; email from \*\*\*, September 15, 2015.

<sup>50</sup> *Hot Melt Adhesive Tape vs Acrylic Adhesive Tape*, <http://www.prattplus.com/blog/hot-melt-adhesive-tape-vs-acrylic-adhesive-tape>, accessed on May 12, 2015.

<sup>51</sup> *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. III-5.

<sup>52</sup> *Carton Sealing Tapes – Hot Melt or Acrylic?*, <https://trustedpackagingadvise.wordpress.com/2009/09/10/carton-sealing-tapes-hot-melt-or-acrylic/>, accessed on May 19, 2015.

Depending upon the adhesive, some types of PSP tape may have a release coating on the outer surface of the plastic backing. This coating keeps the adhesive layer from sticking to the plastic backing when unrolling a coil. Hot melt adhesive, the primary form of adhesive used in U.S.-produced PSP tape, requires the use of a release coat. Although acrylic-based adhesive is used in smaller volumes in the United States, it is more commonly used in imported PSP tape from Asia. Acrylic-based adhesive does not require the use of a release coat. Alternatively, PSP tape can have a paper or plastic film liner to prevent the two layers from bonding together permanently.<sup>53</sup>

### Manufacturing processes

In general, PSP tape manufacturing takes place over three or four stages, depending on whether the producer manufactures its own film backing. Film production in the United States is primarily biaxially oriented polypropylene (“BoPP”), followed distantly by polyester. Polypropylene is a mono-axial-oriented film, meaning that it supplies strength in only one direction. BoPP, in contrast, provides strength in two directions with a higher tear resistance.<sup>54</sup> Film production (or acquisition) is followed by coating the film backing with purchased or captively formulated pressure sensitive adhesive (and any required release or preparative coatings). This step is then followed by slitting and spooling the pressure sensitive adhesive-coated plastic tape down to the stock-keeping unit (“SKU”) tape width and length specification. The final stage in PSP tape production is then packing and shipping finished tape orders or holding finished product in inventory.

IPG produces both hot melt and acrylic tape in its Danville, Virginia facility. To produce hot melt PSP tape, \*\*\*.<sup>55</sup>

\*\*\*.<sup>56</sup>

Shurtape produces hot melt PSP tape in its Hudson, North Carolina facility. \*\*\*.<sup>57</sup>

\*\*\*.<sup>58</sup>

Adhesive formulations can vary considerably depending on the manufacturer and intended application. Typically, hot melt PSP tape favored by domestic tape producers are based on SIS rubber and C5 tackifiers.<sup>59</sup> Acrylic PSP tape, of which there is only limited domestic

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<sup>53</sup> Staff field trip report, IPG and Shurtape, December 3, 2015 and December 4, 2015.

<sup>54</sup> *A Candid Look at Tape Backings*, Tesa Tape website, [http://www.tesatape.com/featured/TechnologyJournal\\_3233652/a-candid-look-at-tape-backings,6782657,1.html](http://www.tesatape.com/featured/TechnologyJournal_3233652/a-candid-look-at-tape-backings,6782657,1.html), retrieved on May 12, 2015.

<sup>55</sup> Staff field trip report, IPG and Shurtape, December 3, 2015 and December 4, 2015.

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

<sup>59</sup> SIS rubber is a synthetic block co-polymer consisting of alternating Styrene-Isoprene-Styrene monomer units. C5 tackifiers, which are used to provide the necessary “tackiness” or “stickiness” to the SIS rubber base, are polymers of five carbon chain aliphatic resins, or, more often, hydrogenated aliphatic resins to achieve the light color and thermal stability desired in the transparent tape. The C5

(continued...)

production, uses butyl acrylamide as the adhesive base to which tackifiers and other substances may be added and typically coated from water dispersions. The adhesive base for natural rubber PSP tape, which is obtained by tapping the sap (“latex”) of the Para rubber tree (*Hevea brasiliensis*), is a natural polymer of isoprene (mostly cis-1,4-polyisoprene) that has a molecular weight of 100,000 to 1,000,000, with which small amounts of tackifiers and other additives may be compounded. The production of tape with a rubber adhesive may consist of polyvinyl chloride or polyester as a backing. In addition, natural rubber PSP tape has production lines dedicated to tape backing material, coating lines, slitters, and spoolers. Interviews with domestic industry representatives indicate that natural rubber tape production is generally more expensive to produce than hot melt PSP tape and acrylic PSP tape.<sup>60</sup>

The domestic industry has characterized its operations as capital intensive. The automated adhesive coating lines, slitters and spoolers, and film-making lines are all highly specialized industrial process machines. Moreover, the competitive imperative to innovate in ways that increase productivity, improve final tape product quality, or reduce processing waste, also means that the machines must be replaced long before they wear out.<sup>61</sup>

The manufacturing cost of PSP tape depends on the cost of the plastic film backing, the cost of the adhesive applied, the converting cost, and the capital intensity and productivity of the manufacturing equipment employed. Hot melt PSP tape is generally more expensive to produce than acrylic PSP tape.<sup>62</sup>

### DOMESTIC LIKE PRODUCT ISSUES

The domestic like product is defined as the domestically produced product or products, which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. In its original determination, the Commission did not make a domestic like product determination *per se*. In its expedited first and second five-year review determinations and its full third five-year review determination, however, the Commission found that the appropriate definition of the domestic like product was the same as Commerce’s scope: pressure sensitive plastic tape measuring over 34.93 mm (one and three-eighths inches) in width and not exceeding 0.10 mm (four mils) in thickness. The Commission also found the domestic industry to be all producers of the domestic like product.<sup>63</sup> In the full third five-year review, the domestic interested parties argued that distinctions between different types of PSP

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(...continued)

aliphatic feedstock comes from naphtha cracking and is a C5 piperylene hydrocarbon resin oil of somewhat variable composition.

<sup>60</sup> Staff field trip report, IPG and Shurtape, December 3, 2015 and December 4, 2015.

<sup>61</sup> Ibid.

<sup>62</sup> Ibid.

<sup>63</sup> *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Review)*, USITC Publication 3157, February 1999, p. 5; *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Second Review)*, USITC Publication 3698, June 2004; *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. 5.

tape (such as acrylic, hot melt, and natural rubber) constitute a continuum that comprises a single domestic like product.<sup>64</sup>

In its notice of institution for this fourth five-year review, the Commission solicited comments from interested parties regarding the appropriate domestic like product. In their response to the notice of institution, the domestic interested parties urged the Commission to reconsider its conclusions on a single domestic like product. The domestic interested parties argued that, based on “further and more careful review of the facts,” there are several differences among the PSP tape products (*i.e.*, hot melt, acrylic, and natural rubber), particularly regarding physical characteristics and uses, producer and customer perceptions of the products, and price. In addition, the domestic interested parties noted that only the hot melt PSP tape industry in the United States would suffer a recurrence of material injury if the antidumping finding on imports of the subject merchandise from Italy were removed. The domestic interested parties have no objection to the removal of the finding with regard to other types of PSP tape.<sup>65</sup> The U.S. producers also noted that the “relatively simple process of producing acrylic PSP {tape} and the relatively lower cost of the adhesive machinery has allowed Asian producers to dominate the market for that product. {...} Had acrylic and hot melt in fact been ‘like products,’ we would have seen the decline of the U.S. hot melt industry as well as the acrylic industry.”<sup>66</sup> The domestic interested parties suggested the following domestic like product definition for hot melt packaging tape:

The domestic like product (and the subject merchandise which would cause a recurrence of injury) is pressure sensitive plastic tape measuring over 1 3/8 inches in width and not exceeding 4 mils in thickness, which consists of a plastic polymer film with a hot melt adhesive, on one side. A hot melt adhesive is a blend of styrene block copolymer synthetic rubber, taciying resins and other minor ingredients for color or adhesive protection, with or without solvent.

Excluded from the scope of this definition is plastic packaging tape with a natural rubber, water activated or acrylic adhesive. However, plastic packaging tape which is at least 50% hot melt adhesive, even if combined with natural rubber, acrylic monomers, ethylene vinyl acetates, or other materials, are considered to be hot melt products for the purpose of this definition.

The above described plastic tape is generally classified under HTSUS subheadings {3919.10.20} and 3919.90.50.<sup>67</sup>

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<sup>64</sup> *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. I-17.

<sup>65</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, April 1, 2015, pp. 3-4; domestic interested parties’ prehearing brief, p. 7; domestic interested parties’ posthearing brief, p. 1, exh. 2 (response to question 1).

<sup>66</sup> Domestic interested parties’ prehearing brief, p. 6.

<sup>67</sup> *Ibid.*, p. 4.

The Commission’s decision regarding the appropriate domestic product(s) that are “like” the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. Information regarding these factors is discussed below.<sup>68 69</sup>

Table I-4 presents a summary of U.S. producers’ and U.S. purchasers’ comparisons of hot melt PSP tape to all other types of PSP tape by each factor. The majority of U.S. producers indicated that hot melt PSP tape is sometimes comparable to all other types of PSP tape with regard to characteristics and uses, interchangeability, and (more narrowly) market perceptions and price. The majority of U.S. producers also indicated that hot melt PSP tape is never comparable to all other types of PSP tape with regard to manufacturing facilities and employees, while hot melt PSP tape is always or frequently comparable to all other types of PSP tape with regard to channels of distribution. Furthermore, the majority of U.S. purchasers indicated that hot melt PSP tape is sometimes or never comparable to all other types of PSP tape with regard to price, while they also indicated that hot melt PSP tape is frequently or sometimes comparable to all other types of PSP tapes with regard to characteristics and uses, interchangeability, and market perceptions. Lastly, U.S. purchasers indicated that hot melt PSP tape is always or frequently comparable to all other types of PSP tape with regard to channels of distribution.

**Table I-4**

**PSP tape: U.S. producers’ and U.S. purchasers’ comparability of hot melt PSP tape to all other types of PSP tape by factor**

Factor being compared	Number of U.S. producers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N
Characteristics and uses	0	1	5	0	0	6	4	1
Interchangeability	0	0	5	0	0	5	6	0
Manufacturing facilities and employees	0	0	1	5	0	0	1	0
Channels of distribution	4	2	0	0	7	3	0	0
Market perceptions	0	2	3	0	1	6	3	0
Price	0	0	3	2	0	1	7	3

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

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

<sup>68</sup> Due to limited production of natural rubber PSP tape (\*\* square yards, or approximately \*\* percent of total PSP tape production, in 2014), the Commission issued draft questionnaires that segregated data for hot melt PSP tape and other (primarily acrylic) types of PSP tape.

<sup>69</sup> Narrative descriptions from U.S. producers and U.S. purchasers concerning the six factors considered for the domestic like product analysis are presented in app. G.

## Physical characteristics and uses

Domestic producers noted in their questionnaire responses that hot melt PSP tape and acrylic PSP tape are similar in that both involve a BoPP film substrate backing and are used to seal corrugated cartons. The differences lie mainly in the type of adhesive, which can be solvent-based or water-based. In general, hot melt PSP tape is often used in industrial sealing lines since it can be dispensed more smoothly, and has a stronger adhesion and more holding power to corrugated surfaces. Acrylic PSP tape is generally used in lighter duty hand applications where the carton seal is not being subjected to significant forces, such as an overstuffed box or heavy contents. Furthermore, hot melt PSP tape has a release coating that is significant for machine application, while acrylic PSP tape does not.<sup>70</sup>

While the majority of U.S. purchasers noted in their questionnaire responses that hot melt PSP tape is frequently comparable to all other types of PSP tape with regard to physical characteristics and uses, they acknowledge that hot melt PSP tape is stronger than other types of PSP tape, particularly when used on heavy and corrugated boxes. Hot melt PSP tape also seals more quickly, takes less time to apply than acrylic PSP tape, and is less resistant to tears, scuffing, and exposure to certain chemicals. Acrylic PSP tape performs better in a wider range of temperatures, although it takes more time than hot melt PSP tape to adhere fully to the substrate. In addition, the color of hot melt PSP tape becomes more yellow with age, while acrylic PSP tape does not visibly change with age or exposure to the sun.<sup>71</sup>

## Manufacturing facilities and production employees

The domestic producers and one responding U.S. purchaser reported in their questionnaire responses that \*\*\*. The domestic interested parties explained that the “critical element that distinguishes acrylic or hot melt products from each other, the coating line, has its distinct equipment. The lines for hot melt adhesives are different from those for acrylic, and the machines for the adhesives are not interchangeable. Different employees work on the adhesive and hot melt coaters.”<sup>72</sup> More specifically, Shurtape noted in its questionnaire response that:

\*\*\*.

## Interchangeability

Domestic producers and U.S. purchasers noted in their questionnaire responses that there is some level of interchangeability between hot melt PSP tape and all other types of PSP tape, \*\*\*. However, the environment and customer preference dictate which type of PSP tape

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<sup>70</sup> Domestic interested parties’ prehearing brief, p. 8, exh. 1; hearing transcript, pp. 25-26 (Blockowitz), p. 31 (Bennett).

<sup>71</sup> Domestic interested parties’ prehearing brief, pp. 7-8.

<sup>72</sup> Ibid., p. 12. For example, the ovens used in producing acrylic PSP tape are different and much longer than the ovens used in producing hot melt PSP tape, and the drying process takes longer for acrylic PSP tape since it is water-based. Hot melt PSP tape and acrylic PSP tape also have different storage, pumping, and mixing systems. Hearing transcript, p. 32 (Bennett).



is best suited for any particular use. \*\*\* noted that hot melt PSP tape has stronger shear strength and is best suited for shipping applications, whereas acrylic PSP tape has poor shear strength but is adequate for lighter duty and storage applications.

### **Customer and producer perceptions**

Domestic producers and U.S. purchasers noted that hot melt PSP tape and all other types of PSP tape can generally perform adequately in most applications, although environmental differences can determine if a specific type of PSP tape is better suited for a particular application. The domestic interested parties noted that “perceptions of various types of PSP tape by customers vary substantially, depending on their level of technical sophistication,”<sup>73</sup> and that hot melt PSP tape is “recognized as a distinct and superior product by many important customers.”<sup>74</sup> Some customers and distributors reported that they are aware that different types of PSP tape can perform differently,<sup>75</sup> while others noted that they base their purchasing decisions on price.<sup>76</sup> Shurtape explained in its questionnaire response that:

\*\*\*.

### **Channels of distribution**

Domestic producers and U.S. purchasers generally agreed that hot melt PSP tape and all other types of PSP tape are sold in the same or similar distribution channels. The domestic interested parties noted that the ultimate distribution channels of the products vary in that the “more sophisticated users of the hot melt product tend to be businesses and not home users of the product.”<sup>77</sup> \*\*\* noted in its questionnaire response that the most significant difference between hot melt and acrylic PSP tapes is that acrylic PSP tape commands a much greater share of the retail market, while hot melt PSP tape is more predominant in the industrial channel. Table I-5 presents U.S. producers’ shares of reported U.S. shipments, by types of PSP tape, sources, and channels of distribution, as well as data reported by U.S. importers.

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<sup>73</sup> Domestic interested parties’ prehearing brief, p. 10.

<sup>74</sup> Hearing transcript, p. 12 (Anderson).

<sup>75</sup> Industrial and commercial users are more likely to demand hot melt PSP tape due to the superior performance characteristics of hot melt PSP tape. Information provided by \*\*\* indicate that \*\*\*. Domestic interested parties’ prehearing brief, p. 11; domestic interested parties’ posthearing brief, exh. 2 (response to question 3).

<sup>76</sup> Domestic interested parties note, however, that hot melt, acrylic, and natural rubber PSP tape are all marketed as distinct categories within the more general category of pressure sensitive packaging tapes. Domestic interested parties’ posthearing brief, exh. 2 (response to question 7).

<sup>77</sup> Domestic interested parties’ prehearing brief, pp. 9-10.

Table I-5

PSP tape: U.S. producers' and importers' shares of reported U.S. shipments, by types of PSP tape, sources, and channels of distribution, 2012-14, January to September 2014, and January to September 2015

\* \* \* \* \*

### Price

Domestic producers and U.S. purchasers indicated in their questionnaire responses that hot melt PSP tape and all other types of PSP tape are not comparable with regard to price due to manufacturing and raw material costs. However, narrative responses were inconsistent regarding whether hot melt PSP tape or acrylic PSP tape is more expensive. Shurtape noted that: \*\*\*.

Table I-6 and figure I-4 present average prices for hot melt PSP tape and all other types of PSP tape pricing products as reported by U.S. producers in response to Commission questionnaires. These data show that average domestic prices for natural rubber PSP tape was generally the highest and average domestic prices for hot melt PSP tape was generally the lowest during January 2012 through September 2015, although the varying thicknesses of each type of PSP tape affected this trend. The domestic interested parties noted, however, that in “head-to-head competition of comparable products, the hot melt product is almost always more expensive,” although one needs to observe the prices of both U.S.-produced acrylic PSP tape and the prices of foreign acrylic PSP tape from Asia.<sup>78 79</sup> Furthermore, IPG’s customer, \*\*\*, noted that \*\*\*.<sup>80</sup>

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<sup>78</sup> Domestic interested parties’ prehearing brief, p. 13.

<sup>79</sup> Domestic interested parties also noted that hot melt PSP tape consumers are willing to pay a 15 to 20 percent premium over the acrylic PSP tape due to its high shear and machine automation capabilities. Hearing transcript, p. 25 (Blockowitz).

<sup>80</sup> Domestic interested parties’ posthearing brief, exh. 2 (response to question 3).

**Table I-6**

**PSP tape: Average prices (dollars per square yard) for hot melt PSP tape and all other types of PSP tape pricing products, by quarter and sources, 2012-14, and January to September 2015**

Quarter	United States -- 1.6 to 1.7 mil thickness			United States -- 1.8 to 2.0 mil thickness	
	Product 1 hot melt	Product 3 acrylic	Product 5 natural rubber	Product 2 hot melt	Product 4 acrylic
<b>2012:</b>					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
<b>2013:</b>					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	0.19	***
<b>2014:</b>					
Jan.-Mar.	***	0.20	***	0.19	0.21
Apr.-Jun.	***	0.19	***	0.19	0.22
Jul.-Sep.	***	0.23	***	0.18	0.23
Oct.-Dec.	***	0.22	***	0.19	0.23
<b>2015:</b>					
Jan.-Mar.	***	0.20	***	0.18	0.22
Apr.-Jun.	***	***	***	0.18	***
Jul.-Sep.	***	***	***	0.18	***

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

**Figure I-4**

**PSP tape: Average prices for hot melt PSP tape and all other types of PSP tape pricing products, by quarter and sources, 2012-14, and January to September 2015**

\* \* \* \* \*

**U.S. MARKET PARTICIPANTS**

**U.S. producers**

The domestic PSP tape industry has experienced a number of changes since the Commission’s original investigation concerning PSP tape from Italy that was conducted in 1977. Since that time, closures, openings, and acquisitions have altered the composition of the domestic industry. During the original investigation, eight firms were identified as producers of PSP tape,<sup>81</sup> with four firms believed to have accounted for at least 80 percent of domestic production: 3M (identified as “by far” the largest U.S. manufacturer); Johnson & Johnson,

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<sup>81</sup> *Pressure Sensitive Plastic Tape from Italy and West Germany, Investigation Nos. AA1921-167 and 168, Original Staff Report, August 15, 1977, p. A-17.*

Permacel Division;<sup>82</sup> Nashua Corp., Industrial Tape Division;<sup>83</sup> and Borden Co., Mystic Tape Division.<sup>84</sup> Anchor Continental, which began its PSP tape operations in 1975, was also identified as a U.S. producer of PSP tape in the original investigation.<sup>85</sup>

In the Commission's first five-year review, 3M, the only party to respond to the Commission's notice of institution, provided the following list of six U.S. producers of PSP tape: 3M; IPG; Central Products Co.;<sup>86</sup> Bemis Co., Inc.; STA; and Shurtape.<sup>87</sup> In the Commission's second five-year review, 3M identified the following ten companies as producers of PSP tape in the United States: Bemis Co.; Canadian Technical Tapes ("Cantech"); IPG; Manco; Nitto Denko ("Permacel"); Shurtape; STA; Tyco Adhesives; TaraTape; and Tesa Tape, Inc. ("Tesa").<sup>88</sup>

In the Commission's third five-year review, 3M identified 13 U.S. firms that produced PSP tape. 3M acknowledged that many of the producers listed were small and that it believed that 3M, IPG, and Shurtape accounted for \*\*\* of U.S. PSP tape production.<sup>89</sup> \*\*\* firms (\*\*\*) provided the Commission with useable information on their PSP tape operations. These \*\*\* firms accounted for approximately \*\*\* percent of U.S. production of PSP tape in 2008.<sup>90</sup>

In response to the Commission's notice of institution in this current fourth five-year review, the domestic interested parties identified five U.S. producers of hot melt PSP tape: 3M, Avery Dennison, IPG, Shurtape, and TaraTape. The domestic interested parties noted that U.S.

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<sup>82</sup> Johnson & Johnson sold its Permacel Division to Avery International Corporation in 1982. In 1988, Permacel was acquired by Nitto Denko Corporation ("Nitto Denko"), a Japanese chemical company, at which time Permacel moved its headquarters from Pleasant Prairie, Wisconsin to Teaneck, New Jersey. In April 2009, Nitto Denko announced plans to close its Pleasant Prairie operations by the end of September 2009. Effective October 1, 2009, Nitto Denko announced that the Permacel brand name would be converted to the Nitto Denko corporate brand, Nitto Tape. *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. I-24.

<sup>83</sup> Nashua Tape-branded products were offered by Berry Plastics Corporation ("Berry"), a \*\*\* U.S. producer of PSP tape identified during the third five-year review. *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. I-24.

<sup>84</sup> After a leveraged buy-out in 1995, Borden began divesting itself of its various divisions and is no longer present in the U.S. PSP tape industry. *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. I-24.

<sup>85</sup> Anchor Continental was acquired by IPG in 1996. *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. I-24.

<sup>86</sup> Central Products Co. was acquired by IPG in 1999.

<sup>87</sup> *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Review)*, USITC Publication 3157, February 1999, p. I-15.

<sup>88</sup> *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Second Review)*, USITC Publication 3698, June 2004, p. I-6.

<sup>89</sup> *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. I-25.

<sup>90</sup> Upon request from the Commission during the third review, 3M also submitted a list of converters, but observed that the vast majority of converting operations are performed by 3M itself. 3M reported that it had \*\*\*. *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, pp. I-25 – I-26, table I-5.

producers 3M, IPG, and Shurtape are the main producers of PSP tape, together representing \*\*\* percent of U.S. production of PSP tape in 2014.<sup>91</sup> In response to the Commission’s request for further information concerning U.S. producers of all PSP tape (including hot melt, as well as acrylic and natural rubber), the domestic interested parties provided information for three additional firms: STA, TaraTape, and Can-Do National Tape.<sup>92</sup> Using the information provided by the domestic interested parties and additional staff research, the Commission issued U.S. producers’ questionnaires to nine firms, six of which provided the Commission with information on their domestic production operations. As noted previously, these firms are believed to account for the vast majority of domestic production of carton sealing PSP tape in 2014. Table I-7 lists the current domestic producers of PSP tape and presents each company’s position on continuation of the finding, production locations, and share of reported production of PSP tape in 2014.

**Table I-7  
PSP tape: U.S. producers, positions on finding, U.S. production locations, and shares of 2014 reported U.S. production**

<b>Firm</b>	<b>Position on continuation of the finding</b>	<b>Production location</b>	<b>Share of reported 2014 production (percent)</b>
3M <sup>1</sup>	Support	Cynthiana, KY Greenville, SC Hutchinson, MN	***
Avery Dennison <sup>2</sup>	***	Painesville, OH	***
IPG	Support	Brighton, CO Carbondale, IL Danville, VA	***
Sekisui <sup>3</sup>	***	Buena Park, CA Rogersville, TN	***
Shurtape <sup>4</sup>	Support	Hudson, NC Hickory, NC	***
TaraTape <sup>5</sup>	***	Fairless Hills, PA	***
Total			100.0

Footnotes continued on the following page.

<sup>91</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, April 1, 2015, pp. 9-10, exh. 1; and *Domestic Interested Parties’ Response to the ITC’s Request for Further Information*, April 28, 2015, exh. 2.

<sup>92</sup> *Domestic Interested Parties’ Response to the ITC’s Request for Further Information*, April 28, 2015, p. 2.

### Table I-7--Continued

#### PSP tape: U.S. producers, positions on finding, U.S. production locations, and shares of 2014 reported U.S. production

<sup>1</sup> 3M is \*\*\*. Email with \*\*\*, January 6, 2016.

<sup>2</sup> Avery Dennison is \*\*\*.

<sup>3</sup> Sekisui is \*\*\*. Email with \*\*\*, February 2, 2016.

<sup>4</sup> Shurtape is \*\*\*.

<sup>5</sup> TaraTape is \*\*\*. Email with \*\*\*, February 11, 2016.

Note.--Staff received a U.S. producer questionnaire response from Syntac, which accounted for \*\*\*.

Note.--As discussed in greater detail in Part III, \*\*\* U.S. producers directly import PSP tape and \*\*\* U.S. producers purchase PSP tape from U.S. importers.

Note.--App. E contains data for U.S. producers' reported 2014 production of hot melt PSP tape, as well as all other types of PSP tape.

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

### U.S. importers

In the third five-year review, the Commission sent questionnaires to 96 firms believed to have imported PSP tape between 2006 and 2009. Nineteen firms provided data and information in response to the questionnaires, which represented the vast majority of subject imports of PSP tape from Italy.<sup>93</sup> Domestic producers IPG, Shurtape, and 3M accounted for \*\*\*, \*\*\*, and \*\*\* percent of in-scope imports in 2008, respectively.

In this current fourth five-year review, the Commission issued U.S. importers' questionnaires to 128 firms believed to be importers of PSP tape, as well as to all U.S. producers of PSP tape.<sup>94</sup> Usable questionnaire responses were received from 26 firms, representing the vast majority of subject imports from Italy. Given the large volume of the remaining imports from all other countries as reported in official import statistics, staff believes that questionnaire data for U.S. imports of PSP tape from nonsubject countries are under-represented. Table I-8 lists all responding U.S. importers of PSP tape from Italy and other sources, and presents their locations and their shares of reported U.S. imports in 2014.

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<sup>93</sup> *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. IV-1.

<sup>94</sup> The Commission issued questionnaires to those firms identified by the domestic interested parties, along with firms that, based on a review of \*\*\*, may have accounted for more than \*\*\* percent of total imports under HTS subheadings 3919.10.20 and 3919.90.50 during January 2012 through September 2015.

