

FACT SHEET

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

On March 23, 2006, the Department of Commerce (Department) announced its final determination in the antidumping duty investigation of certain artist canvas from the People's Republic of China (PRC). We found that Chinese producers/exporters have sold artist canvas in the United States at less than fair value, with margins ranging from 77.90 to 264.09 percent. As a result of this final determination, the Department will instruct U.S. Customs and Border Protection to collect a cash deposit or bond at the rate of the final margins on imports of merchandise subject to this investigation

Adverse Facts Available: The final antidumping margin of 264.09 percent for one of the mandatory respondents, Nigbo Conda Import & Export Co., Ltd. (Ningbo Conda), and its affiliated exporters, is based on total adverse facts available, as it failed to cooperate to the best of its ability in this investigation.

Next Steps: The U.S. International Trade Commission (ITC) is scheduled to issue its final injury determination on or before May 8. Should the ITC make a final affirmative determination that imports from the PRC materially injure, or threaten material injury to, the domestic industry, the Department will issue an antidumping duty order and instruct U.S. Customs and Border Protection to collect cash deposits on imports of subject merchandise. If the ITC makes a negative determination, the investigation will be terminated and no order will be issued.

Petitioners: The petition requesting this investigation was filed on April 1, 2005, by Tara Materials, Inc. (GA).

Mandatory Respondents: The Department selected two mandatory respondents, Ningbo Conda and its affiliated exporters [Conda (Ningbo) Painting Material Manufacturing Co., Ltd. (Conda Painting) and Jinhua Universal Canvas Manufacturing Co., Ltd. (Jinhua Universal)], and Wuxi Phoenix Artist Materials Co., Ltd. (Phoenix Materials) and its affiliated exporter, Wuxi Phoenix Stationary Co. Ltd (Phoenix Stationary), in this investigation.

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

As a result of our analysis of the companies' applications, the Department found that both applicants demonstrated their eligibility for separate-rate status. However, the Department has determined that the merchandise that HFERTS exported to the United States is not of Chinese origin. Therefore, HFERTS does not qualify for a separate rate. Nonetheless, we have determined to provide Jiangsu By-products a separate rate and that rate is 77.90 percent.

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

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

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

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

Additionally, we have determined that canvas bulk rolls woven and primed in India but cut and stretched in the PRC and exported from the PRC are not subject to the investigation covering artist canvas from the PRC.

Final Dumping Margins:

EXPORTER	PRODUCER	MARGIN
Ningbo Conda	Jinhua Universal	264.09
Ningbo Conda	Wuxi Silver Eagle Cultural Goods Co. Ltd.	264.09
Conda Painting	Wuxi Pegasus Cultural Goods Co. Ltd.	264.09
Jinhua Universal	Jinhua Universal	264.09
Phoenix Materials	Phoenix Materials	77.90
Phoenix Materials	Phoenix Stationary	77.90
Phoenix Materials	Shuyang Phoenix	77.90
Phoenix Stationary	Phoenix Materials	77.90
Phoenix Stationary	Phoenix Stationary	77.90
Phoenix Stationary	Shuyang Phoenix	77.90
Jiangsu By-products	Wuxi Yinying Stationery and Sports Products Co. Ltd. Corp.	77.90
Jiangsu By-products	Su Yang Yinying Stationery and Sports Products Co. Ltd. Corp.	77.90
PRC-Wide Rate		264.09

Case Calendar:

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

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

Import Statistics:

	2002	2003	2004	2005
Volume (sq meters)	393,000	629,000	4,547,000	10,113,558
Value (\$US)	1,303,000	2,586,000	6,871,000	11,499,619

Source: U.S. ITC Trade DataWeb for HTS categories 5901.90.20 and 5901.90.40, both of which are basket categories.