**Table I-8**

**PSP tape: U.S. importers, U.S. headquarters, source(s) of imports, and shares of reported imports in 2014**

Firm	Headquarters	Share of reported imports (percent)		
		Italy <sup>1</sup> (subject)	Italy (nonsubject)	All other <sup>2</sup>
3M <sup>3</sup>	Saint Paul, MN	***	***	***
Achem <sup>4</sup>	Cerritos, CA	***	***	***
Alanson	Miami, FL	***	***	***
Avery Dennison <sup>5</sup>	Painesville, OH	***	***	***
BMW <sup>6</sup>	Greer, SC	***	***	*** <sup>14</sup>
Can-Do National	Nashville, TN	***	***	*** <sup>14</sup>
Continental Western	San Leandro, CA	***	***	***
Decker Tape	Fairfield, NJ	***	***	***
Dolgencorp	Goodlettsville, TN	***	***	***
Greenbrier <sup>7</sup>	Chesapeake, VA	***	***	***
IPG	Sarasota, FL	***	***	*** <sup>14</sup>
LePages <sup>8</sup>	Romulus, MI	***	***	***
Lintec <sup>9</sup>	Phoenix, AZ	***	***	***
Office Depot	Boca Raton, FL	***	***	***
Orora	Buena Park, CA	***	***	***
R.A. Staff	Cleveland, OH	***	***	***
Radix	Doral, FL	***	***	*** <sup>14</sup>
Sealed Air	Charlotte, NC	***	***	***
Sekisui <sup>10</sup>	Secaucus, NJ	***	***	***
Shurtape <sup>11</sup>	Hickory, NC	***	***	***
Surface Shields <sup>12</sup>	Orland Park, IL	***	***	***
TaraTape <sup>13</sup>	Fairless Hills, PA	***	***	***
Uline	Pleasant Prairie, WI	***	***	***
Vibac	Montreal, Quebec	***	***	***
Whirlpool	Benton Harbor, MI	***	***	***
Zip-Up	Chatham, NJ	***	***	***
Total		100.0	100.0	100.0

Footnotes continued on the following page.

**Table I-8--Continued**

**PSP tape: U.S. importers, U.S. headquarters, source(s) of imports, and shares of reported imports in 2014**

- <sup>1</sup> Excluding Autodesivi, Boston, and Plasturopa.
- <sup>2</sup> Including Canada, Belgium, China, Germany, India, Indonesia, Mexico, Spain, and Taiwan.
- <sup>3</sup> 3M is \*\*\*. Email with \*\*\*, January 6, 2016.
- <sup>4</sup> Achem is \*\*\*.
- <sup>5</sup> Avery Dennison is \*\*\*.
- <sup>6</sup> BMW is \*\*\*.
- <sup>7</sup> Greenbrier is \*\*\*.
- <sup>8</sup> LePages is \*\*\*.
- <sup>9</sup> Lintec is \*\*\*.
- <sup>10</sup> Sekisui is \*\*\*.
- <sup>11</sup> Shurtape is \*\*\*.
- <sup>12</sup> Surface Shields is \*\*\*. Emails with \*\*\*, November 30, 2015, and December 3, 2015.
- <sup>13</sup> TaraTape is \*\*\*.
- <sup>14</sup> \*\*\*.

Note.--Figures may not add to the totals shown due to rounding.

Note.--\*\*\* reported importing PSP tape from nonsubject Italy and \*\*\* reported importing PSP tape from all other sources during interim 2015.

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

**U.S. purchasers**

The Commission received 12 usable questionnaire responses from firms reporting purchases of PSP tape since January 2009.<sup>95</sup> Seven responding purchasers are distributors, two are both distributors and end users in the shipping and/or manufacturing sector, two are strictly end users in the shipping and/or manufacturing sector, and one is an end user that sells directly to consumers. Responding U.S. purchasers were located in the \*\*\* regions.

The largest purchaser of \*\*\* during 2014 and January to September of 2015 was \*\*\*.<sup>96</sup> The largest purchaser of \*\*\*, was \*\*\*.<sup>97</sup> The third largest purchaser was \*\*\*, which purchased \*\*\*. The sole purchaser of Italian product during 2014 and January to September 2015 was \*\*\* (which purchased very small amounts of acrylic PSP tape).

**APPARENT U.S. CONSUMPTION**

Data concerning apparent U.S. consumption of PSP tape during 2012-14, January to September 2014, and January to September 2015 are shown in table I-9 and figure I-5. Apparent U.S. consumption of PSP tape is based on U.S. producers' U.S. shipments of PSP tape

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<sup>95</sup> Of the 12 responding purchasers, 11 reported purchasing domestic PSP tape, one reported purchasing imports of subject merchandise from Italy, and four reported purchasing imports of PSP tape from nonsubject countries Canada, China, Germany, and Taiwan.

<sup>96</sup> \*\*\*, retrieved on December 23, 2015.

<sup>97</sup> \*\*\*, retrieved on December 23, 2015.



and U.S. shipments of imports of PSP tape as compiled from questionnaire responses submitted by U.S. importers. Based on a comparison with official import statistics, staff believes that data for U.S. imports of PSP tape from nonsubject countries are under-represented.

Apparent U.S. consumption in terms of quantity increased by 12.6 percent from 2012 to 2014, and was 2.6 percent higher during January to September 2015 than during January to September 2014. Apparent consumption in terms of value increased by 29.8 percent from 2012 to 2014, and was 1.8 percent higher during January to September 2015 than during January to September 2014.

**Table I-9**

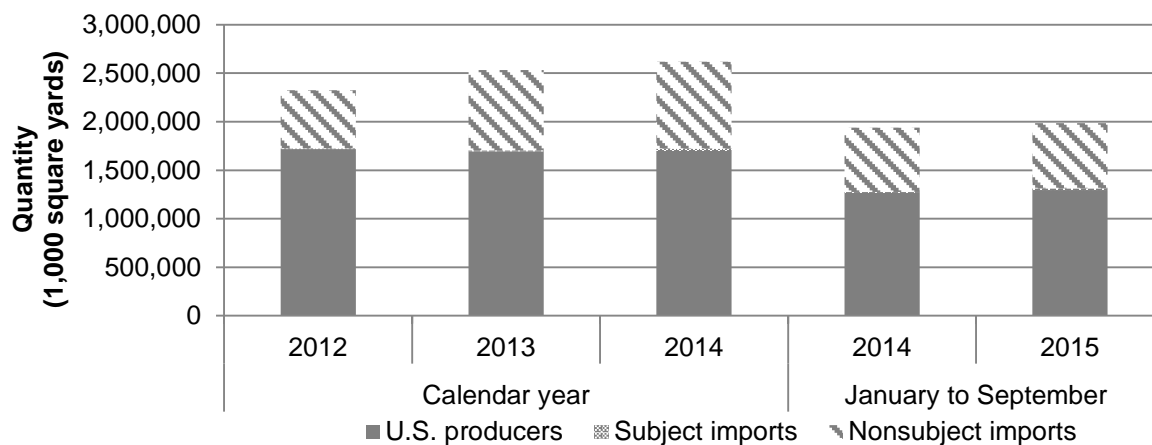
**PSP tape: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2012-14, January to September 2014, and January to September 2015**

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
<b>Quantity (1,000 square yards)</b>					
U.S. producers' U.S. shipments	1,717,757	1,695,489	1,699,691	1,268,038	1,298,819
U.S. shipments of imports from--					
Italy (subject)	***	***	***	***	***
Italy (nonsubject)	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject sources	***	***	***	***	***
Total U.S. import shipments	607,425	838,156	919,546	671,327	690,340
Apparent U.S. consumption	2,325,182	2,533,645	2,619,237	1,939,365	1,989,159
<b>Value (1,000 dollars)</b>					
U.S. producers' U.S. shipments	492,743	510,196	530,705	392,993	408,780
U.S. shipments of imports from--					
Italy (subject)	***	***	***	***	***
Italy (nonsubject)	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject sources	***	***	***	***	***
Total U.S. import shipments	212,187	298,813	384,194	295,896	292,181
Apparent U.S. consumption	704,930	809,009	914,899	688,889	700,961

Note.--Figures may not add to the total shown due to rounding.

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

**Figure I-5**  
**PSP tape: Apparent U.S. consumption, 2012-14, January to September 2014, and January to September 2015**



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

### U.S. MARKET SHARES

U.S. market share data of PSP tape during 2012-14, January to September 2014, and January to September 2015 are presented in table I-10. Based on quantity, the U.S. market share represented by U.S. producers' shipments decreased from 73.9 percent in 2012 to 64.9 percent in 2014, and was 65.3 percent during January to September 2015. The market share of quantity held by total U.S. import shipments increased from 26.1 percent in 2012 to 35.1 percent in 2014, and was 34.7 percent during January to September 2015.

**Table I-10**

**PSP tape: U.S. consumption and market shares, 2012-14, January to September 2014, and January to September 2015**

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
<b>Quantity (1,000 square yards)</b>					
Apparent U.S. consumption	2,325,182	2,533,645	2,619,237	1,939,365	1,989,159
<b>Share of quantity (percent)</b>					
U.S. producers' U.S. shipments	73.9	66.9	64.9	65.4	65.3
U.S. shipments of imports from-- Italy (subject)	***	***	***	***	***
Italy (nonsubject)	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject sources	***	***	***	***	***
Total U.S. import shipments	26.1	33.1	35.1	34.6	34.7
<b>Value (1,000 dollars)</b>					
Apparent U.S. consumption	704,930	809,009	914,899	688,889	700,961
<b>Share of value (percent)</b>					
U.S. producers' U.S. shipments	69.9	63.1	58.0	57.0	58.3
U.S. shipments of imports from-- Italy (subject)	***	***	***	***	***
Italy (nonsubject)	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject sources	***	***	***	***	***
Total U.S. import shipments	30.1	36.9	42.0	43.0	41.7

Note.--Figures may not add to the totals shown due to rounding.

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



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

### U.S. MARKET CHARACTERISTICS

PSP tape is used primarily to seal cartons or corrugated boxes for shipping. There are five main applications that account for up to \*\*\* percent of adhesive tape used in the global market: building and construction, food and beverage, electrical and electronics, automotive, and healthcare and hygiene products.<sup>1</sup> U.S. demand for PSP tape is primarily derived from demand for these products. PSP tape is also used in smaller volumes for insulating electrical wires and cables, in masking applications, and in other specialized applications such as labels, label protection, color coding, and tabbing.<sup>2</sup>

Apparent U.S. consumption of PSP tape increased by 12.6 percent between 2012 and 2014. During January-September 2015, apparent U.S. consumption was 2.6 percent higher than the same time period in 2014. Rising levels of consumption since 2012 largely reflected increased shipments of acrylic and other forms of PSP tape other than hot melt. Domestic interested parties report that this is the result of \*\*\*.<sup>3</sup>

Domestic interested parties identified significant changes in supply and demand conditions since the third five-year review, primarily “the weak Euro and weak demand situation in Europe, substantial excess capacity, and the absence of new markets other than the United States for the Italian producers.”<sup>4</sup>

In 1976 (the final full year of the original investigation), the ratio of imported subject Italian product to apparent U.S. consumption was \*\*\* percent. During the final full year of the first and third reviews (in 1997 and 2008), the ratio was \*\*\* percent and \*\*\* percent, respectively.<sup>5</sup> In 2014, the ratio of imported subject Italian product to apparent U.S. consumption was \*\*\* percent.

### CHANNELS OF DISTRIBUTION

During the third five-year review period, importers sold \*\*\* of PSP tape from Italy (\*\*\*) to \*\*\*.<sup>6</sup> During January 2012 to September 2015, U.S. producers sold mainly to distributors and importers sold imports from Italy \*\*\* to distributors (table II-1).

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<sup>1</sup> *Afera, the European Adhesive Tape Association* (market trends and statistics based on the 2014 Freedonia Industry Study), <http://www.afera.com/why-tape/afera-tape-blog/berichten/market-trends-and-statistics-based-on-the-2014-freedonia-global-tape-study.html>, retrieved on February 24, 2016.

<sup>2</sup> *Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. II-1; staff field trip report, IPG and Shurtape, December 3, 2015 and December 4, 2015.

<sup>3</sup> Email with \*\*\*, February 11, 2016.

<sup>4</sup> *Domestic Interested Parties' Response to Notice of Institution*, April 1, 2015, p. 13.

<sup>5</sup> These data were not available for the second review.

<sup>6</sup> *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. II-1.

**Table II-1**

**PSP tape: U.S. producers' and importers' share of reported U.S. commercial shipments (percent), by sources and channels of distribution, 2012-14, January-September 2014, and January-September 2015**

\* \* \* \* \*

### **GEOGRAPHIC DISTRIBUTION**

All six responding U.S. producers reported selling PSP tape to all regions in the contiguous United States (table II-2). All five reporting importers reported selling to the Northeast, while four also reported selling to every other region. U.S. producers sold \*\*\* percent of their sales within 100 miles of their production facility, \*\*\* percent between 101 and 1,000 miles, and \*\*\* percent over 1,000 miles. Importers sold \*\*\* within 100 miles of their U.S. point of shipment, \*\*\* percent between 101 and 1,000 miles, and \*\*\* percent over 1,000 miles.

**Table II-2**

**PSP tape: Geographic market areas in the United States served by U.S. producers and importers since 2009**

<b>Region</b>	<b>U.S. producers</b>	<b>Importers</b>
Northeast	6	5
Midwest	6	4
Southeast	6	4
Central Southwest	6	4
Mountain	6	4
Pacific Coast	6	4
Other <sup>1</sup>	5	3
All regions (except 'Other')	6	4
Reporting firms	6	5

<sup>1</sup> All other U.S. markets, including AK, HI, PR, and VI.

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

### **SUPPLY AND DEMAND CONSIDERATIONS**

#### **U.S. supply**

##### **Domestic production**

Based on available information, U.S. producers of PSP tape have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of U.S.-produced PSP tape to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, some existence of alternate markets, and some inventories.

## ***Industry capacity***

From 2012 to 2014, domestic producers' production capacity decreased by 5.8 percent and total production of PSP tape decreased by 0.4 percent, resulting in an increase in domestic capacity utilization from 57.4 percent to 60.7 percent. During the first three quarters of 2015 compared to the same period in 2014, U.S. producers' production capacity was 1.6 percent lower while total production was 0.3 percent higher, resulting in an increase in capacity utilization to 63.4 percent. This relatively moderate level of capacity utilization suggests that U.S. producers may have a substantial ability to increase production of PSP tape in response to an increase in prices.

## ***Alternative markets***

U.S. producers' exports as a percentage of total shipments increased from 9.4 percent in 2012 to 9.8 percent in 2014, but was lower during January-September of 2015 at 8.5 percent. \*\*\* U.S. producers reported exporting to Mexico, three to Canada, two to China, and one to each of the following additional countries: \*\*. U.S. producers' total export shipments rose by 4.1 percent between 2012 and 2014, but were 12.2 percent lower during January-September of 2015 compared to the same time period in 2014. These data suggest that U.S. producers may have some limited ability to shift shipments between the U.S. market and other markets in response to price changes.

However, U.S. producers described shifting sales overseas as difficult. U.S. producer \*\*\* reported that excess global production capacity (particularly in Italy and Asia), an appreciating U.S. dollar, and sluggish global economic growth make it difficult to sell substantial quantities of PSP tape in foreign markets. U.S. producer 3M reported that \*\*\*, and that \*\*\* due to the relatively smaller size and/or saturation of other potential markets.<sup>7</sup>

U.S. producers \*\*\* also reported that currency fluctuations act as barriers to trade. Additionally, \*\*\* reported that high import duties in Brazil and India act as barriers to exports of PSP tape from the United States and elsewhere, and that economic alliances and trade agreements to which the United States is not a party – such as the ECFA and ASEAN – act as trade barriers in China, Taiwan, and ASEAN countries.<sup>8</sup>

At the Commission's hearing, domestic interested parties were asked if U.S. producers compete against any in-scope Italian PSP tape in neighboring export markets, such as Canada and Mexico, and to provide price data for these markets.<sup>9</sup> Domestic interested parties did not provide price data for Canada or Mexico, stating that "the Mexican market is mostly an acrylic market and is saturated," and "{g}iven the standard of living and the relative weakness of the Mexican peso, it is not an attractive market." Domestic interested parties also reported that the

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<sup>7</sup> 3M's U.S. producer questionnaire response, section IV-21; hearing transcript, pp. 13-14 (Anderson).

<sup>8</sup> \*\*\*'s U.S. producer questionnaire responses, sections IV-21 and IV-22; email with \*\*\*, January 14, 2016.

<sup>9</sup> Hearing transcript, p. 113 (Johanson).

Canadian market is less than 10 percent the size of the U.S. market, and that the largest tape manufacturer in Italy, Vibac, owns and operates a plant in Canada, making competition in that market unappealing for other Italian producers of PSP tape.<sup>10</sup>

### ***Inventory levels***

From 2012 to 2014, U.S. producers' inventories of PSP tape increased from 152 million square yards, equivalent to 8.0 percent of total shipments, to 158 million square yards, equivalent to 8.4 percent of total shipments. During January-September 2015, U.S. producers' inventories decreased to 156 million square yards, equivalent to 8.2 percent of total shipments. These inventory levels suggest that U.S. producers may have some limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

### ***Production alternatives***

Three U.S. producers reported that they could switch production from PSP tape to other products, and three reported that they could not. \*\*\* reported that it produces \*\*\*, \*\*\* reported that it produces \*\*\*, and \*\*\* reported that it produces \*\*\* on the same equipment that is used to produce PSP tape.

U.S. producer \*\*\* reported that roughly \*\*\* percent of the total volume of production on some of the equipment used to produce PSP tape was used to produce \*\*\*, but that \*\*\*. \*\*\* stated that \*\*\*.<sup>11</sup> \*\*\* also reported that \*\*\*, but that \*\*\*.<sup>12</sup>

### ***Supply constraints***

No U.S. producers, importers, or purchasers reported experiencing supply constraints since January 1, 2009.

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<sup>10</sup> Domestic interested parties' posthearing brief, exh. 2 (response to question 10). For a discussion regarding prices of Italian PSP tape in the United Kingdom, see Part IV.

<sup>11</sup> \*\*\* U.S. producer questionnaire response, section II-5a; email with \*\*\*, December 9, 2015.

<sup>12</sup> Email with \*\*\*, December 8, 2015.



## Subject imports from Italy<sup>13</sup>

Based on available information, producers of PSP tape from Italy have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of PSP tape to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the possible availability of substantial unused capacity and the existence of alternate markets.

### *Industry capacity*

For subject Italian producers 3M Italia and H-Old, capacity utilization decreased from \*\*\* percent in 2012 to \*\*\* percent in 2014, and was \*\*\* percent during January-September 2015. The data reported by these firms suggests a relatively \*\*\* level of capacity utilization and a \*\*\* ability to increase production of PSP tape in response to an increase in prices. However, Italian producer Vibac reported a capacity of \*\*\* square yards and production of \*\*\* square yards \*\*\*. Including the data reported by Vibac, the capacity utilization of these firms in 2014 was \*\*\* percent.<sup>14</sup> This relatively low level of capacity utilization in 2014 suggests that Italian producers of PSP tape may have a substantial ability to increase production of PSP tape in response to an increase in prices.

Domestic interested parties argue that Italian producers of PSP tape have a capacity utilization of roughly 55-60 percent,<sup>15</sup> and with such a “huge capacity overhang,” Italian producers could supply up to an additional \*\*\* square yards of PSP tape to the U.S. market, including over \*\*\* square yards of hot melt PSP tape alone.<sup>16</sup> Domestic interested parties report that hot melt PSP tapes make up a large part of the total production of PSP tapes in Italy, and cite The Freedonia Group, Inc.’s May 2014 publication in stating that pressure sensitive adhesives producers in Italy will continue to have substantial excess capacity and will focus largely on the hot melt segment.<sup>17</sup>

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<sup>13</sup> The Commission received five questionnaire responses from Italian producers. As described in Part I of this report, two of these firms (Plasturopa and Boston) are not subject to the duties under this finding, and \*\*\*. Accordingly, foreign industry data and related information presented in the body of this report are based on the questionnaire responses of two subject producers of PSP tape: 3M Italia and H-Old. These two firms’ exports to the United States accounted for \*\*\* percent of U.S. imports of PSP tape from Italy during January 2012-September 2015. Appendix F includes all subject foreign producer data, \*\*\*.

<sup>14</sup> See table F-3 at app. F.

<sup>15</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, April 1, 2015, pp. 5-6.

<sup>16</sup> Domestic interested parties’ prehearing brief, pp. 17-18 and ex. 2; domestic interested parties’ posthearing brief, pp. 2-3.

<sup>17</sup> *World Pressure Sensitive Tapes, Industry Study 3163*, The Freedonia Group, Inc., May 2014, p. 126; hearing transcript, p. 15 (Anderson); domestic interested parties’ posthearing brief, pp. 1-3.

### **Alternative markets**

Four Italian producers of PSP tape identified other markets that they developed or in which they increased sales since 2009. Among subject foreign producers, 3M Italia listed \*\*\*; H-Old listed \*\*\*; and Vibac listed “\*\*\*.” Nonsubject Italian producer Plasturopa listed \*\*\*. No Italian producers reported that Italian PSP tape was subject to other antidumping or countervailing duties, safeguard findings, remedies, or other proceedings.

Italy is a substantial net exporter of adhesive tape, producing about four times as much tape as its domestic market consumes.<sup>18</sup> From 2009 to 2014, the leading export market for Italian adhesive tape was Germany, followed by France, the United Kingdom, and Spain.<sup>19</sup>

### **Inventory levels**

Among subject Italian producers 3M Italia and H-Old, the ratio of inventories to total shipments increased from \*\*\* percent in 2012 to \*\*\* percent in 2014, and reached \*\*\* percent during January-September 2015. Italian producer Vibac also reported end-of-period inventories of \*\*\* square yards \*\*\*.<sup>20</sup> None of these firms reported maintaining inventories in the United States.

### **Production alternatives**

While four Italian producers (\*\*\*) reported producing \*\*\* non-PSP tape products on the same equipment and machinery used to produce PSP tape, all four reported that they are not able to shift production between PSP tape and other products using the same equipment and/or labor.<sup>21</sup> \*\*\* reported, however, that while shifting between PSP tape and other products is not possible, \*\*\*.

### **Nonsubject imports**

In 1976, the share of apparent U.S. consumption from nonsubject countries was approximately \*\*\* percent. In 2008, the share of apparent U.S. consumption held by imports from nonsubject countries was approximately \*\*\* percent. In 2014, the share of apparent U.S. consumption held by imports from nonsubject countries was \*\*\* percent. According to questionnaire data, the primary nonsubject sources of PSP tape during January 2009-September 2015 were Taiwan and China, followed by Germany and Spain.

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<sup>18</sup> *World Pressure Sensitive Tapes, Industry Study 3163*, The Freedonia Group, Inc., May 2014, p. 126.

<sup>19</sup> See table IV-7 of this report.

<sup>20</sup> \*\*\*.

<sup>21</sup> Data reported by these firms indicate that \*\*\* of production during January 2012-September 2015 was allocated to PSP tape production (see table IV-10 of this report). \*\*\* reported producing masking tape and \*\*\* reported producing “\*\*\*” on the same machinery as PSP tape.

The narrowest definition of PSP tape using official import statistics is a broad basket category that includes self-adhesive products not subject to this review.<sup>22</sup> Based on this category of products, the largest sources during January 2009-September 2015 were China, Taiwan, and Canada. Combined, these countries accounted for 72.1 percent of all imports in this category during January 2009-September 2015.<sup>23</sup> In total, nonsubject countries accounted for 98.8 percent of all U.S. imports of this category of products during January 2009-September 2015.

According to Freedonia, during the past decade China “has emerged as an important net exporter of PSP tape.”<sup>24</sup> China is the world’s largest producer of both BoPP and polyvinyl chloride (“PVC”) tapes. Freedonia projects Chinese PSA tape output to increase \*\*\* percent per year through 2018, to \*\*\*.

Domestic interested parties report that the large majority of imports of nonsubject PSP tapes consist of acrylic product from Taiwan, China, Indonesia, and India.<sup>25</sup>

### **New suppliers**

Ten of 12 purchasers reported that no new suppliers have entered the market since January 2009. One purchaser (\*\*\*) indicated that a new supplier \*\*\* had entered the U.S. market, and three firms reported expecting additional entrants. \*\*\* reported that it expects more Asian suppliers to enter the market; \*\*\* reported that it expects comparatively higher domestic prices and increasing ease of ICT communications to draw more foreign manufacturers into the U.S. market; and \*\*\* stated that as long as the market contains demand and profit it expects new suppliers to enter.

### **U.S. demand**

Based on available information, the overall demand for PSP tape is likely to experience moderate-to-large changes in response to changes in price. The main contributing factor is the availability of substitute products but is constrained by purchasers’ investment costs of switching to those substitutes, particularly in the hot melt segment.

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<sup>22</sup> These data are based on HTS statistical reporting numbers 3919.10.2010, 3919.10.2020, 3919.10.2030, 3919.10.2040, 3919.10.2055, 3919.90.5010, 3919.90.5020, 3919.90.5030, 3919.90.5040, and 3919.90.5060.

<sup>23</sup> From January 2009-September 2015 the U.S. imported 5.0 billion square yards of product in this category from China, 4.5 billion square yards from Taiwan, and 2.5 billion square yards from Canada. USITC Dataweb, retrieved on December 28, 2015.

<sup>24</sup> *World Pressure Sensitive Tapes, Industry Study 3163*, The Freedonia Group, Inc., May 2014, p. 166.

<sup>25</sup> Domestic interested parties’ estimates are based official import statistics from HTS statistical reporting number 3919.10.2055 (see domestic interested parties’ prehearing brief, exh. 4). Domestic interested parties’ prehearing brief, p. 13 and exh. 4; domestic interested parties’ posthearing brief, exh. 2 (response to question 9).

## End uses

The primary use of PSP tape is to seal cartons or corrugated boxes. U.S. demand for PSP tape is therefore primarily dependent on demand for boxes and cartons used in manufacturing, shipping, and e-commerce. Firms reported that PSP tapes with hot melt and acrylic adhesives, and to a lesser extent natural rubber, are also used in moving and storage, food and beverage, and medical/pharmaceutical applications. Two U.S. producers also reported that natural rubber PSP tape is used in aisle marking and screen printing, and one importer reported that acrylic PSP tape is used in “coating wafers for dicing and backgrinding” for the semiconductor industry. While the vast majority of responding firms reported that there had been no changes in the end uses of PSP tape since January 2009 and did not anticipate any changes, four of nine responding purchasers reported that demand for the final products that incorporate PSP tape had increased since January 2009 and that this had increased their demand for PSP tape.

## Business cycles

A majority of U.S. producers (4 of 6), importers (17 of 21), and purchasers (7 of 12) reported that the PSP tape market is not subject to business cycles or other distinctive conditions of competition. Among the firms that did identify specific business cycles or distinctive conditions of competition, \*\*\* reported \*\*\* that the PSP tape market is subject to cycles in the moving and storage, holiday, and agriculture seasons; importers \*\*\* cited automotive and seasonal (such as holiday and back-to-school) demand cycles as factors; and purchasers \*\*\* cited manufacturing and agricultural cycles, holiday sales, and the summer moving season as factors.

## Demand trends

Firms’ responses regarding U.S. demand for PSP tape since January 1, 2009 varied (table II-3). Among the firms that reported an increase in U.S. demand, \*\*\* cited an increase in manufacturing output as a reason; importers \*\*\* and purchaser \*\*\* cited overall economic recovery; purchasers \*\*\* cited increases in shipping, e-commerce, the number of people moving, and general GDP growth; and \*\*\* reported that demand for PSP tape increased between 2009 and 2012, but has remained stagnant since 2012. Foreign producer \*\*\* reported that demand for PSP tape in the United States since 2009 had increased by an average of 1 percent per year, citing the recovery of the U.S. economy and increase in global trade since the latter half of 2009. Among the firms that reported a decrease in U.S. demand, \*\*\*, stating that demand had shifted to foreign countries.

**Table II-3**

**PSP tape: Firms’ responses regarding U.S. demand**

\* \* \* \* \*

## Substitute products

A majority of U.S. producers (5 of 6), a minority of importers (4 of 22), and half of purchasers (5 of 10) reported that there are substitutes for PSP tape in carton-sealing and other packaging applications, including glue, staples, water-activated tape, flatback tape, and duct tape. Purchasers \*\*\* also listed, respectively, large rubber bands as a substitute in load containment, strapping as a substitute in transporting bricks, and shrink wrap as a substitute in holding accessories into place in and on larger appliances.

No firms reported changes in substitutes since January 2009 and no firms anticipated any future changes in substitutes.

Domestic interested parties argue that the use of machinery to seal boxes in industrial applications limits the substitutability of staples, glue, or paper tape due to the investment costs associated with switching.<sup>26</sup> According to domestic interested parties, staples are “very rarely used these days,” and tend to be a more manual process; glue is “the most common alternative to automated tape applicators,” but requires completely different machinery and additional factors such as high heat at the time/place of application; and water-activated tape is used in hand-sealing applications and is dispensed by a table-top unit instead of the motorized conveyor belts and tape heads used in the application of hot melt PSP tape.<sup>27</sup>

## SUBSTITUTABILITY ISSUES

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

### Lead times

During 2014, \*\*\* percent of U.S. producers’ sales were from inventory with an average lead time of 3.7 days, while \*\*\* percent were produced to order with an average lead time of 20.8 days. Importers reported that approximately \*\*\* percent of their sales during 2014 were from U.S. inventory with an average lead time of 11.6 days, and \*\*\* percent were produced to order with an average lead time of 56.5 days. Importer \*\*\* also reported that \*\*\* percent of its sales of Italian PSP tape were from foreign manufacturers’ inventories with an average lead time of 42 days, but reported \*\*\*.<sup>28</sup>

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<sup>26</sup> Hearing transcript, p. 36 (Kobe).

<sup>27</sup> Email with \*\*\*, February 8, 2016.

<sup>28</sup> \*\*\*.

## Knowledge of country sources

Twelve purchasers indicated that they had marketing/pricing knowledge of domestic product, one of Italian product, and five of product from nonsubject countries.<sup>29</sup>

Most purchasers reported that they either “sometimes” or “never” make purchasing decisions based on the producer or the country of origin (table II-4). Among the firms that reported either “always” or “usually” making purchasing decisions based on the producer or country of origin, reasons cited included quality, convenience, stability of source, lead times, price, and a preference for supporting the domestic market. Most purchasers reported that their customers either “sometimes” or “never” make decisions based on the producer or country of origin; the two purchasers that reported that they either “always” or “usually” make decisions based on the manufacturer, both mentioned quality and one mentioned access as reasons.

**Table II-4**

**PSP tape: Purchasing decisions based on producer and country of origin**

Purchaser / customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	3	1	5	3
Purchaser’s customers make decision based on producer	1	1	5	4
Purchaser makes decision based on country	1	3	3	5
Purchaser’s customers make decision based on country	0	0	3	7

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

## Factors affecting purchasing decisions

The most frequently cited top three factors firms consider in their purchasing decisions were price or total cost (12 firms), quality or performance (11 firms), and availability (7 firms) (table II-5). Quality/performance was the most frequently reported first-most important factor (cited by 9 firms); price/total cost was the most frequently reported second-most important factor (five firms); and price/total cost and availability were cited as the third-most important factor by an equal number of firms (five each).

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<sup>29</sup> The nonsubject countries for which responding purchasers reported having marketing/pricing knowledge included China, India, Malaysia, Taiwan, Greece, and Canada.

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

<b>Factor</b>	<b>First</b>	<b>Second</b>	<b>Third</b>	<b>Total</b>
Quality or performance	9	2	0	11
Price or total cost	2	5	5	12
Availability	0	2	5	7
Other <sup>1</sup>	1	3	2	6

<sup>1</sup> Other factors include supplier relations, reliability, brand, supplier risk, range and depth of product line, exclusivity, terms of payment, support, and relationship with management.

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

The majority of purchasers (7 of 12) reported that they “usually” purchase the lowest priced product, while three reported that they “sometimes” do and two reported that they “never” do.

When asked if they purchased PSP tape from one source although a comparable product was available at a lower price from another source, seven purchasers reported reasons including quality, lead time, minimum order quantities, quality maintenance for their brand(s), qualification and cost of qualification, consistency, and ease. No purchasers reported that certain types of product were only available from a single source, though one firm (\*\*\*) reported that “quality hot melt {products} at competitive prices” are not yet available from China.

### **Importance of specified purchase factors**

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-6). The factors rated as “very important” by more than half of responding purchasers were price and product consistency (12 each); availability (11 firms); quality meets industry standards and reliability of supply (10 each); and delivery time (9 firms).

**Table II-6**  
**PSP tape: Importance of purchase factors, as reported by U.S. purchasers, by factor**

Factor	Very important	Somewhat important	Not important
Availability	11	1	0
Delivery terms	6	6	0
Delivery time	9	3	0
Discounts offered	3	5	4
Extension of credit	0	8	4
Minimum quantity requirements	2	6	4
Packaging	5	4	3
Price	12	0	0
Product consistency	12	0	0
Product range	4	7	1
Quality exceeds industry standards	5	7	0
Quality meets industry standards	10	2	0
Reliability of supply	10	2	0
Technical support/service	3	6	3
U.S. transportation costs	3	9	0

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

### Supplier certification

Six responding purchasers require their suppliers to become certified or qualified in order to sell PSP tape to their firm, and six do not. Those that require qualification reported that the time to qualify a new supplier ranged from 10 to 180 days. No purchasers reported that a domestic or foreign supplier had failed in its attempt to qualify product or had lost its approved status since January 1, 2009.

### Changes in purchasing patterns

Most purchasers who purchased domestic PSP tape since January 1, 2009 reported that their purchases were either constant or increased (table II-7). Three of the four firms that reported an increase in their domestic purchases (\*\*\*) cited growth in their businesses as the reason.

Seven of 12 purchasers reported that they had not changed suppliers since January 1, 2009, but five reported that they did. Specifically, \*\*\* reported adding suppliers, with \*\*\* reporting that it added \*\*\*. \*\*\* reported dropping \*\*\*.<sup>30</sup>

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<sup>30</sup> \*\*\* reported adding and subtracting suppliers as a normal course of business, but did not provide specific firm names.



**Table II-7**

**PSP tape: Changes in purchase patterns from the United States, Italy, and nonsubject countries**

<b>Source of purchases</b>	<b>Did not purchase</b>	<b>Decreased</b>	<b>Increased</b>	<b>Constant</b>	<b>Fluctuated</b>
United States	0	1	4	5	2
Italy	10	0	0	0	2
Other	3	0	4	2	1

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

**Importance of purchasing domestic product**

Five of 12 purchasers reported that domestic product was required for at least some of the product they purchased in 2014 for the following reasons: shorter lead times and smaller minimum order quantities; lack of availability of certain products in foreign markets; and a desire to support domestic companies. Most of the remaining product purchased in 2014 (\*\*\*) had no domestic requirement. Three firms (\*\*\*) reported that \*\*\* of their 2014 purchases, respectively, equivalent to \*\*\* percent of the total purchases in 2014, were required by their customers to be domestic product; and \*\*\* reported that \*\*\* percent of its sales, equivalent to \*\*\* percent of the total purchases in 2014, were required by law to be domestic product.

**Comparisons of domestic products, subject imports, and nonsubject imports**

Purchasers were asked a number of questions comparing PSP tape produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 15 factors, for which they were asked to rate the importance (table II-8).

Most purchasers reported that U.S. product was comparable to both subject and nonsubject product in most factors. A majority of purchasers reported that U.S. product was superior to Italian product in delivery time and minimum quantity requirements, and that U.S. product was superior to nonsubject product in availability, delivery terms, delivery time, and minimum quantity requirements.

**Table II-8**

**PSP tape: Purchasers' comparisons between U.S.-produced and imported product**

Factor	U.S. vs. Italy			U.S. vs. Nonsubject			Italy vs. Nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	1	4	0	5	4	0	0	3	0
Delivery terms	2	3	0	5	4	0	1	2	0
Delivery time	3	2	0	6	3	0	1	2	0
Discounts offered	0	5	0	0	6	3	0	3	0
Extension of credit	0	5	0	1	8	0	0	3	0
Minimum quantity requirements	3	2	0	6	3	0	1	2	0
Packaging	0	5	0	1	8	0	1	2	0
Price <sup>1</sup>	0	5	0	0	5	5	0	2	1
Product consistency	1	4	0	3	6	0	1	2	0
Product range	1	4	0	4	5	0	1	2	0
Quality exceeds industry standards	0	5	0	2	7	0	1	2	0
Quality meets industry standards	0	5	0	1	8	0	1	2	0
Reliability of supply	1	4	0	4	5	0	0	3	0
Technical support/service	1	4	0	4	5	0	0	3	0
U.S. transportation costs <sup>1</sup>	1	4	0	3	6	0	0	3	0

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

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

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

**Comparison of U.S.-produced and imported PSP tape**

In order to determine whether U.S.-produced PSP tape can generally be used in the same applications as imported Italian PSP tape, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. Most U.S. producers and importers reported that U.S., Italian, and nonsubject product can all either "frequently" or "sometimes" be used interchangeably with one another (table II-9).

U.S. producer \*\*\* reported that U.S. and Italian PSP tape is "always" interchangeable, but noted that acrylic PSP tapes – particularly from Asia – are not always fully interchangeable with hot melt PSP tapes due to the higher holding power and easier release properties of hot melt product. \*\*\* also reported \*\*\* that the quality and consistency of Asian acrylic PSP tapes can be unpredictable, as they are usually made with locally blended adhesives. Importer \*\*\* reported that interchangeability is manufacturer-specific and not country-specific.

Most U.S. purchasers also reported that U.S. and nonsubject PSP tape was either "frequently" or "sometimes" interchangeable, depending on quality. \*\*\* added that "the quality sometimes can be lower in China."

**Table II-9**

**PSP tape: Interchangeability between PSP tape produced in the United States and in other countries, by country pair**

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
<b>U.S. vs. subject countries:</b> U.S. vs. Italy	1	2	1	0	3	3	2	1	1	0	0	1
<b>Nonsubject country comparisons:</b> U.S. vs. nonsubject	0	3	3	0	4	8	5	0	1	4	2	0
Italy vs. nonsubject	0	1	3	0	2	2	4	0	0	1	0	0

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

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

Responding purchasers reported that U.S.-produced product either “always” or “usually” met minimum quality specifications (table II-10). Two purchasers reported that Italian PSP tape “usually” met minimum quality specifications. \*\*\* also reported that Chinese PSP tape “always” met minimum quality specifications, while \*\*\* reported that it “usually” did; and \*\*\* reported that PSP tape from Taiwan “usually” met minimum quality specifications, while \*\*\* reported that PSP tape from Taiwan, Canada, and Germany “always” did.

**Table II-10**

**PSP tape: Ability to meet minimum quality specifications, by source<sup>1</sup>**

Source	Always	Usually	Sometimes	Rarely or never
United States	7	5	0	0
Italy	0	2	0	0
Other	2	2	1	0

<sup>1</sup> Purchasers were asked how often domestically produced or imported PSP tape meets minimum quality specifications for their own or their customers’ uses.

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

In addition, producers, importers, and purchasers were asked to assess how often factors other than price were significant in sales of PSP tape from the United States, Italy, and nonsubject countries. As seen in table II-11, all responding U.S. producers reported that factors other than price were “sometimes” significant when comparing PSP tape from Italy and nonsubject countries. A majority of importers reported that factors other than price were “sometimes” significant when comparing U.S., Italian, and nonsubject sources. \*\*\* reported \*\*\* that domestic producers have higher levels of service due to comparatively longer lead times for imports, and that “brand, quality, and sustainability are also key factors.”<sup>31</sup> Importer \*\*\* reported that factors other than price were “always” significant, citing quality as the reason.

<sup>31</sup> \*\*\*’s U.S. producer questionnaire response, section IV-24.

**Table II-11**

**PSP tape: Significance of differences other than price between PSP tape produced in the United States and in other countries, by country pair**

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
<b>U.S. vs. subject countries:</b> U.S. vs. Italy	0	0	0	0	2	0	7	0	2	0	0	1
<b>Nonsubject country comparisons:</b> U.S. vs. nonsubject	0	0	0	0	2	3	9	1	4	2	0	2
Italy vs. nonsubject	0	0	4	0	1	0	7	0	1	0	0	0

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

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

Among purchasers, a majority reported that factors other than price were “always” significant when comparing U.S., Italian, and nonsubject PSP tape. When comparing U.S. and Italian PSP tape, \*\*\* stated that it \*\*\*.<sup>32</sup> When comparing U.S. and nonsubject PSP tape, \*\*\* cited quality and availability as important considerations, and \*\*\* reported that while \*\*\* PSP tape is “frequently” comparable to domestic product, minimum order quantities, lead times, and consistent quality are issues.

### ELASTICITY ESTIMATES

This section discusses elasticity estimates. Domestic interested parties provided comments on elasticity estimates during the hearing and in the posthearing brief, as discussed below.

#### U.S. supply elasticity

The domestic supply elasticity<sup>33</sup> for PSP tape measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of PSP tape. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the ease with which producers can alter capacity, producers’ ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced PSP tape. In the previous review, staff estimated a domestic supply elasticity of 3-5, based in part on “the fairly large amount of excess production capacity.”<sup>34</sup>

<sup>32</sup> \*\*\*’s U.S. purchaser questionnaire response, section IV-3.

<sup>33</sup> A supply function is not defined in the case of a non-competitive market.

<sup>34</sup> Domestic capacity utilization during 2006-08 ranged from 70.5-77.0 percent, and was 61.1 percent during January-September 2009. *Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, pp. II-3 and II-11.

Domestic interested parties cite a 2003 article on industry-level estimates of U.S. Armington elasticities in arguing that a more conservative short-run supply elasticity estimate of 1.18 is appropriate for analyzing the short-term impact on domestic producers' financial results in the event that the order were lifted.<sup>35</sup>

Staff considers the estimate of 3-5 to be an appropriate U.S. supply elasticity estimate due to a number of the supply factors listed above, including that domestic capacity utilization was between 9.8 and 19.6 percentage points lower during 2006-08 than during 2012-14.

### **U.S. demand elasticity**

The U.S. demand elasticity for PSP tape measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of PSP tape. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the PSP tape in the production of any downstream products. Based on the available information, the aggregate demand for PSP tape is likely to be moderately elastic; a range of -0.8 to -1.2 is suggested.

### **Substitution elasticity**

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.<sup>36</sup> Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced PSP tape and imported PSP tape is likely to be in the range of 3 to 5.

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<sup>35</sup> Hearing transcript, pp. 40-41 (Kobe); domestic interested parties' prehearing brief, exh. 4. Staff notes that the cited article is not an analysis of U.S. supply elasticities, but of domestic versus import substitution elasticities, and applies to a much broader basket category of "adhesives and sealants," compared to the narrower categories of adhesives in this review. See Gallaway, Michael P. and McDaniel, Christine A. and Rivera, Sandra A., *Short-run and long-run industry-level estimates of U.S. Armington elasticities*, North American Journal of Economics & Finance, Vol. 14, No. 1, March 2003.

<sup>36</sup> The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.



## PART III: CONDITION OF THE U.S. INDUSTRY

### OVERVIEW

Since the Commission's original 1977 investigation concerning PSP tape from Italy, the U.S. industry has experienced a number of changes, marked by closures, openings, and acquisitions. In the original investigation, eight firms were identified as producers of PSP tape, with the following four firms believed to account for at least 80 percent of domestic production: 3M (identified as "by far" the largest U.S. manufacturer); Johnson & Johnson, Permacel Division; Nashua Corporation, Industrial Tape Division; and Borden Co., Mystic Tape Division. As detailed in Part I of this report, three of these four firms (3M being the exception) have either exited the PSP tape market entirely or have been acquired by other firms.

The information in this section of the report pertaining to this current fourth five-year review was compiled from responses to Commission's questionnaires. Nine firms were identified as possible U.S. producers of PSP tape in the domestic interested parties' response to the Commission's notice of institution or identified by independent staff research. The six firms that supplied information on their operations in this review accounted for the vast majority of U.S. production of carton sealing PSP tape during 2014.<sup>1</sup>

#### Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of PSP tape since January 1, 2009. Four of the six domestic producers that provided responses in this review indicated that they had experienced such changes. Their responses are presented in table III-1. The domestic interested parties also noted that the domestic industry has made substantial efforts to re-invest in U.S. production of hot melt PSP tape and modernize its facilities in light of low prices of petroleum products, which are a substantial raw material input for PSP tape.<sup>2</sup>

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<sup>1</sup> This estimate is based on the domestic interested parties' belief that 3M, IPG, and Shurtape account for approximately \*\*\* percent of production. Staff believes that Avery Dennison, Sekisui, and TaraTape accounted for \*\*\* of the remainder of carton sealing PSP tape production in 2014. The Commission also received a questionnaire response from Syntac, which accounted for \*\*\*. In addition, \*\*\* indicated in their questionnaire responses that they are not producers of PSP tape as defined within the scope of this review.

<sup>2</sup> U.S. producers made \$\*\*\* million in capital expenditures during January-September 2015, an increase of \*\*\* percent as compared to January-September 2014. Domestic interested parties' prehearing brief, pp. 13-14.

**Table III-1**  
**PSP tape: Changes in the character of U.S. operations since January 1, 2009**

\* \* \* \* \*

**Anticipated changes in operations**

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of PSP tape. IPG and Shurtape reported that \*\*\*. 3M noted that there would be \*\*\*. Sekisui also reported that \*\*\*. In addition, TaraTape explained that \*\*\*. It also noted that “\*\*\*.”<sup>3</sup>

**U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION**

The Commission requested information on PSP tape capacity and production from PSP tape producers. Table III-2 and figure III-1 present U.S. producers’ production, capacity, and capacity utilization. The U.S. industry’s capacity to produce PSP tape decreased by 6.5 percent from 2012 to 2013, increased by 0.8 percent from 2013 to 2014, and was 1.6 percent lower during January to September 2015 than during January to September 2014. Domestic production increased by 0.4 percent from 2012 to 2013, decreased by 0.8 percent from 2013 to 2014, and was 0.3 percent higher during January to September 2015 than during January to September 2014. Capacity utilization increased by 4.3 percentage points from 2012 to 2013, decreased by 1.0 percentage point from 2013 to 2014, and was 1.2 percentage point higher during January to September 2015 than during January to September 2014.

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<sup>3</sup> App. D presents U.S. producers’ comments regarding the likely effects of revocation of the antidumping order on PSP tape from Italy.



**Table III-2**

**PSP tape: U.S. producers' production, capacity, and capacity utilization of PSP tape, 2012-14, January to September 2014, and January to September 2015**

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
<b>Quantity (1,000 square yards)</b>					
Capacity	3,294,509	3,079,047	3,104,316	2,281,597	2,246,195
Production	1,892,323	1,899,563	1,885,174	1,420,354	1,425,194
<b>Ratio (percent)</b>					
Capacity utilization	57.4	61.7	60.7	62.3	63.4

Note.--Four U.S. producers reported capacity based on operating 168 hours per week and between 50 and 52 weeks per year. \*\*\* reported capacity based on operating \*\*\* hours per week and \*\*\* weeks per year. \*\*\* reported capacity based on \*\*\* hours per week and \*\*\* weeks per year.

Note.--Hot melt PSP tape production accounted for approximately 86 percent of total production during 2012-14 as well as during the interim periods.

Note.--All firms reported production of \*\*\*. IPG reported \*\*\*. TaraTape reported \*\*\*, and Sekisui reported \*\*\*. 3M reported \*\*\*. Shurtape reported \*\*\*. Avery Dennison reported \*\*\*. Email with \*\*\*, November 23, 2015; telephone interview with \*\*\*, December 18, 2015; telephone interview with \*\*\*, December 18, 2015; telephone interview with \*\*\*, December 16, 2015; email with \*\*\*, December 18, 2015; domestic interested parties' prehearing brief, p. 13.

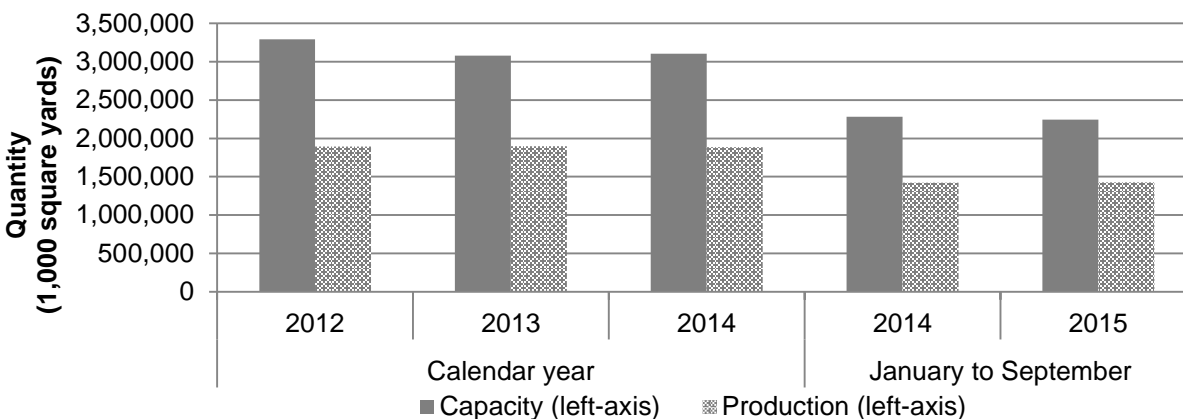
Note.--IPG noted that \*\*\*.

Note.--IPG, the only U.S. producer of natural rubber PSP tape, reported natural rubber PSP tape capacity of \*\*\* square yards, production of \*\*\* square yards, and commercial shipments of \*\*\* square yards in 2014. IPG also reported that the majority of its commercial shipments are to \*\*\*. Domestic interested parties' posthearing brief, exh. 2 (response to question 12); email with \*\*\*, February 18, 2016.

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

**Figure III-1**

**PSP tape: U.S. producers' production, capacity, and capacity utilization of PSP tape, 2012-14, January to September 2014, and January to September 2015**



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

## Constraints on capacity

U.S. producers were asked to describe the constraints that set the limit of their production capacity. All six responding U.S. producers reported constraints in the manufacturing process. The main constraints identified were related to \*\*\*. 3M noted that \*\*\*.

## Alternative products

U.S. producers were asked to describe their ability to switch production between subject PSP tape and other products using the same equipment and/or labor. Three out of six U.S. producers indicated that they could switch production from PSP tape to other products. IPG and TaraTape reported that \*\*\* 3M reported that \*\*\*. Shurtape noted that \*\*\*.<sup>4</sup> Furthermore, Avery Dennison explained that \*\*\* can constrain product shifting. Reported products that are produced on the same machinery as PSP tape include \*\*\*. Table III-3 presents the U.S. producers' overall capacity and production of PSP tape and other products.

**Table III-3**  
**PSP tape: U.S. producers' overall capacity, production, and capacity utilization, 2012-14, January to September 2014, and January to September 2015**

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
<b>Quantity (1,000 square yards)</b>					
Overall capacity	3,403,302	3,240,543	3,294,478	2,427,663	2,393,625
Production:					
PSP tape	1,892,323	1,899,563	1,885,174	1,420,354	1,425,194
Other products <sup>1</sup>	60,370	73,239	61,955	47,287	55,956
Total production	1,952,693	1,972,802	1,947,129	1,467,641	1,481,150
<b>Ratio and share (percent)</b>					
Capacity utilization	57.4	60.9	59.1	60.5	61.9
Share of production:					
PSP tape	96.9	96.3	96.8	96.8	96.2
Other products <sup>1</sup>	3.1	3.7	3.2	3.2	3.8
Total production	100.0	100.0	100.0	100.0	100.0

<sup>1</sup>Other products include \*\*\*.

Note.--IPG noted that \*\*\*. Email with \*\*\*, December 14, 2015.

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

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<sup>4</sup> Shurtape reported \*\*\*. Email with \*\*\*, December 9, 2015.

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

Table III-4 presents U.S. producers' U.S. shipments, export shipments, and total shipments of PSP tape. The quantity of U.S. producers' U.S. shipments decreased by 1.3 percent from 2012 to 2013, increased by 0.2 percent from 2013 to 2014, and was 2.4 percent higher during January to September 2015 than during January to September 2014. The value of U.S. producers' U.S. shipments increased by 7.7 percent from 2012 to 2014 and was 4.0 percent higher during January to September 2015 than during January to September 2014. U.S. shipments accounted for 90.2 to 91.5 percent of total shipments during the period for which data was collected. Additionally, hot melt PSP tape accounted for approximately 86 to 87 percent of total U.S. shipments during 2012-14, January to September 2014, and January to September 2015 (compare tables C-1 and C-2).

The quantity of U.S. producers' exports decreased by 3.2 percent from 2012 to 2013 and increased by 7.6 percent from 2013 to 2014. In contrast to their U.S. shipments, however, U.S. producers' exports were 12.2 percent lower during January to September 2015 than during January to September 2014. U.S. producers' exports accounted for no more than 9.8 percent of total shipments in any period for which data were collected. Additionally, hot melt PSP tape accounted for approximately 82 to 94 percent of total export shipments during each calendar year and January-September ("interim") period (compare tables C-1 and C-2).

Five firms reported export shipments of PSP tape. \*\*\* reported export shipments to \*\*\*. \*\*\* reported export shipments to \*\*\*. \*\*\* reported export shipments to \*\*\*. \*\*\* reported export shipments to \*\*\*. \*\*\* reported export shipments to \*\*\*.

**Table III-4****PSP tape: U.S. producers' U.S. shipments, exports shipments, and total shipments of PSP tape, 2012-14, January to September 2014, and January to September 2015**

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
<b>Quantity (1,000 square yards)</b>					
U.S. shipments	1,717,757	1,695,489	1,699,691	1,268,038	1,298,819
Export shipments	178,114	172,356	185,408	137,576	120,756
Total shipments	1,895,871	1,867,845	1,885,099	1,405,614	1,419,575
<b>Value (1,000 dollars)</b>					
U.S. shipments	492,743	510,196	530,705	392,993	408,780
Export shipments	47,763	47,430	50,814	38,973	29,822
Total shipments	540,506	557,626	581,519	431,966	438,602
<b>Unit value (dollars per square yard)</b>					
U.S. shipments	0.29	0.30	0.31	0.31	0.31
Export shipments	0.27	0.28	0.27	0.28	0.25
Total shipments	0.29	0.30	0.31	0.31	0.31
<b>Share of shipment quantity (percent)</b>					
U.S. shipments	90.6	90.8	90.2	90.2	91.5
Export shipments	9.4	9.2	9.8	9.8	8.5
Total shipments	100.0	100.0	100.0	100.0	100.0
<b>Share of shipment value (percent)</b>					
U.S. shipments	91.2	91.5	91.3	91.0	93.2
Export shipments	8.8	8.5	8.7	9.0	6.8
Total shipments	100.0	100.0	100.0	100.0	100.0

Note.--Figures may not add to the total shown due to rounding.

Note.--The vast majority of U.S. shipments relate to commercial U.S. shipments. Only two firms, reported non-commercial shipments. \*\*\* reported internal consumption and \*\*\* reported transfers of PSP tape to related firms, which are \*\*\*, during all calendar years and interim periods. These shipments accounted for approximately \*\*\* percent of total shipments in each calendar year and interim period.

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

### U.S. PRODUCERS' INVENTORIES

Table III-5 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. End-of-period inventories increased by 5.4 percent from 2012 to 2013, decreased by 1.4 percent from 2013 to 2014, and were 7.2 percent lower during January to September 2015 than during January to September 2014. U.S. producers' ratio of inventories to total shipments increased overall from 8.0 percent to 8.4 percent from 2012 to 2014 and was 8.2 percent during January to September 2015.<sup>5</sup>

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<sup>5</sup> In the original investigation, the ratio of inventories to U.S. shipments was markedly higher than those reported during the period for which data were collected in the current review. Hot melt PSP tape accounted for 78 to 85 percent of U.S. producers' end-of-period inventories during each calendar year and interim periods (compare tables C-1 and C-2).

**Table III-5**  
**PSP tape: U.S. producers' inventories, 2012-14, January to September 2014, and January to September 2015**

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
<b>Quantity (1,000 square yards)</b>					
End-of-period inventories	151,985	160,206	158,005	168,060	155,903
<b>Ratio (percent)</b>					
Ratio of inventories to--					
U.S. production	8.0	8.4	8.4	8.9	8.2
U.S. shipments	8.8	9.4	9.3	9.9	9.0
Total shipments	8.0	8.6	8.4	9.0	8.2

Note.--Partial-year ratios are based on annualized production and shipments.

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

### U.S. PRODUCERS' IMPORTS AND PURCHASES

One producer reported importing subject PSP tape from Italy, six producers reported importing PSP tape from other sources, and one firm reported data concerning purchases of imports from all other sources. Table III-6 presents direct imports and purchases of subject PSP tape by U.S. producers, as well as their production of PSP tape. Table III-7 presents \*\*\*'s purchases, as well as its production of PSP tape.

**Table III-6**  
**PSP tape: U.S. producers' U.S. production, imports, and import ratios to U.S. production, 2012-14, January to September 2014, and January to September 2015**

\*      \*      \*      \*      \*      \*      \*

**Table III-7**  
**PSP tape: \*\*\*'s U.S. production, purchases, and purchase ratios to U.S. production, 2012-14, January to September 2014, and January to September 2015**

\*      \*      \*      \*      \*      \*      \*

### U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of PSP tape, the total hours worked by such workers, and wages paid to such PRWs are presented in table III-8. The number of PRWs declined by 3.9 percent from 2012 to 2013, increased by 2.0 percent from 2013 to 2014, and was 2.3 percent lower during January to September 2015 than during January to September 2014. Total hours worked decreased by 4.4 percent from 2012 to 2013, increased by 1.3 percent from 2013 to 2014, and were 4.6 percent lower during January to September 2015 than during January to September 2014. In addition, total hours worked per PRW decreased by 1.2 percent from 2012

to 2014, and was 2.4 percent lower during January to September 2015 than during January to September 2014. Wages paid increased by 6.6 percent from 2012 to 2014, but were 4.5 percent lower during January to September 2015 than during January to September 2014.

Hourly wages paid increased by 10.0 percent from 2012 to 2014, and were 0.1 percent higher during January to September 2015 than during January to September 2014. PRW productivity increased by 5.0 percent from 2012 to 2013, decreased by 2.1 percent from 2013 to 2014, and was 5.2 percent higher during January to September 2015 than during January to September 2014. Unit labor costs increased by 7.0 percent from 2012 to 2014, but were 4.8 percent lower during January to September 2015 than during January to September 2014.

**Table III-8**

**PSP tape: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2012-14, January to September 2014, and January to September 2015**

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
Production and related workers (PRWs) (number)	931	895	913	914	893
Total hours worked (1,000 hours)	1,942	1,856	1,881	1,390	1,326
Hours worked per PRW (hours)	2,086	2,074	2,060	1,521	1,485
Wages paid (\$1,000)	57,462	58,995	61,244	47,698	45,561
Hourly wages (dollars per hour)	\$29.59	\$31.79	\$32.56	\$34.32	\$34.36
Productivity (square yards per hour)	974.4	1,023.5	1,002.2	1,021.8	1,074.8
Unit labor costs (dollars per 1,000 square yard)	\$30.37	\$31.06	\$32.49	\$33.58	\$31.97

Note.--Avery Dennison's reported \*\*\*.

Note.--3M's reported \*\*\*.

Note.--The increase in employment data in this current review as compared to the third five-year review is largely due to data reported by \*\*\*. Email with \*\*\*, January 13, 2016.

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

## FINANCIAL EXPERIENCE OF U.S. PRODUCERS

### Background

The financial results of the six responding producers of PSP tape are presented in this section of the report. U.S. producers reported their financial results on the basis of generally accepted accounting principles (“GAAP”), or for \*\*\*, on the basis of International Financial Reporting Standards (“IFRS”). Five U.S. producers reported full-year financial data on a calendar year basis.<sup>6</sup> Commercial sales account for the large majority of reported PSP tape revenue, with internal consumption and transfers to related firms representing a relatively small share.<sup>7</sup> Accordingly, the tables below present a combined revenue total.

PSP tape operations have not changed substantially since the third review of the order. In the third review (fiscal years 2006-08, January-September 2009), five U.S. producers reported usable financial results, with the four largest U.S. producers (\*\*\*) representing \*\*\* percent of reported net sales quantities. In the current review (fiscal years 2012-14, January-September 2015), six U.S. producers reported usable financial results, with \*\*\* four largest U.S. producers representing \*\*\* percent of reported net sales quantities.<sup>8</sup>

\*\*\*.<sup>9</sup>

### Operations on PSP tape

Table III-9 presents aggregated data on U.S. producers’ operations in relation to PSP tape, while table III-10 presents selected company-specific financial data.

#### Net sales

As shown in table III-9, full-year PSP tape sales quantity was at its lowest level in 2014. Net sales quantity decreased from 2012 to 2014, but was higher in January to September 2015 when compared to the same period in 2014. For the industry as a whole, total sales quantity was 0.9 percent lower in 2014 than in 2012. The directional trends of the individual firms’ sales quantities were not uniform. From 2012 to 2013, four companies reported decreasing sales quantity and two companies reported sales quantity increasing. However, from 2013 to 2014, four companies reported increasing sales quantity, and two companies reported a decrease in sales quantity. In contrast with the full year periods, January-September (“interim”) 2015 sales quantity was 1.5 percent higher compared to interim 2014.

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<sup>6</sup> \*\*\*.

<sup>7</sup> \*\*\*.

<sup>8</sup> \*\*\*. Email with \*\*\*, February 2, 2016.

<sup>9</sup> The Commission’s current practice requires that relevant cost information associated with input purchases from related suppliers correspond to the manner in which this information is reported in the U.S. producer’s own accounting books and records. See *1,1,1,2-Tetrafluoroethane from China, Inv. Nos. 701-TA-509 and 731-TA-1244 (Final)*, USITC Publication 4503, December 2014, pp. 23 and 37.

While overall net sales quantities decreased from 2012 to 2014, overall net sales values increased on an actual and unit basis. The net sales unit values of PSP tape increased by 8.4 percent from \$0.285 per square yard in 2012 to \$0.309 per square yard in 2014.<sup>10</sup> The net sales unit values of four of the six U.S. producers had a similar directional trend, increasing from 2012 to 2014.<sup>11</sup>

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<sup>10</sup> Throughout this section, the per-unit values are presented in three decimal points rather than in the usual two decimal points because two decimal points may not indicate any changes in the per-unit values due to rounding.

<sup>11</sup> \*\*\*.



**Table III-9**  
**PSP tape: Results of operations of U.S. producers, 2012-14, January-September 2014, and**  
**January-September 2015**

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
<b>Quantity (1,000 square yards)</b>					
Total net sales	1,895,865	1,881,874	1,878,421	1,392,930	1,413,180
<b>Value (1,000 dollars)</b>					
Total net sales	540,440	561,281	580,623	431,743	438,263
Cost of goods sold.--					
Raw materials	250,620	250,827	253,024	190,591	171,650
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Total COGS	393,197	392,918	401,784	304,092	286,269
Gross profit	147,243	168,363	178,839	127,651	151,994
SG&A expense	68,021	70,603	76,916	54,724	56,736
Operating income or (loss)	79,222	97,760	101,923	72,927	95,258
Other expense or (income), net	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
Depreciation/amortization	***	***	***	***	***
Cash flow	***	***	***	***	***
<b>Ratio to net sales (percent)</b>					
Cost of goods sold.--					
Raw materials	46.4	44.7	43.6	44.1	39.2
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Total COGS	72.8	70.0	69.2	70.4	65.3
Gross profit	27.2	30.0	30.8	29.6	34.7
SG&A expense	12.6	12.6	13.2	12.7	12.9
Operating income or (loss)	14.7	17.4	17.6	16.9	21.7
Net income or (loss)	***	***	***	***	***
<b>Unit value (dollars per square yard)</b>					
Total net sales	0.285	0.298	0.309	0.310	0.310
Cost of goods sold.--					
Raw materials	0.132	0.133	0.135	0.137	0.121
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	0.207	0.209	0.214	0.218	0.203
Gross profit	0.078	0.089	0.095	0.092	0.108
SG&A expense	0.036	0.038	0.041	0.039	0.040
Operating income or (loss)	0.042	0.052	0.054	0.052	0.067
Net income or (loss)	***	***	***	***	***

Table continued on next page.

**Table III-9--Continued**

**PSP tape: Results of operations of U.S. producers, 2012-14, January-September 2014, and January-September 2015**

Item	Calendar year			January to September	
	2012	2013	2014	2014	2015
	<b>Ratio to total COGS (percent)</b>				
Cost of goods sold.--					
Raw materials	63.7	63.8	63.0	62.7	60.0
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Total COGS	100.0	100.0	100.0	100.0	100.0
	<b>Number of firms reporting</b>				
Operating losses	***	***	***	***	***
Net losses	***	***	***	***	***
Data	6	6	6	6	6

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

**Table III-10**

**PSP tape: Results of operations of U.S. producers, by firm, 2012-14, January-September 2014, and January-September 2015**

\* \* \* \* \*

### Cost of goods sold and gross profit or (loss)

Table III-9 shows that although the cost of goods sold (“COGS”) unit values increased from 2012 to 2014 (by \$0.006), the larger increase in average unit sales values (of \$0.024), contributed to increasing gross profits and gross profit margins during this time.

Raw materials were the largest component of COGS, accounting for between 60.0 percent (interim 2015) and 63.8 percent (2013). Table III-9 shows that overall average unit raw material costs increased by 1.9 percent from 2012 to 2014, but was at its lowest unit value of any full or partial year in interim 2015, which was 11.2 percent lower than interim 2014. The increase in average raw material unit values from 2012 to 2014 was driven by reported increases in raw material costs by \*\*\*. However, the lower average raw material unit values in interim 2015 compared to interim 2014 was evident for most U.S. producers, with \*\*\* being \*\*\* in interim 2015 compared to interim 2014 (see table III-10).

The second largest component of COGS was other factory costs which accounted for between \*\*\* percent (interim 2014) and \*\*\* percent (interim 2015) of COGS. As shown in table III-9, overall average unit other factory costs increased (slightly) from 2012 to 2014 and was also higher in interim 2015 when compared to interim 2014. Lastly, direct labor was the smallest component of COGS, representing between \*\*\* percent (2012 and 2013) and \*\*\* percent (interim 2014).

## **SG&A expenses and operating income or (loss)**

As shown in table III-9, the industry's SG&A expense ratios (i.e., total SG&A expenses divided by total revenue) moved within a relatively narrow range during 2012-14 and interim 2015, from 12.6 percent (2012 and 2013) to 13.2 percent (2014). Table III-10 shows that from 2012 to 2014 the pattern of company-specific SG&A expense ratios was mixed in terms of directional trend, and \*\*\* companies reported higher or unchanged SG&A expense ratios in 2014 compared to 2012.

On an overall basis, operating income increased by 28.7 percent from 2012 to 2014 and was 30.6 percent higher in January-September 2015 when compared to the same period in 2014. Four of the six responding companies showed the same directional trend of operating income, increasing from 2012 to 2014 and being higher in interim 2015 than in interim 2014. Of the \*\*\*.<sup>12</sup>

## **All other expenses and net income or (loss)**

Interest expense accounted for the vast majority of all other expenses/income reported from January 2012 to September 2015. All other expenses (net of all other income) decreased from 2012 to 2014 and were lower in interim 2015 when compared to interim 2014. On an overall basis, net income followed the same trend as gross and operating incomes (increasing throughout the period), but increased to a greater degree than operating income from 2012 to 2014 due to the decrease in all other expenses (see table III-9).

## **Variance analysis**

A variance analysis for the operations of U.S. producers of PSP tape is presented in table III-11.<sup>13</sup> The information for this variance analysis is derived from table III-9. The analysis indicates that the increase in operating income (\$22.7 million) between 2012 and 2014 was attributable to the positive effect of increased prices (\$45.2 million), despite being partially offset by the negative effect of increased costs/expenses (\$21.7 million). The higher operating

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<sup>12</sup> When asked by staff about its \*\*\*.

<sup>13</sup> The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

income in interim 2015 relative to interim 2014 was mainly attributable to a favorable cost/expense variance in conjunction with a slightly favorable price variance.

**Table III-11**

**PSP tape: Variance analysis on the operations of U.S. producers, between fiscal years 2012-14, and between partial years, January-September, 2014-15**

Item	Calendar year			January to September
	2012-14	2012-13	2013-14	2014-15
Net sales:				
Price variance	45,156	24,829	20,372	243
Volume variance	(4,973)	(3,988)	(1,030)	6,277
Net sales variance	40,183	20,841	19,342	6,520
Cost of sales:				
Cost/expense variance	(12,205)	(2,623)	(9,587)	22,244
Volume variance	3,618	2,902	721	(4,421)
Total cost of sales variance	(8,587)	279	(8,866)	17,823
Gross profit variance	31,596	21,120	10,476	24,343
SG&A expenses:				
Cost/expense variance	(9,521)	(3,084)	(6,443)	(1,216)
Volume variance	626	502	130	(796)
Total SG&A expense variance	(8,895)	(2,582)	(6,313)	(2,012)
Operating income variance	22,701	18,538	4,163	22,331
Summarized as:				
Price variance	45,156	24,829	20,372	243
Net cost/expense variance	(21,726)	(5,707)	(16,030)	21,027
Net volume variance	(729)	(585)	(179)	1,060

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

### Capital expenditures and research and development expenses

Table III-12 presents capital expenditures and research and development (“R&D”) expenses by firm. \*\*\* accounted for the majority of the domestic industry’s capital expenditures during the period.<sup>14</sup> Capital expenditures decreased by \*\*\* percent from 2012 to 2013 before increasing by \*\*\* percent from 2013 to 2014. Capital expenditures were higher in interim 2015 than \*\*\*.

<sup>14</sup> \*\*\*.

**Table III-12****PSP tape: Capital expenditures and research and development expenses of U.S. producers, 2012-14, January-September 2014, and January-September 2015**

\* \* \* \* \*

**Assets and return on assets**

Table III-13 presents data on the U.S. producers' total assets and their return on assets.<sup>15</sup> As reported by the U.S. industry, total assets increased (slightly) in 2013 and decreased (slightly) in 2014.

**Table III-13****PSP tape: U.S. producers' total assets and return on assets, 2012-14**

Firm	Fiscal year		
	2012	2013	2014
	<b>Total net assets (\$1,000)</b>		
3M	***	***	***
Avery Dennison	***	***	***
IPG	***	***	***
Sekisui	***	***	***
Shurtape	***	***	***
TaraTape	***	***	***
All firms	100,220	101,264	100,376
	<b>Operating return on assets (percent)</b>		
3M	***	***	***
Avery Dennison	***	***	***
IPG	***	***	***
Sekisui	***	***	***
Shurtape	***	***	***
TaraTape	***	***	***
All firms	79.0	96.5	101.5

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

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<sup>15</sup> With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. According, high-level allocation factors and estimates were required in order to report a total asset value for PSP tape.



## PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

### U.S. IMPORTS

#### Overview

The Commission issued questionnaires to 128 firms believed to have imported tape products, including PSP tape, since January 2009. Twenty-six firms provided data and information in response to the questionnaires, 17 firms indicated that they had not imported PSP tape since January 1, 2009, and 85 firms did not provide a response.<sup>1</sup> Staff believes that data reported by responding U.S. importers comprise the vast majority of subject imports of PSP tape from Italy. Given the large volume of nonsubject imports of PSP tape and other tape products entering the United States, staff believes that the data reported by responding U.S. importers of PSP tape from nonsubject countries are under-represented.<sup>2</sup>

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<sup>1</sup> The Commission issued questionnaires to those firms identified by domestic interested parties and based on a review of \*\*\* that may have accounted for more than \*\*\* percent of total imports under HTS subheadings 3919.10.20 and 3919.90.50 during January 2012 through September 2015. Domestic interested parties identified 16 U.S. importers of PSP tape. Two of these firms submitted completed questionnaire responses, two firms indicated that they do not import PSP tape, and the remaining 12 firms did not respond to the questionnaire. Of the 26 responding importers, three firms reported importing PSP tape from subject Italian firms, three firms reported importing PSP tape from nonsubject Italian firms, and 20 firms reported importing PSP tape from other sources.

<sup>2</sup> Since HTS subheadings 3919.10.20 and 3919.90.50 are “basket categories” that include a substantial amount of nonsubject items, import data presented in the report are based on data compiled from completed questionnaire responses. Based on these basket categories, the largest import sources during January 2009 through September 2015 were China, Taiwan, and Canada. Combined, these countries accounted for 72.1 percent of all imports in this category during January 2009 through September 2015. During this time period, the U.S. imported 5.0 billion square yards of product in these HTS subheadings from China, 4.5 billion square yards from Taiwan, and 2.5 billion square yards from Canada. In total, nonsubject countries accounted for 98.8 percent of all U.S. imports of these HTS subheadings during January 2009 through September 2015. USITC dataweb, retrieved on December 28, 2015.

## Imports from subject and nonsubject countries

Table IV-1 and figure IV-1 present information on U.S. imports of PSP tape from Italy and all other sources.<sup>3</sup> Nonsubject countries that are believed to account for substantial shares of U.S. imports of PSP tape as reported by U.S. importers include China, Taiwan, and Germany.<sup>4</sup> Subject imports of PSP tape from subject Italian sources increased by \*\*\* percent from 2012 to 2014, and were \*\*\* percent higher during January to September 2015 than during January to September 2014. This increase is due to \*\*\*.<sup>5</sup> Imports of PSP tape from nonsubject Italian and all other sources combined increased by \*\*\* percent from 2012 to 2014, and was \*\*\* percent higher during January to September 2015 than during January to September 2014.

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<sup>3</sup> The Commission requested U.S. importers to distinguish between PSP tape produced by Italian firms subject to the antidumping duty finding and those that are not subject to the antidumping duty finding. The latter category includes one firm that was excluded from the original finding (Plasturopa) and two other firms (Boston and Autodesivi) for which the findings have been revoked. During the third five-year review, the domestic interested parties maintained that Autodesivi, acquired by 3M Italia in 1985, has concentrated on different markets and specialty products so as not to compete with 3M's U.S. production. In addition, Boston and Plasturopa produced tapes that were largely out of the scope of the third review. *Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. IV-1, n.3.

<sup>4</sup> \*\*\*. In addition, firms reporting nonsubject imports of PSP tape most frequently listed \*\*\*.

<sup>5</sup> \*\*\*. Email with \*\*\*, January 6, 2016.



Table IV-1

PSP tape: U.S. imports by source, 2012-14, January to September 2014, and January to September 2015

Source	Calendar year			January to September	
	2012	2013	2014	2014	2015
<b>Quantity (1,000 square yards)</b>					
U.S. imports from-- Italy (subject)	***	***	***	***	***
Italy (nonsubject)	***	***	***	***	***
All other sources	***	***	***	***	***
Subtotal, nonsubject sources	***	***	***	***	***
Total U.S. imports	640,203	879,334	986,957	731,704	871,535
<b>Value (1,000 dollars)</b>					
U.S. imports from-- Italy (subject)	***	***	***	***	***
Italy (nonsubject)	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Total U.S. imports	226,093	268,414	365,578	286,231	304,018
<b>Unit value (dollars per square yard)</b>					
U.S. imports from-- Italy (subject)	***	***	***	***	***
Italy (nonsubject)	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Total U.S. imports	0.35	0.31	0.37	0.39	0.35
<b>Share of quantity (percent)</b>					
U.S. imports from-- Italy (subject)	***	***	***	***	***
Italy (nonsubject)	*** <sup>1</sup>	*** <sup>1</sup>	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
<b>Share of value (percent)</b>					
U.S. imports from-- Italy (subject)	***	***	***	***	***
Italy (nonsubject)	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
<b>Ratio to U.S. production (percent)</b>					
U.S. imports from-- Italy (subject)	***	***	***	***	***
Italy (nonsubject)	*** <sup>1</sup>	*** <sup>1</sup>	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Total U.S. imports	33.8	46.3	52.4	51.5	61.2

Footnotes continued on the following page.

**Table IV-1--Continued**

**PSP tape: U.S. imports by source, 2012-14, January to September 2014, and January to September 2015**

<sup>1</sup> \*\*\*.

Note.--Vibac Group \*\*\*. Vibac Group explained that \*\*\*. Email with \*\*\*, January 6, 2016.

Note.--The increase in nonsubject Italian imports in 2014 and interim 2015, which also resulted in a decline in average unit value for nonsubject Italian imports, was due to \*\*\*, which did not report imports in 2012 and 2013. \*\*\* explained that \*\*\*. In addition, \*\*\*. Email with \*\*\*, January 5, 2016; email with \*\*\*, December 1, 2015.

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

**Figure IV-1**

**PSP tape: U.S. imports by source, 2012-14, January to September 2014, and January to September 2015**

\* \* \* \* \*

Reported average unit values for total PSP tape imports ranged from \$0.31 to \$0.39 per square yard during January 2012 through September 2015. Reported average unit values for PSP tape imported from nonsubject Italian sources were higher than PSP tape imports from subject Italian and all other sources, falling from \$\*\*\* per square yard during 2012 to \$\*\*\* per square yard in January to September 2015. \*\*\*.<sup>6</sup> In addition, the ratio of imports to production of PSP tape from subject Italian sources to U.S. production ranged from \*\*\* percent during January 2012 through September 2015. The ratio of total imports of PSP tape to U.S. production increased from 33.8 percent to 52.4 percent from 2012 to 2014, and was 61.2 percent during January to September 2015.

**Imports of PSP tape subsequent to September 30, 2015**

The Commission requested importers to indicate whether they had imported or arranged for the importation of PSP tape for delivery after September 30, 2015. Nineteen firms indicated that they had arranged for such imports and provided quarterly data for their arranged imports for October 2015 through September 2016. \*\*\* reported arranged imports from subject Italian sources, \*\*\* reported arranged imports from nonsubject Italian sources, and \*\*\* reported arranged imports from other sources. Table IV-2 presents data provided by U.S. importers on such arranged imports.

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<sup>6</sup> Average unit values for nonsubject Italian imports decreased in 2014 due to \*\*\*, which did not report imports in 2012 and 2013.

**Table IV-2**

**PSP tape: Arranged U.S. imports by source as of September 30, 2015**

Item	Oct-Dec 2015	Jan-March 2016	April-June 2016	July-Sept 2016	Total
<b>Quantity (1,000 square yards)</b>					
Arranged U.S. imports from-- Italy (subject)	***	***	***	***	***
Italy (nonsubject)	***	***	***	***	***
Other (nonsubject countries)	***	***	***	***	***
<b>Total U.S. imports</b>	479,089	300,943	2,616	384	783,032

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

### U.S. IMPORTERS' INVENTORIES

Table IV-3 presents data for inventories of U.S. imports of PSP tape from Italy and all other sources held in the United States. As the data indicate, inventories of imports of PSP tape from both subject and nonsubject sources increased slightly during 2012-14, and PSP tape imports were higher during interim 2015 than during interim 2014. \*\*\* accounted for the vast majority of inventories of PSP tape imports from subject Italian sources, while \*\*\* accounted for all inventories of PSP tape imports from nonsubject Italian sources.<sup>7</sup> \*\*\* were the leading importers holding inventories of PSP tape imported from all other sources, primarily from China, Germany, and Taiwan.

**Table IV-3**

**PSP tape: U.S. importers' end-of-period inventories of imports, by source, 2012-14, January to September 2014, and January to September 2015**

\* \* \* \* \*

### THE INDUSTRY IN ITALY

#### Overview

#### Original investigation

During the original investigation, there were seven Italian producers that exported PSP tape to the United States. Four Italian companies that were examined by Treasury accounted for \*\*\* percent of Italian exports of PSP tape to the United States during December 1, 1975 to

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<sup>7</sup> \*\*\*.

June 30, 1976: Manuli,<sup>8</sup> Boston,<sup>9</sup> Comet,<sup>10</sup> and Plasturopa.<sup>11</sup> Three other Italian firms that exported PSP tape to the United States were determined by Treasury to have done so in “insignificant quantities.” These firms were: Nastri Adhesive Stampati, Autodesivi, S.p.A., and Vibac, S.p.A.<sup>12</sup> The original staff report does not contain detailed trade data for PSP tape produced in Italy.

### **First five-year review**

In the expedited first five-year review, no foreign producers responded to the Commission’s notice of institution. However, 3M submitted a list of Italian producers of PSP tape in Italy that included 3M Italia, a subsidiary of 3M. In its response to the notice of institution, 3M submitted data regarding 3M Italia’s production in 1997 as well as estimates of total Italian production and capacity in 1997. According to the data submitted, 3M Italia produced \*\*\* square yards of PSP tape in 1997. 3M also reported that total Italian production of PSP tape in 1997 reached \*\*\* square yards and total Italian productive capacity was \*\*\* square yards. These estimates yielded a capacity utilization rate of approximately \*\*\* percent and an excess capacity of \*\*\* square yards.<sup>13</sup>

### **Second five-year review**

In the expedited second five-year review, no foreign producer of PSP tape in Italy responded to the Commission’s notice of institution.<sup>14</sup> In its response to the notice of

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<sup>8</sup> On March 25, 2004, Commerce determined that Tyco was the successor-in-interest to Manuli. *Final Results of Antidumping Changed Circumstances Review: Pressure Sensitive Plastic Tape from Italy*, 69 FR 15297, March 25, 2004. On May 18, 2010, Commerce determined that Evotape S.p.A. was the successor-in-interest to Tyco, and that Evotape Packaging and Evotape Masking were both successors-in-interest to Evotape S.p.A. *Pressure Sensitive Plastic Tape from Italy: Final Results of Antidumping Duty Changed Circumstances Review*, 75 FR 27706, May 18, 2010.

<sup>9</sup> During the third five-year review, Boston was purchased by a Canadian company and was operating in the United States under the management of Novacel, a manufacturer of a special protective film with very little capacity or production of the subject merchandise. *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. IV-3, n.10.

<sup>10</sup> Comet was acquired by Tesa AG. *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. IV-3, n.11.

<sup>11</sup> Manuli accounted for 45.4 percent of the sales examined by Treasury, Boston for 20.2 percent, Comet for 23.1 percent, and Plasturopa for 11.4 percent. *Pressure Sensitive Plastic Tape from Italy and West Germany, Investigation Nos. AA1921-167 and 168*, Original Staff Report, August 15, 1977, p. A-10.

<sup>12</sup> *Pressure Sensitive Plastic Tape from Italy and West Germany, Investigation Nos. AA1921-167 and 168*, Original Staff Report, August 15, 1977, p. A-10.

<sup>13</sup> *Investigation No. AA1921-167 (Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-W-002, January 8, 1999, p. I-8.

<sup>14</sup> Tyco, an Italian producer of PSP tape, and successor-in-interest to Manuli, filed, and subsequently withdrew, an entry of appearance in the second five-year review.

institution, 3M again submitted a list of Italian companies believed to have exported PSP tape to the United States. 3M also reported participation in a joint venture with Italian producer Sicad, S.p.A (“Sicad”) in a company called BST S.p.A. that produced PSP tape subject to the antidumping duty finding, but did not export any subject product to the United States.<sup>15</sup>

### **Third five-year review**

In the Commission’s full third five-year review, the Commission received usable data from two Italian producers (3M Italia and Sicad), subject to the antidumping finding, and Plasturopa.<sup>16</sup> Based on 3M Italia’s and Sicad’s data, the Italian market accounted for the largest share for PSP tape produced in Italy, accounting for no less than \*\*\* percent of all shipments, followed closely by the European Union (“EU”) market, which represented no less than \*\*\* percent during 2006-08.<sup>17</sup> Exports of PSP tape to the United States accounted for \*\*\* percent of all shipments of PSP tape produced by 3M Italia and Sicad in Italy.<sup>18</sup>

### **Current five-year review**

In their response to the Commission’s notice of institution in the current five-year review, the domestic interested parties identified 19 producers of PSP tape in Italy.<sup>19</sup> They noted that Italian producers of PSP tape produced less than 3 billion square meters (3.6 billion square yards) of pressure sensitive tape in 2008, yet production capacity for these producers was about 5 billion square meters (6 billion square yards). They also argued that with a capacity utilization rate of about 55-60 percent, there is a “huge capacity overhang,” suggesting that the Italian producers could increase their exports to the United States in the absence of a dumping finding, particularly since there are no other alternative markets for them in addition to the current channels of distribution and private label opportunities.<sup>20</sup> They added that “PSA

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<sup>15</sup> *Pressure Sensitive Plastic Tape from Italy, Investigation No. AA1921-167 (Second Review)*, USITC Publication 3698, June 2004, p. I-11.

<sup>16</sup> Plasturopa was reported to be a small producer of PVC tapes that, for the most part, fell outside the scope description. *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. I-3.

<sup>17</sup> *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. IV-7.

<sup>18</sup> *Ibid.*, table IV-3.

<sup>19</sup> *Domestic Interested Parties’ Response to the ITC’s Request for Further Information*, April 28, 2015, exh. 1. The Italian producers are major producers of hot melt PSP tape. Hearing transcript, pp. 35, 40 (Kobe).

<sup>20</sup> Domestic interested parties contend that Asia is not a good potential market for Italian hot melt PSP tape because Asia is focused on acrylic PSP tape where lower prices dominate the market. Additionally, there is some hot melt PSP tape capacity in Asia for firms that wish to purchase this product. Furthermore, other markets such as Latin America, Africa, and the Middle East are limited in

(continued...)

(pressure sensitive adhesives) producers in Italy will continue to have substantial excess capacity and will focus largely on the hot melt segment.”<sup>21</sup>

Since the original investigation, a number of political and economic developments have taken place that have changed the character and composition of the EU. For example, since 1977, the EU was established and has grown from nine member states to 28 member states. Moreover, historic pieces of legislation, such as the Single European Act, which created a common market, and the Treaty of Maastricht, which created a common currency, have served to foster economic and political integration and facilitate trade between member states.<sup>22 23</sup>

Details obtained through Commission questionnaire responses in this fourth five-year review regarding each Italian producer and its 2014 operations concerning PSP tape in Italy are presented in table IV-4.

**Table IV-4**  
**PSP tape: Summary data on firms in Italy, 2014**

\* \* \* \* \*

#### **Related firms**

3M Italia \*\*\*.<sup>24</sup> 3M Italia noted that \*\*\*. Furthermore, 3M Italia acquired nonsubject Italian producer Autoadesivi in 1985.<sup>25</sup>

#### **Changes experienced by the industry**

The Commission asked Italian producers to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including labor agreements; or any other change in the

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(...continued)

their ability to absorb Italian hot melt PSP tape. Hearing transcript, p. 14 (Anderson); domestic interested parties’ posthearing brief, p. 3.

<sup>21</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, April 1, 2015, pp. 5-6; hearing transcript, p. 9 (Neeley), pp. 26-27 (Blockowitz); domestic interested parties’ posthearing brief, pp. 1-2.

<sup>22</sup> “The History of the European Union,” [http://europa.eu/about-eu/eu-history/index\\_en.htm](http://europa.eu/about-eu/eu-history/index_en.htm), retrieved on December 23, 2015. The Euro zone has also expanded by several countries since the last five-year review. Hearing transcript, p. 37 (Kobe).

<sup>23</sup> Domestic interested parties contend that even with the expansion of the EU and growth of new members, such as Poland, European consumption growth for PSP tape is relatively flat. Hearing transcript, p. 13 (Anderson).

<sup>24</sup> Email with \*\*\*, January 6, 2016.

<sup>25</sup> Domestic interested parties’ prehearing brief, p. 4. 3M Italia \*\*\*. Counsel for the domestic interested parties noted that 3M “\*\*\*.” Email with \*\*\*, February 1, 2016.

character of their operations or organization relating to the production of PSP tape since January 1, 2009. Vibac reported that it \*\*\*. \*\*\* also reported that there were revised labor agreements since January 1, 2009. Furthermore, \*\*\* each reported plant openings and expansions. No firms reported any anticipated changes in operations.

### Operations on PSP tape

In the current five-year review, the Commission issued 28 questionnaires and received usable data from three subject Italian firms (3M Italia, H-Old, and Vibac)<sup>26</sup> as well as two nonsubject Italian firms (Boston and Plasturopa). These data are provided in tables IV-5 and IV-6.<sup>27</sup> As presented in table IV-5, the capacity of subject Italian producers 3M Italia and H-Old combined \*\*\* from 2012 to 2014 and was \*\*\* percent lower during January to September 2015 than during January to September 2014. PSP tape production of the two subject Italian producers combined decreased by \*\*\* percent from 2012 to 2014 and was \*\*\* percent lower during January to September 2015 than during January to September 2014. Capacity utilization also decreased from \*\*\* percent in 2012 to \*\*\* percent in 2014 and was \*\*\* percent during January to September 2015.<sup>28</sup> <sup>29</sup> Hot melt PSP tape accounted for \*\*\* percent of 3M Italia's total production, while hot melt PSP tape accounted for \*\*\* percent of H-Old's total production during 2012-14, interim 2014, and interim 2015. Hot melt PSP tape accounted for \*\*\* percent of Vibac's total production during 2014.

The quantity of total home market shipments reported by 3M Italia and H-Old combined decreased by \*\*\* percent from 2012 to 2014 and was \*\*\* percent higher during January to September 2015 than during January to September 2014. The value of total home market shipments of the two firms combined decreased by \*\*\* percent from 2012 to 2014 and was \*\*\* percent higher during January to September 2015 than during January to September 2014.

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<sup>26</sup> Vibac was only able to provide data for 2014 since it completed its acquisition with Sytom S.p.A. at the end of 2013. Therefore, Vibac's data was not aggregated with the other subject Italian producers in the body of this report.

<sup>27</sup> App. F contains data for hot melt PSP tape, as well as all other types of PSP tape for the subject Italian industry (see tables F-1 and F-2). In addition, app. F contains subject Italian industry data that includes subject Italian producer, Vibac, for 2014 and the interim periods (see table F-3). Vibac accounted for \*\*\* percent of total Italian production of PSP tape during 2014 as reported by the three subject producers.

<sup>28</sup> \*\*\*.

<sup>29</sup> Domestic interested parties contend that subject Italian producer Vibac, which recently absorbed another large Italian producer, Syrom, most likely has the largest excess capacity for both hot melt PSP tape and acrylic PSP tape in Italy. Hearing transcript, p. 15 (Anderson). Vibac reported total PSP tape capacity of \*\*\* square yards in 2014 and \*\*\* square yards in January to September 2015 as well as production of \*\*\* square yards in 2014 and \*\*\* square yards in January to September 2015. Therefore, Vibac's capacity utilization was \*\*\* percent in 2014 and \*\*\* percent in January to September 2015. Capacity utilization for all three subject Italian firms combined was \*\*\* percent in 2014.

\*\*\* reported only commercial home market shipments of PSP tape.<sup>30</sup> Hot melt PSP tape accounted for \*\*\* percent of 3M Italia’s total home market shipments, while hot melt PSP tape accounted for \*\*\* percent of H-Old’s total home market shipments during January 2012 through September 2015.<sup>31</sup>

The quantity of total export shipments reported by 3M and H-Old combined decreased by \*\*\* percent from 2012 to 2014 and was \*\*\* percent lower during January to September 2015 than during January to September 2014. The value of total export shipments decreased by \*\*\* percent from 2012 to 2014 and was \*\*\* percent lower during January to September 2015 than during January to September 2014. Hot melt PSP tape accounted for \*\*\* percent of 3M Italia’s total export shipments, while hot melt PSP tape accounted for \*\*\* percent of H-Old’s total export shipments during January 2012 through September 2015.<sup>32</sup> In addition, export shipments accounted for approximately \*\*\* of total shipments as reported by 3M Italia and H-Old combined during January 2012 through September 2015.<sup>33 34</sup>

End-of-period inventories reported by 3M Italia and H-Old combined increased slightly by \*\*\* percent from 2012 to 2014 and were \*\*\* during January to September 2015 as compared to January to September 2014. Hot melt PSP tape accounted for \*\*\* percent of 3M Italia’s end-of-period inventories, while hot melt PSP tape accounted for \*\*\* percent of H-Old’s end-of-period inventories during January 2012 through September 2015.<sup>35</sup>

**Table IV-5**

**PSP tape: Subject Italian producers 3M Italia and H-Old’s capacity, production, shipments, and inventories, 2012-14, January to September 2014, and January to September 2015**

\* \* \* \* \*

**Table IV-6**

**PSP tape: Nonsubject Italian producers Boston’s and Plasturopa’s capacity, production, shipments, and inventories, 2012-14, January to September 2014, and January to September 2015**

\* \* \* \* \*

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<sup>30</sup> \*\*\* also reported no internal consumption or transfers of PSP tape during 2014.

<sup>31</sup> Hot melt PSP tape accounted for \*\*\* percent of Vibac’s total home market shipments in 2014.

<sup>32</sup> Hot melt PSP tape accounted for \*\*\* percent of Vibac’s total export shipments during 2014.

<sup>33</sup> The majority of \*\*\*’s exports are to the EU. As shown in greater detail in table IV-7, Italy’s top three adhesive tape export markets are Germany, France, and the United Kingdom.

<sup>34</sup> Export shipments accounted for \*\*\* percent of total shipments as reported by 3M Italia, H-Old, and Vibac combined during 2014.

<sup>35</sup> Hot melt PSP tape accounted for \*\*\* percent of Vibac’s end-of-period inventories during 2014.



## Exports from Italy

Table IV-7 presents Italian exports of adhesive tapes based on Global Trade Atlas data.<sup>36</sup> Total exports of adhesive tapes from Italy to all countries combined increased by 34.6 percent between 2009 and 2014, from \$917 million to \$1.2 billion.<sup>37</sup> Italian exports to other EU countries were \$969 million in 2014, accounting for 78.5 percent of total Italian exports. The top export market for Italy's adhesive tape is Germany, accounting for approximately one-quarter of Italy's total exports of adhesive tape and one-third of Italy's exports of adhesive tape to all other EU countries. Other substantial export markets for Italian adhesive tape include France, the United Kingdom, Spain, Poland, Netherlands, Austria, Belgium, the United States, and Romania.

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<sup>36</sup> Global Trade Atlas data are reported at the 6-digit HTS level, which is on a wide range of adhesive tapes that also include items that are outside the scope of this review. Quantity data compiled by Global Trade Atlas are not presented because they are reported in terms of weight rather than area, as is presented elsewhere in this report.

<sup>37</sup> The domestic interested parties note that the Italian market is export oriented, particularly with the decreasing strength of the Euro against the U.S. dollar. The European markets are largely saturated and the hot melt PSP tape market in South America, Africa, and Asia are limited. Domestic interested parties' prehearing brief, pp. 18-19; hearing transcript, p. 36 (Kobe); domestic interested parties' posthearing brief, exh. 2 (response to question 5).

**Table IV-7****Adhesive tape: Exports from Italy, by country, 2012-14**

Partner country	Calendar year		
	2012	2013	2014
<b>Value (1,000 dollars)</b>			
Germany	288,552	297,521	325,540
France	175,209	171,370	170,951
United Kingdom	87,849	93,143	96,287
Spain	77,723	79,844	77,137
Poland	50,064	50,729	52,823
Netherlands	36,436	38,847	43,748
Austria	32,697	31,075	31,356
Belgium	31,264	29,009	28,679
United States	14,121	17,984	23,289
Romania	18,378	19,720	20,901
Other	344,825	373,807	363,471
Total, World	1,157,118	1,203,049	1,234,179
<b>Share of value (percent)</b>			
Germany	24.9	24.7	26.4
France	15.1	14.2	13.9
United Kingdom	7.6	7.7	7.8
Spain	6.7	6.6	6.3
Poland	4.3	4.2	4.3
Netherlands	3.1	3.2	3.5
Austria	2.8	2.6	2.5
Belgium	2.7	2.4	2.3
United States	1.2	1.5	1.9
Romania	1.6	1.6	1.7
Other	29.8	31.1	29.5
Total, World	100.0	100.0	100.0

Note.--Germany, France, Poland, Spain, and the United Kingdom accounted for three-quarters of Italy's PSP tape exports to other EU countries in 2014.

Source: Compiled from Global Trade Atlas, GTIS Database, HTS subheadings 3919.10 and 3919.90, retrieved on December 8, 2015.

## Italian supply and demand

According to the 2014 industry study on pressure sensitive tapes conducted by Freedonia, Italy remains Europe's dominant producer of pressure sensitive tape, supplying much of the market in both Eastern and Western Europe.<sup>38</sup> Freedonia reports that Italy focuses largely on the hot melt segment of the pressure sensitive tape market, producing about \*\*\* as much tape as its home market consumes. It is one of the world's largest net exporting nations for tapes (primarily polypropylene packaging tapes, tapes with other plastic backing materials, and, to a lesser extent, paper masking tapes), with production in Italy primarily destined for export markets within Western Europe. The leading export market for Italy's tape production is Germany, followed by other European countries, such as Austria, Czech Republic, France, Poland, Romania, Russia, Spain, and the United Kingdom. As detailed in table IV-8, exports comprised \*\*\* percent of total Italian pressure sensitive tape shipments in 2013.

**Table IV-8**

**Pressure sensitive tape: Italian shipments, 2003, 2008, 2013, projected 2018, and projected 2023**

\* \* \* \* \*

Freedonia reports that Italy's total shipments declined from \*\*\* square yards in 2008 to \*\*\* square yards in 2013 despite stable home market sales, as demand for pressure sensitive tape in Western Europe waned somewhat, and as the Eastern European market remained underdeveloped. Italian tape shipments are expected to increase slightly over the next decade as relatively slow demand growth is projected to continue in Europe, and competition with imports from Asia are expected to cut into its share of the West European market, particularly with respect to Asia's less expensive commodity tape products in the packaging and industrial segments. Freedonia adds that despite the competition from Asia, Western European producers continue to hold a significant advantage over Asian producers in the specialty tapes sector. Forecasts by Freedonia also indicate that tape production in Italy is expected to decline relative to world production over the next several years as production capacity is added in Asia.

Freedonia further reports that Italy is the third largest European market for pressure sensitive tapes, after Germany and France, due to the large packaging requirements of its manufacturing sector. Home market demand for pressure sensitive tapes in Italy, which totaled \*\*\* square yards in 2013, accounted for \*\*\* percent of the total Western European market.

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<sup>38</sup> The information in this section of the report is based on *World Pressure Sensitive Tapes, Industry Study 3163*, The Freedonia Group, Inc., May 2014. This industry study reports on a wide range of pressure sensitive tapes that also include items that are outside the narrow scope of this review. A brief summary and presentation based on the study is also available at Afera, the European Adhesive Tape Association, <http://www.fera.com/why-tape/fera-tape-blog/berichten/market-trends-and-statistics-based-on-the-2014-freedonia-global-tape-study.html>, retrieved on May 15, 2015.

Projections indicate that demand in Italy for pressure sensitive tape is expected to increase modestly over the next few years (\*\*\*) .

As detailed in table IV-9, carton sealing tapes comprise the majority of tape sales produced by Italian firms for the Italian market, accounting for \*\*\* percent of total sales in 2013. The most common backing material used for pressure sensitive tape by Italian firms for the Italian market is polypropylene. Polypropylene-backed tape accounted for \*\*\* percent of Italy’s total sales to its home market in 2013.

**Table IV-9**

**Pressure sensitive tape: Italian home market sales, by type and material, 2003, 2008, 2013, projected 2018, and projected 2023**

\* \* \* \* \*

According to Freedonia, Italy’s technologically advanced pressure sensitive tape industry is composed of approximately 30 producers. It names the following firms as significant producers of pressure sensitive tape in Italy: \*\*\*.<sup>39</sup>

Freedonia also lists the following companies that are based outside of Italy but are involved in the Italian pressure sensitive tape industry: \*\*\*.

### Alternative products

Italian producers were asked about their ability to switch production (capacity) between PSP tape and other products using the same equipment and/or labor. \*\*\* reported producing masking tape on the same machinery as PSP tape, while \*\*\* reported producing \*\*\*. Table IV-10 presents the combined data of 3M Italia and H-Old for overall Italian plant capacity and production of PSP tape and other products.<sup>40</sup> The data indicate that \*\*\* of 3M’s and H-Old’s production was allocated to PSP tape production.<sup>41</sup>

**Table IV-10**

**PSP tape: Subject Italian producers 3M Italia and H-Old’s overall capacity, production, and capacity utilization, 2012-14, January to September 2014, and January to September 2015**

\* \* \* \* \*

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<sup>39</sup> As previously indicated, Vibac acquired Syrom S.p.A. at the end of 2013.

<sup>40</sup> Vibac’s data were not included in this table because it only provided information for 2014 since it completed its acquisition of Syrom S.p.A. at the end of 2013. Staff sent a foreign producer questionnaire to Syrom S.p.A. but did not receive a response.

<sup>41</sup> \*\*\* of its production during 2014 was allocated to PSP tape production.

## ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There have been no antidumping duty, countervailing duty, or safeguard investigations on PSP tape identified in any other country.

### GLOBAL MARKET

As a practical matter, there is limited information available with respect to PSP tape as defined by Commerce's scope. As noted earlier, however, The Freedonia Group, Inc. publishes industry studies on pressure sensitive tapes, the most narrow product category for which information is available. Unless otherwise specified, the information presented in this section of the report is based on *World Pressure Sensitive Tapes, Industry Study #3163* published by The Freedonia Group, Inc. in May 2014.<sup>42</sup>

As of 2013, the global adhesive tape market size in terms of sales value was approximately \$\*\*\*, and in terms of sales volume, was estimated at \*\*\* with an average sales price of \$\*\*\*. PSP tape is a subset of the larger total adhesive tape market, with remaining other products including those made of backings of metal foil, cloth, and paper.

### Foreign supply

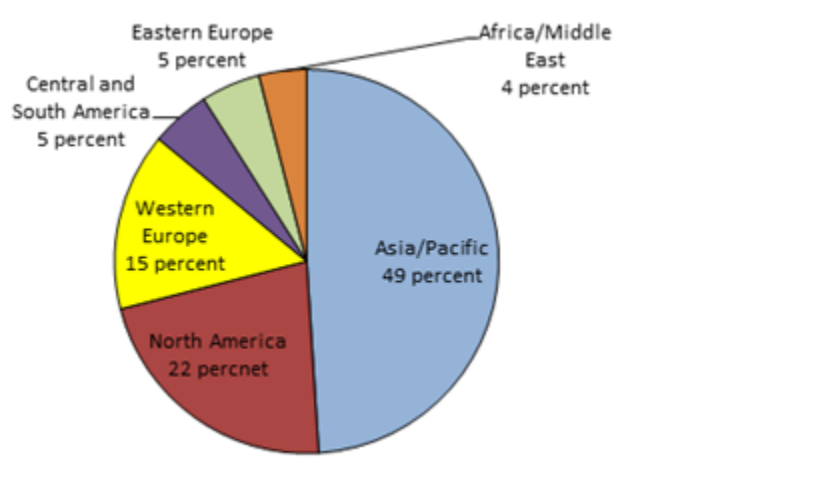
The Asia/Pacific region in general leads in both production and sales of pressure sensitive tape, with China being the largest manufacturer globally. The Asia/Pacific region accounted for 49 percent of global adhesive tape sales in 2013, as shown in figure IV-2, and increased its share of global adhesive tape production from \*\*\* percent in 2003 to \*\*\* percent in 2013. There is a \*\*\* difference between production and sales, which indicates that excess production volume is shipped out of Asia into different regions. Sales of pressure sensitive adhesive tape in developed economies globally declined between 2008 and 2013, sales in Western Europe slowed, and sales in the United States grew less than \*\*\*. North America accounted for \*\*\* percent of global adhesive tape sales, followed by Western Europe at \*\*\* percent in 2013. Italy is Europe's leading manufacturer, and it supplies much of the market in both Western and Eastern Europe.

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<sup>42</sup> A brief summary and presentation based on the study is also available at Afera, the European Adhesive Tape Association, <http://www.atera.com/why-tape/atera-tape-blog/berichten/market-trends-and-statistics-based-on-the-2014-freedonia-global-tape-study.html>, retrieved on May 15, 2015.

**Figure IV-2**

**Pressure sensitive adhesive tape: Percentage of global sales in 2013**



Source: Afera, the European Adhesive Tape Association (Market trends and statistics based on the 2014 Freedonia global tape study, <http://www.afera.com/why-tape/afera-tape-blog/berichten/market-trends-and-statistics-based-on-the-2014-freedonia-global-tape-study.html>, retrieved on May 15, 2015.

3M was the world's largest producer of pressure sensitive tape in 2013 with a global market share of \*\*\* percent, followed by \*\*\*.<sup>43</sup> Table IV-11 shows sales for the world, by company.

**Table IV-11**

**Pressure sensitive adhesive tape: World sales, by company, 2013**

\* \* \* \* \*

### Foreign demand

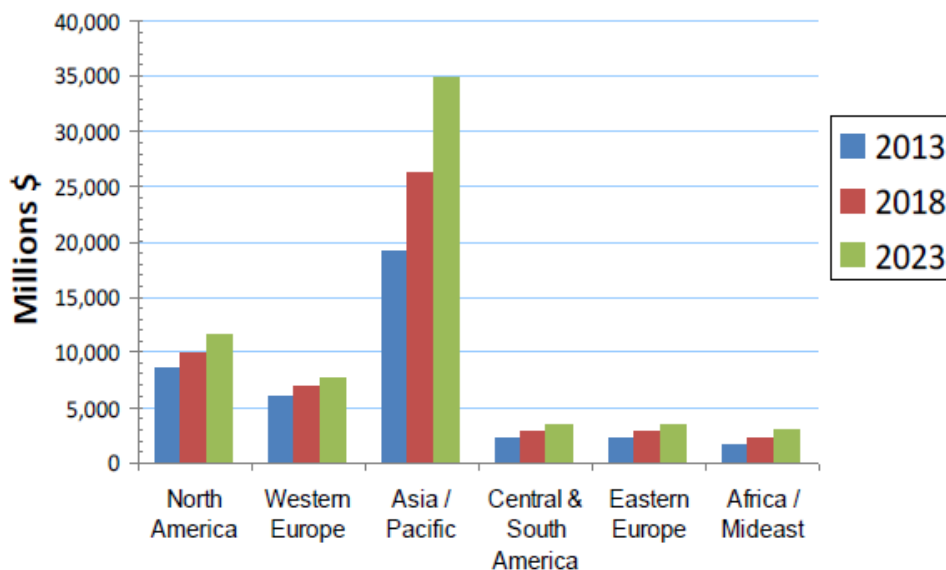
The global adhesive tape market is expected to grow from \*\*\* in 2013 to \*\*\* by 2018. The market is expected to grow by \*\*\* each year in terms of sales volume and by \*\*\* each year in terms of sales value. The Asia/Pacific region has the largest share of adhesive tape production. Global sales of pressure sensitive adhesive tapes, by region, are shown in figure IV-3. Sales in the Asia/Pacific region of pressure sensitive adhesive tape are expected to grow from around \$19 billion in 2013 to about \$35 billion by 2023. Sales in North America and other regions are expected to rise by more modest amounts.

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<sup>43</sup> *World Pressure Sensitive Tapes, Industry Study #3163*, The Freedonia Group, Inc., May 2014, p. 277.

**Figure IV-3**

**Pressure sensitive adhesive tape: Sales in 2013 and sales forecasts for 2018 and 2023**



Source: Afera, the European Adhesive Tape Association. Market trends and statistics based on the 2014 Freedonia global tape study, <http://www.afera.com/why-tape/afera-tape-blog/berichten/market-trends-and-statistics-based-on-the-2014-freedonia-global-tape-study.html>, retrieved on May 15, 2015.

Table IV-12 shows world demand for pressure sensitive adhesive tape for 2003, 2008, and 2013, and forecasts for 2018 and 2023.

**Table IV-12**

**Pressure sensitive adhesive tape: World demand, by region, 2003, 2008, 2013, forecast 2018, and forecast 2023**

\* \* \* \* \*

There are five applications that account for up to \*\*\* percent of adhesive tape used in the market globally: building and construction, food and beverage, electrical and electronics, automotive, and healthcare and hygiene products.<sup>44</sup> Carton sealing tape accounts for approximately \*\*\* percent of the overall adhesive tape market and is used across various industries for packaging a variety of products. The next largest category is masking tape, which is primarily made with paper backing. Demand for masking tape is driven by the automotive and construction segments.

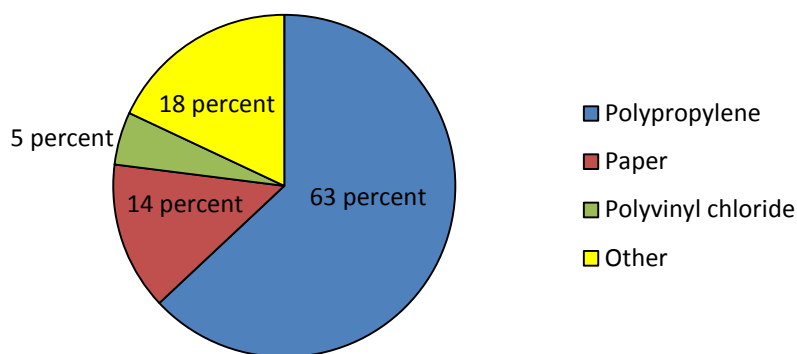
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<sup>44</sup> Afera, the European Adhesive Tape Association (market trends and statistics based on the 2014 Freedonia Industry Study), <http://www.afera.com/why-tape/afera-tape-blog/berichten/market-trends-and-statistics-based-on-the-2014-freedonia-global-tape-study.html>, retrieved on May 15, 2015.

In general, there are two basic components to pressure sensitive adhesive tape (which is a larger category than PSP tape): the tape backing (plastic film or paper) and the sticky adhesive. The adhesive accounts for the largest portion of total costs associated with adhesive tape. Due to certain cost and environmental advantages, such as lower energy requirements and lower production costs, the use of hot melt adhesives in PSP tape has grown and its growth is expected to continue as firms find considerable reductions in investment and coating costs associated with converting to hot melt production. As shown in figure IV-4, there are three principal types of tape backing, which comprise the majority of the European market: polypropylene (63 percent), paper (14 percent), and polyvinyl chloride (5 percent). These markets are expected to grow at the same rate from 2013 to 2018. These percentages are unknown for the U.S. market.

**Figure IV-4**

**Pressure sensitive adhesive tape: European market demand for tape backing material for 2013 and forecast for 2018**



Note.--Percentages are not forecasted to change from 2013 to 2018.

Source: Afera, the European Adhesive Tape Association. Market trends and statistics based on the 2014 Freedonia global tape study, <http://www.afera.com/why-tape/afera-tape-blog/berichten/market-trends-and-statistics-based-on-the-2014-freedonia-global-tape-study.html>, retrieved on May 15, 2015.

Table IV-13 shows world demand for pressure sensitive tape, by type, while figure IV-5 shows the data in terms of percentage of the market for 2013. The largest segment is carton sealing tape (\*\*\*) percent), followed by masking tape (\*\*\*) percent), electrical and electronic tape (\*\*\*) percent), double sided tape (\*\*\*) percent), medical tape (\*\*\*) percent), and other types of pressure sensitive tape (\*\*\*) percent). Carton sealing tape is typically plastic-backed, which is within scope of this review, but may have paper backing, which is out of the scope of this review. Masking tape has historically been made with a paper backing, which is also out of the scope of this review, but there are manufacturers who use plastic, which is within the scope of this review. Electrical and electronic tapes are generally made with plastic backings, and medical tapes are generally made with cloth. New backing materials are emerging within the



industry, which will determine whether or not the specific tape is within the scope of this review. Double-sided tape is outside of the scope of this review, as determined in past rulings.

**Table IV-13**

**Pressure sensitive adhesive tape: Global demand, by type, 2003, 2008, and 2013, forecast 2018, and forecast 2023**

\* \* \* \* \*

**Figure IV-5**

**Pressure sensitive adhesive tape: Global demand, by type, 2013**

\* \* \* \* \*

Table IV-14 shows the world demand for the largest end use segment of pressure sensitive adhesive tape (carton sealing), by region.

**Table IV-14**

**Pressure sensitive carton sealing adhesive tape: World demand, by region, 2003, 2008, 2013, forecast 2018, and forecast 2023**

\* \* \* \* \*

Table IV-15 presents the largest global export sources of self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls, during 2009-14, as reported by the Global Trade Atlas. The data presented are for a larger category than PSP tape, as the data compiled by the Global Trade Atlas is based on the 6-digit “basket categories” of HTS subheadings 3919.10 and 3919.90. Based on value, China is the world’s largest exporter of self-adhesives, followed by Germany, the United States, Japan, Korea, and Italy.

**Table IV-15****Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls: Global exports by major sources, 2009-14**

Reporting country	Calendar year					
	2009	2010	2011	2012	2013	2014
<b>Value (1,000 dollars)</b>						
China	1,041,964	1,463,425	2,069,707	2,327,629	2,506,605	2,923,140
Germany	1,842,295	2,024,065	2,324,211	2,280,963	2,421,073	2,731,360
United States	1,699,862	2,113,393	2,260,748	2,372,495	2,441,912	2,602,663
Japan	1,876,268	2,547,013	2,664,587	2,638,781	2,341,529	2,350,987
Korea	575,083	911,988	1,036,691	1,246,935	1,601,287	1,566,954
Italy	917,176	1,038,447	1,207,200	1,157,118	1,203,049	1,234,179
Hong Kong	308,353	494,721	750,262	1,037,342	1,767,416	1,181,268
Taiwan	663,542	949,556	1,060,115	994,129	938,028	887,104
France	440,935	518,781	538,775	554,860	607,983	655,047
Belgium	514,753	597,261	621,538	563,102	589,581	627,516
All other sources	3,075,125	3,529,228	4,078,092	4,022,236	4,500,589	4,538,775
Total	12,955,355	16,187,878	18,611,928	19,195,590	20,919,051	21,298,993

Note.--Figures may not add to totals shown due to rounding.

Note.--Quantities and unit values are not shown because some countries report quantity data in terms of area, while others report in units of weight.

Note.--Global Trade Atlas data is reported only at the six-digit level. Therefore, the data shown include a more expansive number of products than PSP tape, such as reflectorized sheets.

Source: Global Trade Atlas, GTIS Database, HTS subheadings 3919.10 and 3919.90, retrieved on December 10, 2015.

Firms reported a variety of responses characterizing PSP tape demand outside the United States. Most U.S. producers reported that demand for PSP tape outside the United States had increased since January 2009, while the majority of U.S. importers and purchasers reported that demand outside the United States had either not changed or fluctuated with no clear trend. Of the firms reporting that demand had increased, U.S. producer \*\*\*; \*\*\*; and \*\*\*. No U.S. producer, importer or purchaser reported that demand for PSP tape outside the United States had decreased. For the most part, these firms' anticipations regarding demand for PSP tape outside the U.S. market mirrored their impressions of demand since 2009. \*\*\* estimated that demand for PSP tape outside the United States would continue to grow, citing \*\*\*,<sup>45</sup> and \*\*\* anticipated that demand would increase "as developing countries buy more products and economies expand."

Italian producers of PSP tape reported that demand in their home market had either fluctuated or decreased. Foreign producer \*\*\* reported that the global economic downturn in

<sup>45</sup> *World Pressure Sensitive Tapes, Industry Study 3163*, The Freedonia Group, Inc., May 2014.

2008 caused \*\*\* a decrease in demand for PSP tape in Italy. \*\*\* reported that it expects this trend to be reversed, however, as “\*\*\*.”<sup>46</sup>

Regarding demand for PSP tape in other foreign markets, \*\*\* reported that increases in GDP and consumption in emerging economies, particularly in Asia, have led to an increase in demand for PSP tape in these markets since 2009. It also reported that it expects this trend to continue, as “\*\*\*.”

Table IV-16 summarizes firms’ responses regarding demand for PSP tape outside the United States.

**Table IV-16**  
**PSP tape: Firms’ responses regarding demand outside of the United States, since January 2009**

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
<b>Demand outside the United States:</b>				
U.S. producers	4	1	0	0
Importers	5	8	0	2
Purchasers	1	1	0	3
Foreign producers – home market	0	0	2	2
Foreign producers – other markets	1	0	0	3
<b>Anticipated demand outside the United States:</b>				
U.S. producers	2	2	0	1
Importers	2	9	0	4
Purchasers	1	1	0	3
Foreign producers – home market	1	0	1	2
Foreign producers – other markets	1	0	1	2

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

### Foreign prices

U.S. producers, U.S. importers, and foreign producers were asked to compare prices of PSP tape in the U.S. market, Italian market, and third-country markets. \*\*\* reported that “\*\*\*;” importer \*\*\* reported that \*\*\*; and importer \*\*\* reported that \*\*\*. Among foreign producers, \*\*\* reported that the Italian PSP tape market sells at prices roughly \*\*\* percent below the U.S. market, and \*\*\* reported that \*\*\*.<sup>47</sup>

U.S. purchasers were also asked to compare prices of U.S.-produced PSP tape and PSP tape imported from Italy. Four responding purchasers reported that there had been no change in price between U.S. and Italian PSP tape, and three reported that the prices had changed by the same amount.

At the Commission hearing, domestic interested parties were asked to provide price data for non-U.S. markets in which Italian PSP tape competes head-to-head with U.S.-produced

<sup>46</sup> \*\*\*’s foreign producer questionnaire response, section III-14.

<sup>47</sup> \*\*\*’s foreign producer questionnaire responses, section III-15.

PSP tape.<sup>48</sup> Domestic interested parties provided price data in the U.K. market for two hot melt products produced by \*\*\* firms: U.S. producer 3M, \*\*\*.<sup>49</sup> A comparison of the U.S. producer's prices and \*\*\* of these two products in the United Kingdom indicated that \*\*\* prices were lower than those of the U.S. firm by \*\*\*.<sup>50</sup>

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<sup>48</sup> Hearing transcript, pp. 113-115 (Johanson). Domestic interested parties were asked to examine price competition in Canada and Mexico, but they did not provide price data for these countries, reporting that "the Mexican market is mostly an acrylic market and is saturated," and that aside from Vibac, other Italian producers have not been major players in the Canadian market. Domestic interested parties' posthearing brief, exh. 2 (response to question 10).

<sup>49</sup> "Product 369 is a hot melt product 1.6 mil, with 19 lb. tensile strength. Product 371 is a hot melt {product}, 1.9 mil, with 22 lb. tensile strength." Domestic interested parties' prehearing brief, p. 22.

<sup>50</sup> Domestic interested parties' prehearing brief, p. 22; domestic interested parties' posthearing brief, exh. 2 (response to question 6).

## PART V: PRICING DATA

### FACTORS AFFECTING PRICES

#### Raw material costs

PSP tape consists of two principal layers: a plastic backing and a layer of pressure-sensitive adhesive.<sup>1</sup> The primary raw material used in the majority of U.S.-produced plastic backing is polypropylene.<sup>2</sup> The primary raw materials used in hot melt, acrylic, and natural rubber adhesives are synthetic rubber, C5 (a petroleum-based) resin, and natural rubber.<sup>3</sup>

Raw materials make up a large percentage of the cost of PSP tape. During the previous review, U.S. producers' raw materials costs as a share of the total COGS increased from 61.1 percent in 2006 to 63.7 percent in 2008 before dropping to 55.1 percent in January-September 2009.<sup>4</sup> Between 2012 and 2014, U.S. producers' raw material costs as a share of total COGS decreased from 63.7 percent to 63.0 percent, and were 60.0 percent in January-September 2015.

U.S. producer \*\*\* estimated that \*\*\* percent of the cost of its hot melt product comes from \*\*\* and \*\*\* percent comes from \*\*\*; \*\*\* percent of the cost of its acrylic product comes from \*\*\*; and \*\*\*.<sup>5</sup>

Crude oil prices have substantial influence on the overall raw material costs of PSP tape. According to industry data, polypropylene prices have a 97 percent correlation to crude oil prices.<sup>6</sup> Oil prices fluctuated substantially during January 2009-September 2015, but increased by 9.0 percent overall (figure V-1(a)). Between January 2012 and September 2015, however, oil prices decreased by 54.6 percent (figure V-1(b)). The price of oil was lowest in February of 2009 at \$39.09 per barrel and highest in April of 2011 at \$109.53 per barrel.

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<sup>1</sup> PSP tape with a hot melt adhesive consists of an additional release coat, applied to the top of the plastic backing, that allows the tape to unroll more easily. \*\*\* stated that this release coat makes up a small percentage (\*\*\*) of the cost of the final product. Staff field trip report, IPG and Shurtape, December 3, 2015 and December 4, 2015.

<sup>2</sup> Polypropylene backing accounted for 63 percent of all adhesive tape backing in North America in 2013. Afera, the European Adhesive Tape Association. Market trends and statistics based on the 2014 Freedonia global tape study, <http://www.afera.com/why-tape/afera-tape-blog/berichten/market-trendsand-statistics-based-on-the-2014-freedonia-global-tape-study.html>, retrieved on December 21, 2015. Other common forms of plastic backing are polyethylene and polyvinyl chloride.

<sup>3</sup> Email with \*\*\*, December 7, 2015; email with \*\*\*, December 8, 2015; email with \*\*\*, December 7, 2015.

<sup>4</sup> *Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. V-1.

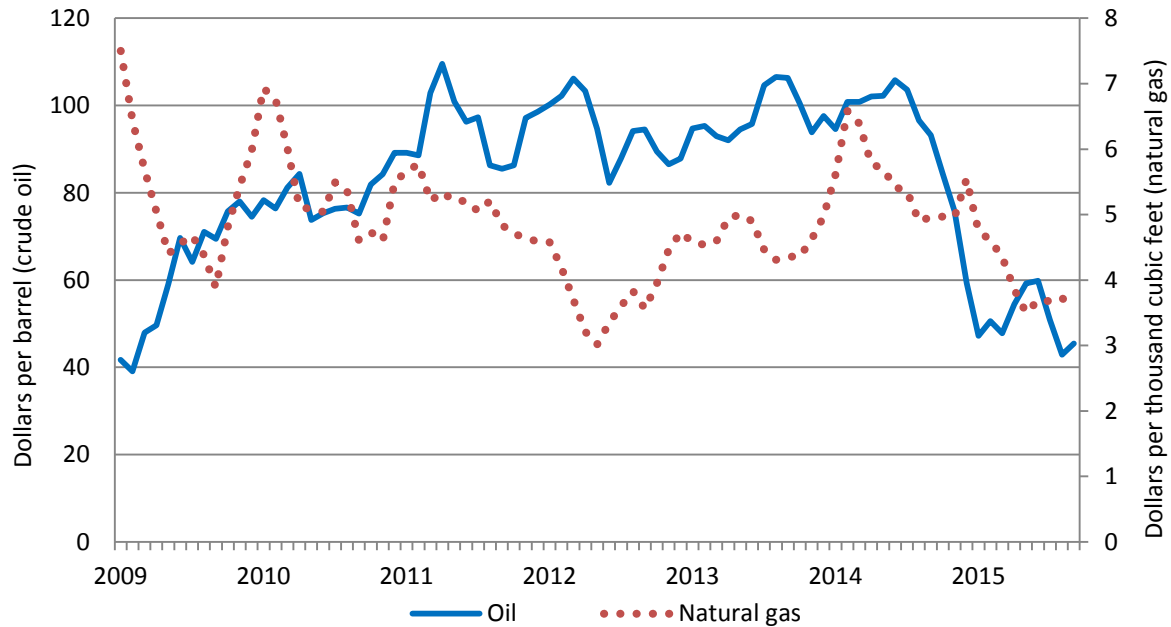
<sup>5</sup> Email with \*\*\*, December 8, 2015.

<sup>6</sup> *Ethylene prices have a 96% correlation to oil prices*, <http://www.icis.com/blogs/chemicals-and-the-economy/2014/03/ethylene-prices-96-correlation-oil-prices/>, retrieved on December 21, 2015.

## Energy costs

In addition to crude oil prices, natural gas prices also influence the overall raw material costs of PSP tape.<sup>7</sup> Natural gas prices fluctuated between January 2009 and September 2015, but decreased overall by 52.9 percent (figure V-1(a)). Between January 2012 and September 2015, natural gas prices decreased by 22.9 percent (figure V-1(b)). The price of natural gas was highest in January of 2009 at \$7.50 per thousand cubic feet and lowest in of May of 2012 at \$3.02 per thousand cubic feet.

**Figure V-1(a)**  
**Crude oil and natural gas: Monthly prices, January 2009-September 2015**

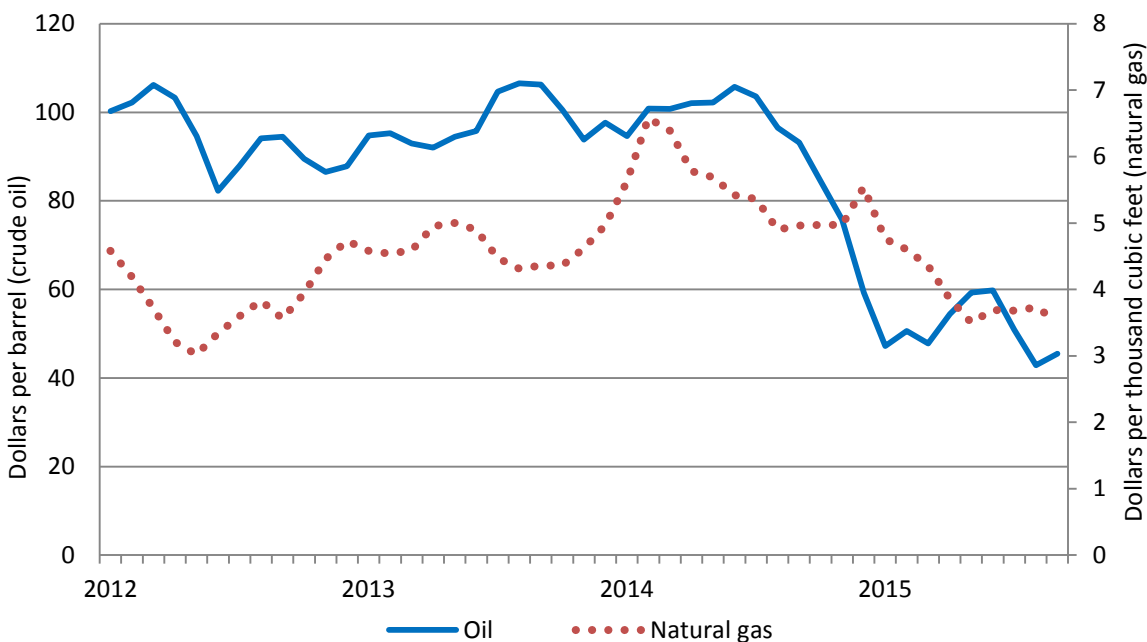


Source: Short Term Energy Outlook, Energy Information Administration, [www.eia.gov](http://www.eia.gov), December 16, 2015.

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<sup>7</sup> *Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Third Review)*, USITC Publication 4128, March 2010, p. V-1; *World Pressure Sensitive Tapes, Industry Study 3163*, The Freedomia Group, Inc., May 2014, p. 40.

**Figure V-1(b)**  
**Crude oil and natural gas: Monthly prices, January 2012-September 2015**



Source: Short Term Energy Outlook, Energy Information Administration, [www.eia.gov](http://www.eia.gov), December 16, 2015.

The prices of synthetic rubber and natural rubber fluctuated but decreased overall during January 2009-September 2015.<sup>8</sup> Between January 2009 and August 2015, the price of synthetic rubber decreased by \*\*\* percent, with a low of \*\*\* and a high of \*\*\* (figure V-2(a)). Between January 2012 and August 2015, the price of synthetic rubber decreased by \*\*\* percent (figure V-2(b)).

Natural rubber prices followed a similar trend, but fluctuated more than synthetic rubber prices. Between January 2009 and August 2015, the price of natural rubber decreased by \*\*\* percent, reaching a high of \*\*\* and a low of \*\*\* (figure V-2(a)). Between January 2012 and August 2015, the price of natural rubber decreased by \*\*\* percent (figure V-2(b)). U.S. producer \*\*\* estimated that \*\*\*.<sup>9</sup>

Compared to natural rubber PSP tape, hot melt and acrylic products make up a much larger percentage of the domestic market for PSP tape. Domestic interested parties estimate that the current domestic market share of hot melt, acrylic, and natural rubber PSP tapes are 63 percent, 35 percent, and 2 percent, respectively.<sup>10</sup>

<sup>8</sup> International Rubber Study Group, Rubber Statistical Bulletin. Annual and quarterly prices from 2013 through Q2 of 2015 available at: [http://www.rubberstudy.com/documents/WebSiteData\\_Aug2015.pdf](http://www.rubberstudy.com/documents/WebSiteData_Aug2015.pdf).

<sup>9</sup> Email with \*\*\*, December 8, 2015.

<sup>10</sup> Domestic interested parties' posthearing brief, exh. 2 (response to question 8). The Commission reported in its third review that the domestic market shares of hot melt, acrylic, and natural rubber PSP tapes were roughly \*\*\* percent, \*\*\* percent, and \*\*\* percent, respectively. *Investigation No. AA1921-*

(continued...)

**Figure V-2(a)**

**Natural rubber and synthetic rubber: Monthly prices, Natural rubber SICOM TSR20 futures, January 2009-December 2012, natural rubber SGX TSR20 futures, January 2013-September 2015, and Synthetic rubber SBR USA, January 2009-August 2015<sup>1</sup>**

\* \* \* \* \*

**Figure V-2(b)**

**Natural rubber and synthetic rubber: Monthly prices, Natural rubber SICOM TSR20 futures, January-December 2012, natural rubber SGX TSR20 futures, January 2013-September 2015, and Synthetic rubber SBR USA, January 2012-August 2015<sup>1</sup>**

\* \* \* \* \*

Three of six U.S. producers and five of 20 importers reported that raw material costs had increased since 2009, while two U.S. producers and four importers reported that raw material costs had decreased. \*\*\* reported \*\*\* that the price of raw materials had increased since 2009, stating that the price of \*\*\* had increased by roughly 30 percent and the price of \*\*\* had increased by 45 percent, while the price of \*\*\* had decreased by 28 percent.<sup>11</sup> \*\*\* reported that the price of \*\*\* had increased by 83 percent and the price of “\*\*\*\*” had increased by 36 percent, while the price of \*\*\* had decreased by 40 percent.<sup>12</sup> U.S. producers \*\*\* reported that raw material prices had decreased since 2009, but added that the raw material price gap between the United States and Asia was widening, “making competition with U.S. manufactured product more and more difficult.”<sup>13</sup> One U.S. producer, \*\*\*, and six importers reported that raw material prices had fluctuated, and five importers reported that they had not changed.

At the Commission’s hearing in this proceeding, the domestic interested parties were asked how much of the domestic PSP tape industry’s profitability during January 2012-September 2015 could be attributed to raw material cost declines compared to capital investments.<sup>14</sup> U.S. producer Shurtape reported that \*\*\* percent of its \*\*\* from 2012 to 2015 was driven by reductions in costs related to the raw material markets; U.S. producer 3M reported that \*\*\* percent of its \*\*\* during this time was driven by “the dramatic decreases in the price of oil and key raw materials;” and U.S. producer IPG reported that it believes the decline in its raw material costs from 2012 to 2014 “\*\*\*\*.”<sup>15</sup>

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(...continued)

167 (Third Review): *Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, pp. III-4–III-5.

<sup>11</sup> \*\*\* also reported, however, that “\*\*\*\*” between January 2012 and September 2015. Email with \*\*\*, December 7, 2015.

<sup>12</sup> Email with \*\*\*, December 7, 2015.

<sup>13</sup> \*\*\*’s U.S. producer questionnaire responses, section IV-18.

<sup>14</sup> Hearing transcript, pp. 113-114 (Johanson).

<sup>15</sup> IPG noted that “\*\*\*\*.” Domestic interested parties’ posthearing brief, exh. 2 (response to question 11).



## Transportation costs to the U.S. market

Transportation costs for PSP tape shipped from Italy to the United States averaged 4.5 percent during 2014. These estimates were derived from official import data and represent the transportation and other charges on imports.<sup>16</sup>

Fourteen of 22 responding importers and three of five foreign producers reported that the importer typically arranges international transportation. Importer \*\*\* reported that the cost of transportation for PSP tape shipped from Italy to the United States during 2014 was \$\*\*\* per square yard, and foreign producer \*\*\* reported that the cost was \$\*\*\* per square yard.<sup>17</sup> Importer \*\*\* also reported a cost of \$\*\*\* per square yard for PSP tape shipped from Italy to the United States during 2014, citing an “\*\*\*.”<sup>18</sup>

## U.S. inland transportation costs

All responding U.S. producers and importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 4 to 6 percent, while importers of Italian PSP tape reported inland transportation costs of 1 to 8 percent.<sup>19</sup>

## Exchange rates

Domestic interested parties argue that the decline in the value of the Euro, as well as overcapacity in the European PSP tape market, suggests that absent the antidumping duty order Italian producers/exporters would greatly increase sales volumes of Italian hot melt PSP tape to the United States.<sup>20</sup>

Between January 2009 and September 2015, the Euro fluctuated against the U.S. dollar in both real and nominal terms (figure V-3). Between the first quarter of 2009 and the third quarter of 2015, the Euro depreciated by 14.7 percent. Between the third and fourth quarters of 2015, the Euro depreciated an additional 1.6 percent. The Euro was at its highest nominal value in the fourth quarter of 2009, at €0.67 to \$1.00, and at its lowest nominal value in the second quarter of 2015, at €0.93 to \$1.00.

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<sup>16</sup> The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2014 and then dividing by the customs value based on HTS statistical reporting numbers 3919.10.2010, 3919.10.2020, 3919.10.2030, 3919.10.2040, 3919.10.2055, 3919.90.5010, 3919.90.5020, 3919.90.5030, 3919.90.5040, and 3919.90.5060.

<sup>17</sup> Email with \*\*\*, January 6, 2016; email with \*\*\*, January 7, 2016.

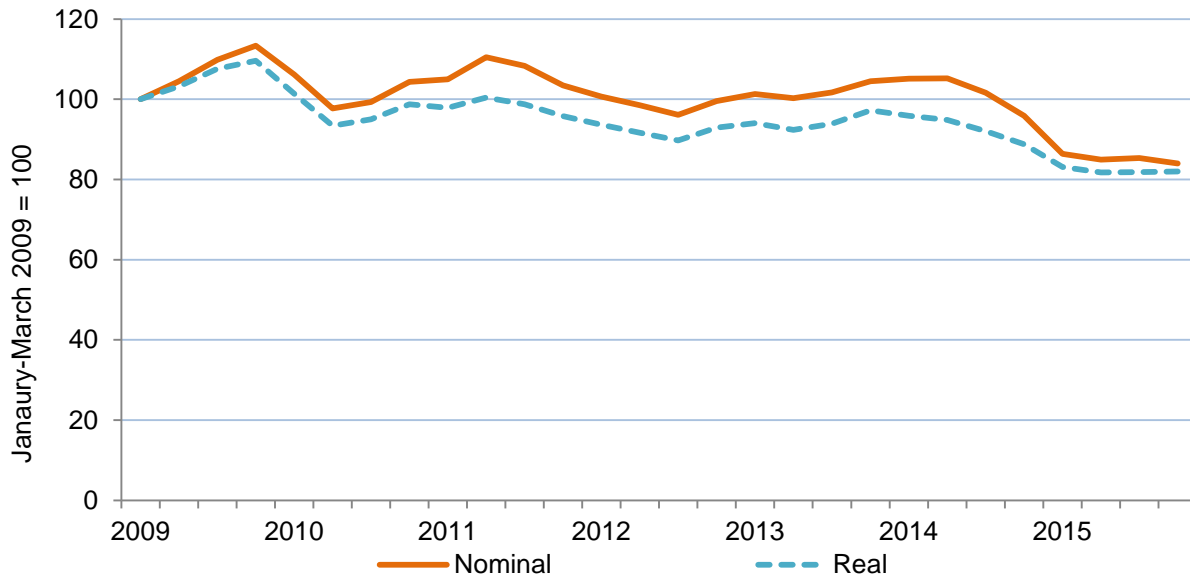
<sup>18</sup> Email with \*\*\*, January 5, 2016.

<sup>19</sup> Importer \*\*\* reported costs of \*\*\* percent for imports from \*\*\*.

<sup>20</sup> *Domestic Interested Parties' Response to the Notice of Institution*, April 1, 2015, pp. 8 and 13; domestic interested parties' prehearing brief, pp. 19-20 and exhs. 4-5; hearing transcript, pp. 13-15 (Anderson) and 36-37 (Kobe); domestic interested parties' posthearing brief, exh. 2 (response to question 5).

**Figure V-3**

**Exchange rates: Indices of the nominal and real exchange rates of the U.S. dollar to the Euro, quarterly, January 2009-December 2015**



Note.—A decrease (increase) in the index indicates that the Euro is depreciating (appreciating) against the U.S. dollar, making Italian PSP tape relatively less (more) costly than U.S.-produced PSP tape.

Source: St. Louis FRED and OECD data (retrieved February 9, 2016), and staff calculations.

## PRICING PRACTICES

### Pricing methods

Most U.S. producers reported using multiple pricing methods, and importers reported using mostly transaction-by-transaction negotiations and set price lists (table V-1). \*\*\* also reported using customer-specific price lists, and \*\*\* reported using “\*\*\*.”<sup>21</sup>

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<sup>21</sup> \*\*\*’s U.S. producer questionnaire responses, section IV-3.

**Table V-1****PSP tape: U.S. producers and importers reported price setting methods, by number of responding firms<sup>1</sup>**

Method	U.S. producers	Importers
Transaction-by-transaction	3	12
Contract	4	6
Set price list	4	10
Other	2	3

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

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

U.S. producers and importers also reported their 2014 U.S. commercial shipments of PSP tape by type of sale (table V-2). As shown, U.S. producers reported selling the majority of their product in the spot market, while importers reported selling roughly \*\*\* percent of their product \*\*\* and \*\*\* percent \*\*\*. Five of the six responding U.S. producers reported selling \*\*\* percent of their product in the spot market, while \*\*\* reported selling \*\*\* percent in the spot market and \*\*\* through annual and short-term contracts. Four U.S. producers reported selling under long-term contracts, but only for \*\*\* percent of their product. Among the four responding importers, \*\*\* reported selling \*\*\* under short-term contracts;<sup>22</sup> \*\*\* reported selling \*\*\* under annual contracts; and \*\*\* reported selling \*\*\* in the spot market.<sup>23</sup>

**Table V-2****PSP tape: U.S. producers' and importers' shares of U.S. commercial shipments, by type of sale, 2014**

Type of sale	U.S. producers	Importers
Long-term contracts	***	***
Annual contracts	***	***
Short-term contracts	***	***
Spot sales	***	***
Total	100.0	100.0

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

<sup>1</sup> \*\*\*.

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

<sup>22</sup> \*\*\*.

<sup>23</sup> Importer \*\*\* – which stated that it imported PSP tape from \*\*\* – also reported selling 100 percent of its product in the spot market.

Five purchasers reported that they purchase PSP tape daily, four purchase weekly, and two purchase monthly. Eleven of 12 responding purchasers reported that they did not expect their purchasing patterns to change in the next two years, while \*\*\* reported that it expects its purchases “to increase as demand grows.”<sup>24</sup> Three purchasers reported contacting between one and two suppliers, four reported contacting up to three suppliers, one reported contacting up to four suppliers, and two reported contacting up to five suppliers before making a purchase. Two firms reported contacting only one supplier before making a purchase.

### **Sales terms and discounts**

All responding U.S. producers and five of six importers reported typically quoting prices on a delivered basis. Five of six U.S. producers reported offering quantity discounts, and two offered total volume discounts. Two firms (\*\*\*) also reported offering annual rebate programs, and three (\*\*\*) offered “special pricing” in order to meet specific competitive situations.<sup>25</sup> Three U.S. producers offered sales terms of net 30 days, one of net 45 days, one of 1 percent 20 net 30 days, and one of both net 60 days and 2/10 net 30 days.

Of the 20 responding importers, four reported offering quantity discounts, one reported offering annual total volume discounts, four offered both quantity and annual total volume discounts, and nine offered no discounts. \*\*\* also reported that it offered promotions from time to time, and that some of its accounts are negotiated \*\*\*, and \*\*\* reported that it offered discounts on total sales activity in all products. Six importers offered sales terms of net 30 days, two of 2/10 net 30 days, and one of 1/10 net 30 days.<sup>26</sup>

### **Price leadership**

Four purchasers named 3M as a price leader, with one citing brand recognition and quality; four named IPG as a price leader, stating that it has a breadth of products and locations, and that \*\*\*; and one named Shurtape as a price leader. One purchaser each also named the following other firms: \*\*\*.

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<sup>24</sup> \*\*\*'s U.S. purchaser questionnaire response, section III-14b.

<sup>25</sup> \*\*\*'s U.S. producer questionnaire responses, section IV-4.

<sup>26</sup> \*\*\* stated that while it does not import Italian product, its standard sales terms are net 30 days for all products.

## PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following PSP tape products shipped to unrelated U.S. customers during January 2012-September 2015.<sup>27</sup>

**Product 1.**—Pressure sensitive plastic tape with a thickness of 1.6 to 1.7 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters. Similar to Tartan™ box sealing tape 369 produced by 3M or Intertape® 6100 box sealing tape produced by Intertape Polymer Group (*Hot Melt Adhesive*).

**Product 2.**—Pressure sensitive plastic tape with a thickness of 1.8 to 2.0 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of 900 to 2,000 meters. Similar to Scotch™ box sealing tape 371 produced by 3M or Intertape® 7100 box sealing tape produced by Intertape Polymer Group (*Hot Melt Adhesive*).

**Product 3.**—Pressure sensitive plastic tape with a thickness of 1.6 to 1.7 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters. Similar to Intertape® 161 box sealing tape produced by Intertape Polymer Group (*Acrylic Adhesive*).

**Product 4.**—Pressure sensitive plastic tape with a thickness of 1.8 to 2.0 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of 900 to 2,000 meters. Similar to Intertape® 300 box sealing tape produced by Intertape Polymer Group (*Acrylic Adhesive*).

**Product 5.**—Pressure sensitive plastic tape with a thickness of 1.6 to 1.7 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters. Similar to Intertape® 570 box sealing tape produced by Intertape Polymer Group (*Natural Rubber Adhesive*).

Five U.S. producers \*\*\* provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.<sup>28 29</sup>

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<sup>27</sup> The pricing products for the current review are not the same as the pricing products for the previous review. In order to generate price comparisons, achieve representative coverage, and cover the principal forms of PSP tape, staff requested price data for common hot melt, acrylic, and natural rubber products with identical dimensions.

<sup>28</sup> Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

Price data reported by the U.S. producers accounted for approximately 53.1 percent of U.S. producers' shipments of PSP tape in 2014. Price data reported by \*\*\* accounted for approximately \*\*\* percent of importers' shipments of subject PSP tape from Italy in 2014. Price data for products 1-5 are presented in tables V-3 to V-7 and figures V-4 to V-8.<sup>30</sup>

**Table V-3**

**PSP tape: Weighted-average f.o.b. prices and quantities of domestic and imported product 1<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2012-September 2015<sup>2</sup>**

\* \* \* \* \*

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(...continued)

<sup>29</sup> While \*\*\* also reported importing \*\*\*, and \*\*\* reported importing \*\*\*, \*\*\* reported that none of this product fell under the pricing product descriptions above.

<sup>30</sup> Price data for products 1-4 include both unprinted/uncolored PSP tape and tape that is either colored or printed, each of which command different prices in the market. Some of the variations in the prices of products 1-4 are therefore the result of variations in each firms' product mix and/or variations in import volumes from each firm from one quarter to the next.

The firms providing price data were contacted and asked for estimates of the percentages of the reported quantities of each product that was accounted for by printed or colored PSP tape. These firms were also asked to estimate differences in price between the printed, colored, and unprinted/uncolored PSP tape products, as well as how (and by how much) any price differences had changed since January 2012. These data are presented in the footnotes to the tables corresponding to the relevant pricing products (tables V-3–V-7).

\*\*\* reported that printed tape generally sells for \*\*\* per square yard more than unprinted/uncolored tape and that this price differential has been relatively stable, though prices can vary based on the volume purchased. \*\*\* reported that printed tape sold for as much as \*\*\* the price of unprinted/uncolored tape, and that colored tape has a price premium of \*\*\* percent over unprinted/uncolored tape. Importer \*\*\* reported that printed or colored tape is priced \*\*\* higher than unprinted/uncolored PSP tape, and that the price differences are either at the same level in September 2015 as in 2012 "or in some cases below the 2012 prices due to the decline of raw material costs."

Table V-4

PSP tape: Weighted-average f.o.b. prices and quantities of domestic and imported product 2<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2012-September 2015<sup>2</sup>

Period	United States		Italy (subject)		
	Price (dollars per square yard)	Quantity (square yards)	Price (dollars per square yard)	Quantity (square yards)	Margin (percent)
<b>2012:</b>					
Jan.-Mar.	***	***	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---
Oct.-Dec.	***	***	---	---	---
<b>2013:</b>					
Jan.-Mar.	***	***	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---
Oct.-Dec.	0.19	128,959,081	---	---	---
<b>2014:</b>					
Jan.-Mar.	0.19	127,621,742	---	---	---
Apr.-June	0.19	129,334,820	---	---	---
July-Sept.	0.18	135,141,197	---	---	---
Oct.-Dec.	0.19	135,851,783	---	---	---
<b>2015:</b>					
Jan.-Mar.	0.18	126,279,880	---	---	---
Apr.-June	0.18	132,938,917	---	---	---
July-Sept.	0.18	136,915,360	---	---	---

<sup>1</sup> Product 2: Pressure sensitive plastic tape with a thickness of 1.8 to 2.0 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of 900 to 2,000 meters. Similar to Scotch™ box sealing tape 371 produced by 3M or Intertape® 7100 box sealing tape produced by Intertape Polymer Group (*Hot Melt Adhesive*).

<sup>2</sup> U.S. producer \*\*\* reported that its pricing data for product 2 during January 2012-September 2015 contained \*\*\*, and that the average price for \*\*\* was \*\*\*, compared to \*\*\* for its unprinted/uncolored product 2; U.S. producer \*\*\* reported that its pricing data for product 2 during January 2012-September 2015 contained \*\*\*, and that the average price of its colored product 2 was \*\*\*, compared to \*\*\* for its unprinted/uncolored product 2; U.S. producer \*\*\* reported that its pricing data for product 2 contained \*\*\*, U.S. producer \*\*\* reported that its pricing data for product 2 contained \*\*\*, and U.S. producer \*\*\* reported no shipments of product 2.

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

Table V-5

PSP tape: Weighted-average f.o.b. prices and quantities of domestic and imported product 3<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2012-September 2015<sup>2</sup>

Period	United States		Italy (subject)		
	Price (dollars per square yard)	Quantity (square yards)	Price (dollars per square yard)	Quantity (square yards)	Margin (percent)
<b>2012:</b>					
Jan.-Mar.	***	***	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---
Oct.-Dec.	***	***	---	---	---
<b>2013:</b>					
Jan.-Mar.	***	***	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---
Oct.-Dec.	***	***	---	---	---
<b>2014:</b>					
Jan.-Mar.	0.20	9,306,296	---	---	---
Apr.-June	0.19	10,172,391	---	---	---
July-Sept.	0.23	7,582,802	---	---	---
Oct.-Dec.	0.22	7,214,220	---	---	---
<b>2015:</b>					
Jan.-Mar.	0.20	6,388,367	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---

<sup>1</sup> Product 3: Pressure sensitive plastic tape with a thickness of 1.6 to 1.7 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of less than 200 meters. Similar to Intertape® 161 box sealing tape produced by Intertape Polymer Group (*Acrylic Adhesive*).

<sup>2</sup> U.S. producer \*\*\* reported that its pricing data for product 3 during January 2012-September 2015 contained \*\*\*, and that the average price of colored PSP tape was \*\*\* percent higher and printed PSP tape was \*\*\* percent higher than unprinted/uncolored PSP tape; U.S. producer \*\*\* reported pricing data for a very small quantity of product 3 \*\*\*, but did not indicate whether it was printed, colored, or unprinted/uncolored product; U.S. producers \*\*\* reported that their pricing data for product 3 contained \*\*\*; and U.S. producer \*\*\* reported no shipments of product 3.

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



Table V-6

PSP tape: Weighted-average f.o.b. prices and quantities of domestic and imported product 4<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2012-September 2015<sup>2</sup>

Period	United States		Italy (subject)		
	Price (dollars per square yard)	Quantity (square yards)	Price (dollars per square yard)	Quantity (square yards)	Margin (percent)
<b>2012:</b>					
Jan.-Mar.	***	***	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---
Oct.-Dec.	***	***	---	---	---
<b>2013:</b>					
Jan.-Mar.	***	***	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---
Oct.-Dec.	***	***	---	---	---
<b>2014:</b>					
Jan.-Mar.	0.21	15,140,420	---	---	---
Apr.-June	0.22	16,349,036	---	---	---
July-Sept.	0.23	12,361,796	---	---	---
Oct.-Dec.	0.23	11,649,224	---	---	---
<b>2015:</b>					
Jan.-Mar.	0.22	12,729,569	---	---	---
Apr.-June	***	***	---	---	---
July-Sept.	***	***	---	---	---

<sup>1</sup> Product 4: Pressure sensitive plastic tape with a thickness of 1.8 to 2.0 mil (inclusive), a width of 42 to 75 millimeters (inclusive), and a length of 900 to 2,000 meters. Similar to Intertape® 300 box sealing tape produced by Intertape Polymer Group (*Acrylic Adhesive*).

<sup>2</sup> U.S. producer \*\*\* reported that its pricing data for product 4 contained \*\*\*, and that the average price for its colored product 4 was \*\*\* and the average price for its printed product 4 was \*\*\*, compared to \*\*\* for its unprinted/uncolored product; U.S. producer \*\*\* reported that its pricing data for product 4 contained \*\*\*; U.S. producer \*\*\* reported that its pricing data for product 4 during January 2012-September 2015 contained \*\*\*, and that the average price of colored PSP tape was \*\*\* percent higher and printed PSP tape was \*\*\* percent higher than unprinted/uncolored PSP tape; U.S. producer \*\*\* reported that its pricing data for product 4 contained \*\*\*; and U.S. producer \*\*\* reported \*\*\*.

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

**Table V-7**

**PSP tape: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 2012-September 2015**

\* \* \* \* \*

**Figure V-4**

**PSP tape: Weighted-average prices and quantities of domestic and imported subject product 1, by quarter, January 2012-September 2015**

\* \* \* \* \*

**Figure V-5**

**PSP tape: Weighted-average prices and quantities of domestic product 2, by quarter, January 2012-September 2015**

\* \* \* \* \*

**Figure V-6**

**PSP tape: Weighted-average prices and quantities of domestic product 3, by quarter, January 2012-September 2015**

\* \* \* \* \*

**Figure V-7**

**PSP tape: Weighted-average prices and quantities of domestic product 4, by quarter, January 2012-September 2015**

\* \* \* \* \*

**Figure V-8**

**PSP tape: Weighted-average prices and quantities of domestic and imported subject product 5, by quarter, January 2012-September 2015**

\* \* \* \* \*

**Price trends**

Table V-8 summarizes the price trends for PSP tape during January 2012-September 2015, by country and by product. As shown in the table, domestic prices decreased for products 1, 2, and 4 and increased for products 3 and 5. The price decreases for products 1 and 2 (hot melt PSP tapes) were \*\*\* percent and 6.0 percent, respectively, and the price decrease for product 4 (acrylic PSP tape) was \*\*\* percent. The domestic price for product 3 increased slightly, by 0.1 percent, and the price of product 5 (natural rubber PSP tape) increased by \*\*\* percent.

Prices for subject PSP tape imported from Italy increased for product 5 (natural rubber PSP tape) by \*\*\* percent.<sup>31</sup>

**Table V-8**

**PSP tape: Summary of weighted-average f.o.b. prices for products 1-5 from the United States and Italy**

Item	Number of quarters	Low price (dollars per square yard)	High price (dollars per square yard)	Change in price <sup>1</sup> (percent)
<b>Product 1</b>				
United States	15	***	***	***
Italy (subject) <sup>2</sup>	5	***	***	---
<b>Product 2</b>				
United States	15	0.18	0.19	(6.0)
Italy (subject)	---	---	---	---
<b>Product 3</b>				
United States	15	***	0.23	0.1
Italy (subject)	---	---	---	---
<b>Product 4</b>				
United States	15	***	***	***
Italy (subject)	---	---	---	---
<b>Product 5</b>				
United States	15	***	***	***
Italy (subject)	15	***	***	***

<sup>1</sup> Percentage change from the first quarter of 2012 to the third quarter of 2015.

<sup>2</sup> Prices for subject product 1 from Italy increased by \*\*\* percent from Q2 2014 to Q3 of 2015.

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

### Price comparisons

In the original investigation, when U.S. producers' prices for PSP tape made from polypropylene and unplasticized polyvinyl chloride ("UPVC") were compared with prices of PSP tape imported from Italy on a monthly basis between January 1975 and May 1977, the weighted-average prices of imports from Italy were lower than prices of the U.S.-produced product in 46 out of 50 comparisons.<sup>32</sup> During the third five-year review period (January 2006-September 2009), the average quarterly prices for PSP tape imported from Italy were lower than the prices of U.S.-produced product in 18 of 31 instances, with margins of underselling

<sup>31</sup> No importers reported price data for products 2, 3, or 4.

<sup>32</sup> *Investigation Nos. AA1921-167 and 168: Pressure Sensitive Plastic Tape from Italy and West Germany — Staff Report*, August 15, 1977, pp. A-62 – A-63.

ranging from \*\*\* to \*\*\* percent. In the remaining 13 instances, prices for PSP tape imported from Italy were between \*\*\* and \*\*\* percent above prices for domestic PSP tape.<sup>33</sup>

During January 2012-September 2015, prices for subject PSP tape imported from Italy were below those for U.S.-produced product in all 20 instances; margins of underselling ranged from \*\*\* to \*\*\* percent for product 1 and \*\*\* to \*\*\* percent for product 5 (table V-9).

**Table V-9**

**PSP tape: Instances of underselling/overselling and the range and average of margins, January 2012-September 2015**

Source	Underselling				
	Number of quarters	Quantity (square yards)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1 ( <i>hot melt</i> )	5	***	***	***	***
Product 5 ( <i>natural rubber</i> )	15	***	***	***	***
Total all, Italy (subject)	20	***	***	***	***

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

### Purchasers' perceptions of relative price trends

Purchasers were asked how the prices of PSP tape from the United States had changed relative to the prices of PSP tape from Italy since January 1, 2009. Four purchasers reported that there was no change in price, and three reported that prices have changed by the same amount. No purchasers reported that the price of U.S.-produced or Italian-produced PSP tape had increased or decreased relative to the other.

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<sup>33</sup> *Investigation No. AA1921-167 (Third Review): Pressure Sensitive Plastic Tape from Italy—Staff Report*, INV-GG-012, February 12, 2010, p. V-15. No pricing data were collected in the expedited first and second five-year reviews.

**APPENDIX A**

***FEDERAL REGISTER* NOTICES**



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

Citation	Title	Link
80 FR 11164 March 2, 2015	<i>Initiation of Five-Year ("Sunset") Review</i>	<a href="http://www.gpo.gov/fdsys/pkg/FR-2015-03-02/pdf/2015-04300.pdf">http://www.gpo.gov/fdsys/pkg/FR-2015-03-02/pdf/2015-04300.pdf</a>
80 FR 11224 March 2, 2015	<i>Pressure Sensitive Plastic Tape from Italy; Institution of a Five-Year Review</i>	<a href="http://www.gpo.gov/fdsys/pkg/FR-2015-03-02/pdf/2015-04252.pdf">http://www.gpo.gov/fdsys/pkg/FR-2015-03-02/pdf/2015-04252.pdf</a>
80 FR 34458 June 16, 2015	<i>Pressure Sensitive Plastic Tape From Italy; Notice of Commission Determination to Conduct a Full Five-Year Review</i>	<a href="http://www.gpo.gov/fdsys/pkg/FR-2015-06-16/pdf/2015-14755.pdf">http://www.gpo.gov/fdsys/pkg/FR-2015-06-16/pdf/2015-14755.pdf</a>
80 FR 39054 July 8, 2015	<i>Pressure Sensitive Plastic Tape from Italy: Final Results of Expedited Fourth Sunset Review of the Antidumping Duty Finding</i>	<a href="http://www.gpo.gov/fdsys/pkg/FR-2015-07-08/pdf/2015-16745.pdf">http://www.gpo.gov/fdsys/pkg/FR-2015-07-08/pdf/2015-16745.pdf</a>
80 FR 58295 September 28, 2015	<i>Pressure Sensitive Plastic Tape From Italy; Scheduling of a Full Five-Year Review</i>	<a href="http://www.gpo.gov/fdsys/pkg/FR-2015-09-28/pdf/2015-24543.pdf">http://www.gpo.gov/fdsys/pkg/FR-2015-09-28/pdf/2015-24543.pdf</a>

Note.--The press release announcing the Commission's determination concerning adequacy and the conduct of a full or expedited review can be found at [http://www.usitc.gov/press\\_room/news\\_release/2015/er0605ll459.htm](http://www.usitc.gov/press_room/news_release/2015/er0605ll459.htm). A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review can be found at <http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11729>. The Commission's explanation of its determination can be found at <http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11728>.





**APPENDIX B**

**LIST OF HEARING WITNESSES**



## CALENDAR OF PUBLIC HEARING

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

**Subject:** Pressure Sensitive Plastic Tape from Italy  
**Inv. No.:** AA1921-167 (Fourth Review)  
**Date and Time:** February 2, 2016 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

### **OPENING REMARKS:**

In Support of Continuation (**Jeffrey S. Neeley**, Husch Blackwell, LLP)

### **In Support of Continuation of the Order:**

Husch Blackwell, LLP  
Washington, DC  
on behalf of

3M Company  
Intertape Polymer Group, Inc.  
Shurtape Technologies, LLC  
Pressure Sensitive Tape Council

**Rick Anderson**, Global Business Manager, Packaging  
3M Company

**Stephen Shuford**, Chief Executive Officer, Shurtape  
Technologies, LLC

**Gregory A.C. Yull**, President; Chief Executive Officer;  
and Director, Intertape Polymer Group, Inc.

**Dean Blockowitz**, Vice President of Sales, Industrial  
Channel, Intertape Polymer Group, Inc.

**In Support of Continuation of the Order (continued):**

**David Bennett**, Vice President, Carton Sealing Tape and  
Film Operations, Intertape Polymer Group, Inc.

**Steven J. Vander Louw, Ph.D.**, Masking, Packaging, and  
Personal Care Business Director, 3M Company

**Bruce Malashevich**, President and Chief Executive Officer,  
Economic Consulting Services, LLC

**Kathryn Kobe**, Director of Price, Wage & Productivity Analysis,  
Economic Consulting Services, LLC

**Steven Byers**, Director of Financial Analysis Services, Economic  
Consulting Services, LLC

**Jeffrey S. Neeley** )  
**Michael S. Holton** ) – OF COUNSEL  
**Cortney O. Morgan** )

**CLOSING REMARKS:**

In Support of Continuation (**Jeffrey S. Neeley**, Husch Blackwell, LLP)

**-END-**

**APPENDIX C**  
**SUMMARY DATA**



Table C-1

PSP tape: Summary data concerning the U.S. market, 2012-14, January to September 2014, and January to September 2015

(Quantity=1,000 square yards; Value=1,000 dollars; Unit values and unit expenses=dollars per square yard; Period changes=percent--exceptions noted)

	Report data					Period changes			
	2012	Calendar year 2013	2014	January to September 2014	2015	2012-14	Calendar year 2012-13	2013-14	Jan-Sep 2014-15
<b>U.S. consumption quantity:</b>									
Amount.....	2,325,182	2,533,645	2,619,237	1,939,365	1,989,159	12.6	9.0	3.4	2.6
Producers' share (fn1).....	73.9	66.9	64.9	65.4	65.3	(9.0)	(7.0)	(2.0)	(0.1)
Importers' share (fn1):									
Italy.....	***	***	***	***	***	***	***	***	***
Italy (nonsubject).....	***	***	***	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
Total imports.....	26.1	33.1	35.1	34.6	34.7	9.0	7.0	2.0	0.1
<b>U.S. consumption value:</b>									
Amount.....	704,930	809,009	914,899	688,889	700,961	29.8	14.8	13.1	1.8
Producers' share (fn1).....	69.9	63.1	58.0	57.0	58.3	(11.9)	(6.8)	(5.1)	1.3
Importers' share (fn1):									
Italy.....	***	***	***	***	***	***	***	***	***
Italy (nonsubject).....	***	***	***	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
Total imports.....	30.1	36.9	42.0	43.0	41.7	11.9	6.8	5.1	(1.3)
<b>U.S. importers' U.S. shipments of imports from--</b>									
<b>Italy (subject):</b>									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
<b>Italy (nonsubject):</b>									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
<b>All other sources:</b>									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
<b>Nonsubject sources:</b>									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
<b>Total imports:</b>									
Quantity.....	607,425	838,156	919,546	671,327	690,340	51.4	38.0	9.7	2.8
Value.....	212,187	298,813	384,194	295,896	292,181	81.1	40.8	28.6	(1.3)
Unit value.....	\$0.35	\$0.36	\$0.42	\$0.44	\$0.42	19.6	2.1	17.2	(4.0)
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
<b>U.S. producers':</b>									
Average capacity quantity.....	3,294,509	3,079,047	3,104,316	2,281,597	2,246,195	(5.8)	(6.5)	0.8	(1.6)
Production quantity.....	1,892,323	1,899,563	1,885,174	1,420,354	1,425,194	(0.4)	0.4	(0.8)	0.3
Capacity utilization (fn1).....	57.4	61.7	60.7	62.3	63.4	3.3	4.3	(1.0)	1.2
<b>U.S. shipments:</b>									
Quantity.....	1,717,757	1,695,489	1,699,691	1,268,038	1,298,819	(1.1)	(1.3)	0.2	2.4
Value.....	492,743	510,196	530,705	392,993	408,780	7.7	3.5	4.0	4.0
Unit value.....	\$0.29	\$0.30	\$0.31	\$0.31	\$0.31	8.8	4.9	3.8	1.6
<b>Export shipments:</b>									
Quantity.....	178,114	172,356	185,408	137,576	120,756	4.1	(3.2)	7.6	(12.2)
Value.....	47,763	47,430	50,814	38,973	29,822	6.4	(0.7)	7.1	(23.5)
Unit value.....	\$0.27	\$0.28	\$0.27	\$0.28	\$0.25	2.2	2.6	(0.4)	(12.8)
Ending inventory quantity.....	151,985	160,206	158,005	168,060	155,903	4.0	5.4	(1.4)	(7.2)
Inventories/total shipments (fn1).....	8.0	8.6	8.4	9.0	8.2	0.4	0.6	(0.2)	(0.7)
Production workers.....	931	895	913	914	893	(1.9)	(3.9)	2.0	(2.3)
Hours worked (1,000s).....	1,942	1,856	1,881	1,390	1,326	(3.1)	(4.4)	1.3	(4.6)
Wages paid (\$1,000).....	57,462	58,995	61,244	47,698	45,561	6.6	2.7	3.8	(4.5)
Hourly wages (dollars).....	\$29.59	\$31.79	\$32.56	\$34.32	\$34.36	10.0	7.4	2.4	0.1
Productivity (square yards per hour).....	974.4	1,023.5	1,002.2	1,021.8	1,074.8	2.9	5.0	(2.1)	5.2
Unit labor costs (dollars per 1,000 sq yds).....	\$30.37	\$31.06	\$32.49	\$33.58	\$31.97	7.0	2.3	4.6	(4.8)
<b>Net sales:</b>									
Quantity.....	1,895,865	1,881,874	1,878,421	1,392,930	1,413,180	(0.9)	(0.7)	(0.2)	1.5
Value.....	540,440	561,281	580,623	431,743	438,263	7.4	3.9	3.4	1.5
Unit value.....	\$0.29	\$0.30	\$0.31	\$0.31	\$0.31	8.4	4.6	3.6	0.1
Cost of goods sold (COGS).....	393,197	392,918	401,784	304,092	286,269	2.2	(0.1)	2.3	(5.9)
Gross profit or (loss).....	147,243	168,363	178,839	127,651	151,994	21.5	14.3	6.2	19.1
SG&A expenses.....	68,021	70,603	76,916	54,724	56,736	13.1	3.8	8.9	3.7
Operating income or (loss).....	79,222	97,760	101,923	72,927	95,258	28.7	23.4	4.3	30.6
Net income or (loss).....	***	***	***	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***	***	***	***
Unit COGS (fn4).....	\$0.207	\$0.209	\$0.214	\$0.218	\$0.203	3.1	0.7	2.4	(7.2)
Unit SG&A expenses (fn4).....	\$0.036	\$0.038	\$0.041	\$0.039	\$0.040	14.1	4.6	9.1	2.2
Unit operating income or (loss) (fn4).....	\$0.042	\$0.052	\$0.054	\$0.052	\$0.067	29.8	24.3	4.5	28.7
Unit net income or (loss) (fn4).....	***	***	***	***	***	***	***	***	***
COGS/sales (fn1).....	72.8	70.0	69.2	70.4	65.3	(3.6)	(2.8)	(0.8)	(5.1)
Operating income or (loss)/sales (fn1).....	14.7	17.4	17.6	16.9	21.7	2.9	2.8	0.1	4.8
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***

## Notes:

fn1.--Report data are in percent and period changes are in percentage points.

fn2.--Less than 0.05 percent.

fn3.--Undefined.

fn4.--The financial per-unit values are presented in three decimal points rather than in the usual two decimal points because two decimal points might not indicate any changes in these values due to rounding.

Note.--Italy (nonsubject) refers to U.S. imports from Italy from firms excluded from the finding. See Part IV for a detailed discussion of the import data set.

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

Table C-2

PSP tape: Summary data concerning the U.S. market of hot melt PSP tape, 2012-14, January to September 2014, and January to September 2015

(Quantity=1,000 square yards; Value=1,000 dollars; Unit values and unit expenses=dollars per square yard; Period changes=percent--exceptions noted)

	Report data					Period changes			
	2012	Calendar year 2013	2014	January to September 2014	2015	2012-14	Calendar year 2012-13	2013-14	Jan-Sep 2014-15
U.S. consumption hot melt quantity:									
Amount.....	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Italy.....	***	***	***	***	***	***	***	***	***
Italy (nonsubject).....	***	***	***	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***	***	***	***
U.S. consumption hot melt value:									
Amount.....	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Italy.....	***	***	***	***	***	***	***	***	***
Italy (nonsubject).....	***	***	***	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from--									
Italy (subject) hot melt:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Italy (nonsubject) hot melt:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All other sources hot melt:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Nonsubject sources hot melt:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Total imports hot melt:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
U.S. producers' hot melt data:									
Average capacity quantity.....	***	***	***	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***	***	***	***
Hours worked (1,000s).....	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***	***	***	***
Hourly wages (dollars).....	***	***	***	***	***	***	***	***	***
Productivity (square yards per hour).....	***	***	***	***	***	***	***	***	***
Unit labor costs (dollars per 1,000 sq yds).....	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***	***	***	***
Unit COGS (fn4).....	***	***	***	***	***	***	***	***	***
Unit SG&A expenses (fn4).....	***	***	***	***	***	***	***	***	***
Unit operating income or (loss) (fn4).....	***	***	***	***	***	***	***	***	***
Unit net income or (loss) (fn4).....	***	***	***	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Report data are in percent and period changes are in percentage points.

fn2.--Less than 0.05 percent.

fn3.--Undefined.

fn4.--The financial per-unit values are presented in three decimal points rather than in the usual two decimal points because two decimal points might not indicate any changes in these values due to rounding.

Note.--Italy (nonsubject) refers to U.S. imports from Italy from firms excluded from the finding. See Part IV for a detailed discussion of the import data set.

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



Table C-3

PSP tape: Summary data concerning the U.S. market of acrylic and natural rubber PSP tape, 2012-14, January to September 2014, and January to September 2015  
(Quantity=1,000 square yards; Value=1,000 dollars; Unit values and unit expenses=dollars per square yard; Period changes=percent--exceptions noted)

	Report data					Period changes			
	2012	Calendar year 2013	2014	January to September 2014	2015	2012-14	Calendar year 2012-13	2013-14	Jan-Sep 2014-15
U.S. consumption acrylic and natural rubber quantity:									
Amount.....	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Italy.....	***	***	***	***	***	***	***	***	***
Italy (nonsubject).....	***	***	***	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***	***	***	***
U.S. consumption acrylic and natural rubber value:									
Amount.....	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Italy.....	***	***	***	***	***	***	***	***	***
Italy (nonsubject).....	***	***	***	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from--									
Italy (subject) acrylic and natural rubber :									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Italy (nonsubject) acrylic and natural rubber :									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All other sources acrylic and natural rubber :									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Nonsubject sources acrylic and natural rubber :									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Total imports acrylic and natural rubber:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
U.S. producers' acrylic and natural rubber data:									
Average capacity quantity.....	***	***	***	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***	***	***	***
Hours worked (1,000s).....	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***	***	***	***
Hourly wages (dollars).....	***	***	***	***	***	***	***	***	***
Productivity (square yards per hour).....	***	***	***	***	***	***	***	***	***
Unit labor costs (dollars per 1,000 sq yds).....	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***	***	***	***
Unit COGS (fn4).....	***	***	***	***	***	***	***	***	***
Unit SG&A expenses (fn4).....	***	***	***	***	***	***	***	***	***
Unit operating income or (loss) (fn4).....	***	***	***	***	***	***	***	***	***
Unit net income or (loss) (fn4).....	***	***	***	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Report data are in percent and period changes are in percentage points.

fn2.--Less than 0.05 percent.

fn3.--Undefined.

fn4.--The financial per-unit values are presented in three decimal points rather than in the usual two decimal points because two decimal points might not indicate any changes in these values due to rounding.

Note.--Italy (nonsubject) refers to U.S. imports from Italy from firms excluded from the finding. See Part IV for a detailed discussion of the import data set.

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



## **HISTORICAL DATA**



Table I-1

PSP tape: Summary data from the original investigation, first and second reviews, and current review, 1973-76, 1997, 2003, and 2006-08

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

Item	1973	1974	1975	1976	1997 <sup>2 3</sup>	2003 <sup>2</sup>	2006	2007	2008
U.S. consumption quantity:									
Amount	***	***	***	***	***	N/A	2,646,891	2,635,666	2,554,033
Producers' share <sup>1</sup>	***	***	***	***	***	N/A	84.2	80.6	81.5
Importer's share: <sup>1</sup>									
Italy (subject)	***	***	***	***	***	N/A	0.5	1.2	0.8
Italy (nonsubject)	N/A	N/A	N/A	N/A	N/A	N/A	***	***	***
All other countries	***	***	***	***	***	N/A	***	***	***
Total imports	***	***	***	***	***	N/A	15.8	19.4	18.5
U.S. consumption value:									
Amount	***	***	***	***	***	N/A	527,762	521,441	516,265
Producers' share: <sup>1</sup>	***	***	***	***	***	N/A	86.6	84.5	84.4
Importer's share: <sup>1</sup>									
Italy (subject)	***	***	***	***	***	N/A	1.0	1.2	0.9
Italy (nonsubject)	N/A	N/A	N/A	N/A	N/A	N/A	***	***	***
All other countries	***	***	***	***	***	N/A	***	***	***
Total imports	***	***	***	***	***	N/A	13.4	15.5	15.6
U.S. imports from									
Italy (subject):									
Quantity	8,618	8,391	11,396	30,615	***	N/A	11,851	38,234	16,874
Value	1,484	2,009	1,979	5,397	N/A	N/A	4,600	7,040	3,870
Unit value	0.17	0.24	0.17	0.18	N/A	N/A	\$0.39	\$0.18	\$0.23
Italy (nonsubject):									
Quantity	N/A	N/A	N/A	N/A	N/A	N/A	***	***	***
Value	N/A	N/A	N/A	N/A	N/A	N/A	***	***	***
Unit value	N/A	N/A	N/A	N/A	N/A	N/A	\$***	\$***	\$***
All other countries:									
Quantity	13,983	25,840	27,974	40,703	***	N/A	***	***	***
Value	2,957	5,653	5,370	8,007	N/A	N/A	***	***	***
Unit value	0.21	0.22	0.19	0.20	N/A	N/A	\$***	\$***	\$***

Table continued on the following page.

**Table I-1--Continued**

**PSP tape: Summary data from the original investigation, first and second reviews, and current review, 1973-76, 1997, 2003, and 2006-08**

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per square yard)

Item	1973	1974	1975	1976	1997 <sup>2 3</sup>	2003 <sup>2</sup>	2006	2007	2008
All countries:									
Quantity	22,601	34,231	39,370	71,318	***	N/A	460,036	514,427	466,052
Value	4,441	7,662	7,349	13,404	N/A	N/A	52,643	60,753	59,750
Unit Value	\$0.20	\$0.22	\$0.19	\$0.19	N/A	N/A	\$0.11	\$0.12	\$0.13
U.S. producers'--									
Capacity quantity	N/A	N/A	N/A	N/A	N/A	N/A	2,982,863	3,220,949	2,963,683
Production quantity	***	***	***	***	***	***	2,296,750	2,270,674	2,141,994
Capacity utilization <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A	77.0	70.5	72.3
U.S. shipments:									
Quantity	***	***	***	***	N/A	N/A	2,229,550	2,123,615	2,081,742
Value	***	***	***	***	N/A	N/A	456,880	440,417	435,653
Unit value	\$***	\$***	\$***	\$***	N/A	N/A	\$0.20	\$0.21	\$0.21
Ending inventory quantity	***	***	***	***	N/A	N/A	259,348	257,225	220,029
Inventories/total shipments <sup>1</sup>	***	***	***	***	N/A	N/A	11.0	11.4	9.9
Production workers	***	***	***	***	N/A	N/A	623	611	596
Hours worked (1,000 hours)	***	***	***	***	N/A	N/A	1,127	1,083	1,078
Wages paid (1,000 dollars)	N/A	N/A	N/A	N/A	N/A	N/A	29,076	27,996	28,168
Hourly wages	N/A	N/A	N/A	N/A	N/A	N/A	\$25.81	\$25.85	\$26.14
Productivity (square yards per hour)	N/A	N/A	N/A	N/A	N/A	N/A	2,039	2,097	1,988
Net sales:									
Quantity	N/A	N/A	N/A	N/A	N/A	N/A	2,353,660	2,255,585	2,226,699
Value	***	***	***	***	N/A	N/A	486,229	469,893	465,949
Unit value	N/A	N/A	N/A	N/A	N/A	N/A	\$0.21	\$0.21	\$0.21
Cost of goods sold	***	***	***	***	N/A	N/A	371,123	355,660	372,250
Gross profit or (loss)	***	***	***	***	N/A	N/A	115,106	114,233	93,699
SG&A	***	***	***	***	N/A	N/A	61,617	58,171	55,605
Operating income or (loss)	***	***	***	***	N/A	N/A	53,489	56,062	38,094

Table continued on the following page.

**Table I-1--Continued**

**PSP tape: Summary data from the original investigation, first and second reviews, and current review, 1973-76, 1997, 2003, and 2006-08**

(Quantity=1,000 square yards; value=1,000 dollars; unit values, unit labor costs, and unit financial data are *per square yard*)

Item	1973	1974	1975	1976	1997	2003	2006	2007	2008
Unit cost of goods sold	N/A	N/A	N/A	N/A	N/A	N/A	\$0.16	\$0.16	\$0.17
Unit operating income or (loss)	N/A	N/A	N/A	N/A	N/A	N/A	\$0.02	\$0.02	\$0.02
Cost of goods sold/sales ( <i>percent</i> )	***	***	***	***	N/A	N/A	76.3	75.7	79.9
Operating income or (loss)/sales ( <i>percent</i> )	***	***	***	***	N/A	N/A	11.0	11.9	8.2

Note. --In order to maintain consistency with the historical data series, import data are drawn from actual U.S. import entries, rather than U.S. shipments of imports; accordingly 2006-08 U.S. consumption data in this table do not reconcile with data presented in tables I-7, I-8, and C-1.

Note. --Based on the domestic interested parties' estimates, which are drawn from U.S. producer shipment data from questionnaire responses and official Commerce statistics, which include some nonsubject merchandise, total U.S. imports were approximately 1.69 billion square yards in 2008, with 37.6 percent of these imports coming from China, Indonesia, and Taiwan. Based on these estimates, apparent U.S. consumption for 2008 would be 4.49 billion square yards. Posthearing brief of 3M, Intertape, and Shurtape, Response to questions of Commissioner Okun regarding projections for Asian producers.

<sup>1</sup> In *percent*.

<sup>2</sup> Production data for 1997 and 2003 were calculated based on estimates provided by 3M in response to the Commission's notice of institution in the first and second five-year reviews. In 1997, 3M reported producing \*\*\* square yards of PSP tape, and estimated that it accounted for \*\*\* percent of total U.S. production. In 2003, 3M reported aggregate production of \*\*\* square yards of PSP tape for itself, Intertape, Shurtape, and STA, and estimated that they collectively accounted for 72 percent of total U.S. production in that year.

<sup>3</sup> Import data are based on 3M's estimates provided in its response to the Commission's 1998 notice of institution. 3M reported importing \*\*\* square yards of PSP tape from Italy into the United States in 1997. 3M estimated that its imports accounted for \*\*\* percent of all U.S. imports of PSP tape from Italy in 1997, and that imports from Italy represented 4 percent of U.S. imports of PSP tape from all sources.

Source: Compiled from information presented in the Original Staff Report, tables 3 and 7; Second Review Staff Report (INV-BB-057), tables I-1, I-3, and I-4; and from data submitted in response to Commission questionnaires (2006-08).





**APPENDIX D**

**COMMENTS BY U.S. PRODUCERS, IMPORTERS, PURCHASERS, AND FOREIGN  
PRODUCERS REGARDING THE EFFECTS OF THE FINDING AND THE LIKELY EFFECTS  
OF REVOCATION**



**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that U.S. producers respond to the following question concerning anticipated changes in operations in the event the finding is revoked: Would your firm anticipate any changes in the character of your firm's operations or organization relating to the production of PSP tape in the future if the antidumping duty finding on PSP tape from Italy were to be revoked?

\* \* \* \* \*

**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that U.S. producers respond to the following question concerning the effect of the finding: Describe the significance of the existing antidumping duty finding covering imports of PSP tape from Italy in terms of its effect on your firm's production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. You may wish to compare your firm's operations before and after the imposition of the finding.

\* \* \* \* \*

**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that U.S. producers respond to the following question concerning the effect of the finding: Would your firm anticipate any changes in its production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values relating to the production of PSP tape in the future if the antidumping duty finding on PSP tape from Italy were to be revoked?

\* \* \* \* \*

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that U.S. importers respond to the following question concerning anticipated changes in operations in the event the finding is revoked: Would your firm anticipate any changes in the character of your firm's operations or organization relating to the production of PSP tape in the future if the antidumping duty finding on PSP tape from Italy were to be revoked?

\* \* \* \* \*

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that U.S. importers respond to the following question concerning the effect of the finding: Describe the significance of the existing antidumping duty finding covering imports of PSP tape from Italy in terms of its effect on your firm's imports, U.S. shipments of imports, and inventories. You may wish to compare your firm's operations before and after the imposition of the finding.

\* \* \* \* \*

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that U.S. importers respond to the following question concerning the effect of the finding: Would your firm anticipate any changes in its imports, U.S. shipments of imports, or inventories in the future if the antidumping duty finding on PSP tape from Italy were to be revoked?

\* \* \* \* \*

**U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that U.S. purchasers respond to the following question concerning the effect of the finding: What do you think will be the likely effects of any revocation of the antidumping duty finding for imports of PSP tape from Italy? As appropriate, please discuss any potential effects of revocation of the antidumping duty finding on the future activities of your firm. Please note the future time period to which you are referring.

\* \* \* \* \*

**U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

What do you think will be the likely effects of any revocation of the antidumping duty finding for imports of PSP tape from Italy? As appropriate, please discuss any potential effects of revocation of the antidumping finding on the U.S. market as a whole. Please note the future time period to which you are referring.

\* \* \* \* \*

**FOREIGN PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that foreign producers respond to the following question concerning the anticipated changes in operations in the event the finding is revoked: Would your firm anticipate any changes in the character of its operations or organization relating to the production of PSP tape in the future if the antidumping duty finding on PSP tape from Italy were to be revoked?

\* \* \* \* \*

**FOREIGN PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that foreign producers respond to the following question concerning the significance of the antidumping duty finding: Describe the significance of the existing antidumping duty finding covering imports of PSP tape from Italy in terms of its effect on your firm's production capacity, production, home market shipments, exports to the United States and other markets, and inventories. You may wish to compare your firm's operations before and after the imposition of the finding.

\* \* \* \* \*

**FOREIGN PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY FINDING AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested that foreign producers respond to the following question concerning anticipated changes if the finding were to be revoked: Would your firm anticipate any changes in its production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of PSP tape in the future if the antidumping duty finding on PSP tape from Italy were to be revoked?

\* \* \* \* \*

## **APPENDIX E**

### **HOT MELT PSP TAPE VS. ALL OTHER TYPES OF PSP TAPE PRODUCTION SHARES**





**Table E-1**  
**PSP tape: U.S. producers, positions on finding, U.S. production locations, and shares of 2014 reported U.S. production**

<b>Firm</b>	<b>Position on continuation of the finding</b>	<b>Production location(s)</b>	<b>Share of PSP tape production (percent)</b>	<b>Share of hot melt PSP tape production (percent)</b>	<b>Share of all other types of PSP tape production (percent)</b>
3M	Support	Cynthiana, KY Greenville, SC Hutchinson, MN	***	***	***
Avery Dennison	***	Painesville, OH	***	***	***
IPG	Support	Brighton, CO Carbondale, IL Danville, VA	***	***	***
Sekisui	***	Buena Park, CA Rogersville, TN	***	***	***
Shurtape	Support	Hudson, NC Hickory, NC	***	***	***
TaraTape	***	Fairless Hills, PA	***	***	***
Total			100.0	100.0	100.0

Source: Compiled from data submitted in questionnaire responses.



**APPENDIX F**  
**ITALIAN INDUSTRY DATA**



**Table F-1**

**PSP tape: Subject Italian producers 3M Italia and H-Old's capacity, production, shipments, and inventories relating to hot melt PSP tape, 2012-14, January to September 2014, and January to September 2015**

\* \* \* \* \*

**Table F-2**

**PSP tape: Subject Italian producers 3M Italia and H-Old's capacity, production, shipments, and inventories relating to all other types of PSP tape, 2012-14, January to September 2014, and January to September 2015**

\* \* \* \* \*

**Table F-3**

**PSP tape: Subject Italian producers 3M Italia, H-Old, and Vibac's capacity, production, shipments, and inventories, 2014, January to September 2014, and January to September 2015**

\* \* \* \* \*



**APPENDIX G**

**COMMENTS BY U.S. PRODUCERS AND U.S. PURCHASERS REGARDING THE  
COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**





**U.S. PRODUCERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. producers compare the differences and similarities in the physical characteristics and end uses between hot melt PSP tape and all other types of PSP tape, and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PRODUCERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. producers compare the ability to substitute hot melt tape and all other types of PSP tape in the same application, and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PRODUCERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. producers compare whether hot melt PSP tape and all other types of PSP tape are manufactured in the same facilities, from the same inputs, on the same machinery and equipment, and using the same employees, and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PRODUCERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. producers compare the channels of distribution/market situation through which hot melt PSP tape and all other types of PSP tape are sold (i.e. sold direct to end users, through distributors, etc.), and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PRODUCERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. producers compare the perceptions as to the differences and/or similarities in hot melt PSP tape and all other types of PSP tape in the market (e.g. sales/marketing practices), and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PRODUCERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. producers compare whether prices are comparable or differ between hot melt PSP tape and all other types of PSP tape, and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PURCHASERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. purchasers compare the differences and similarities in the physical characteristics and end uses between hot melt PSP tape and all other types of PSP tape, and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PURCHASERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. purchasers compare the ability to substitute hot melt tape and all other types of PSP tape in the same application, and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PURCHASERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. purchasers compare whether hot melt PSP tape and all other types of PSP tape are manufactured in the same facilities, from the same inputs, on the same machinery and equipment, and using the same employees, and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PURCHASERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. purchasers compare the channels of distribution/market situation through which hot melt PSP tape and all other types of PSP tape are sold (i.e. sold direct to end users, through distributors, etc.), and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PURCHASERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. purchasers compare the perceptions as to the differences and/or similarities in hot melt PSP tape and all other types of PSP tape in the market (e.g. sales/marketing practices), and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*

**U.S. PURCHASERS' COMMENTS REGARDING THE COMPARABILITY OF HOT MELT VS. ALL OTHER TYPES OF PSP TAPE**

The Commission requested that U.S. purchasers compare whether prices are comparable or differ between hot melt PSP tape and all other types of PSP tape, and that they provide a narrative discussion for the comparability ratings they provided. Their responses are as follows:

\* \* \* \* \*