



## FACT SHEET

### **Commerce Preliminarily Finds Countervailable Subsidization of Imports of Certain Uncoated Paper from the People's Republic of China and Indonesia**

- On June 23, 2015, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the countervailing duty (CVD) investigations of imports of certain uncoated paper from the People's Republic of China (China) and Indonesia.
- The CVD law provides U.S. business and workers with a transparent and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, countervailable subsidies are financial assistance from foreign governments that benefit the production of goods from foreign companies and are limited to specific enterprises or industries, or are contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce preliminarily determined that producers/exporters in China and Indonesia received countervailable subsidies ranging from 5.82 percent to 126.42 percent and 43.19 percent to 131.12 percent, respectively (the 126.42 percent rate and the 131.12 percent rate are based upon adverse facts available).
- In the China investigation, Commerce preliminarily determined that mandatory respondent Asia Symbol (Guangdong) Paper Co., Ltd. received a subsidy rate of 5.82 percent. The other mandatory respondents, Sun Paper (Hong Kong) Co., Ltd. (Sun Paper), and UPM Changshu (UPM) withdrew from the investigation. As a result, Sun Paper and UPM received subsidy rates of 126.42 percent based on facts available and adverse inferences following Commerce's preliminary determination that the companies had not fully cooperated in the investigation. All other producers/exporters in China have been assigned a preliminary subsidy rate of 5.82 percent.
- In the Indonesia investigation, Commerce preliminarily determined that mandatory respondent APRIL Fine Paper Macao Commercial Offshore Limited and its cross-owned affiliates (PT Anugrah Kertas Utama, PT Riau Andalan Kertas, PT Intiguna Primatama, PT Riau Andalan Pulp & Paper, and Esensindo Cipta Cemerlang) received a subsidy rate of 43.19 percent. The other mandatory respondents, Great Champ Trading Limited (Great Champ), Indah Kiat Pulp & Paper Tbk (IK), and Pabrik Kertas Tjiwi Kimia (TK) failed to respond to Commerce's questionnaire. As a result, Great Champ received a subsidy rate of 125.97 percent, and IK, TK, and their cross-owned affiliate PT Pindo Deli Pulp and Paper Mills received a subsidy rate of 131.12 percent, based on facts available and adverse inferences following Commerce's preliminary determination that the companies had not cooperated in the investigation. All other producers/exporters in Indonesia have been assigned a preliminary subsidy rate of 43.19 percent.
- As a result of the preliminary affirmative determinations, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates.

- The petitioners for these investigations are the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) (PA); Domtar Corporation (SC); Finch Paper LLC (NY); Packaging Corporation of America (IL); and P.H. Glatfelter Company (PA).
- The merchandise covered by these investigations includes uncoated paper in sheet form; weighing at least 40 grams per square meter but not more than 150 grams per square meter; that either is a white paper with a GE brightness<sup>1</sup> level of 85 or higher or is a colored paper; whether or not surface-decorated, printed (except as described below), embossed, perforated, or punched; irrespective of the smoothness of the surface; and irrespective of dimensions (Certain Uncoated Paper).

Certain Uncoated Paper includes (a) uncoated free sheet paper that meets this scope definition; (b) uncoated groundwood paper produced from bleached chemi-thermo-mechanical pulp that meets this scope definition; and (c) any other uncoated paper that meets this scope definition regardless of the type of pulp used to produce the paper.

Specifically excluded from the scope are (1) paper printed with final content of printed text or graphics and (2) lined paper products, typically school supplies, composed of paper that incorporates straight horizontal and/or vertical lines that would make the paper unsuitable for copying or printing purposes.

Imports of the subject merchandise are provided for under HTSUS categories 4802.56.1000, 4802.56.2000, 4802.56.3000, 4802.56.4000, 4802.56.6000, 4802.56.7020, 4802.56.7040, 4802.57.1000, 4802.57.2000, 4802.57.3000, and 4802.57.4000. Some imports of subject merchandise may also be classified under 4802.62.1000, 4802.62.2000, 4802.62.3000, 4802.62.5000, 4802.62.6020, 4802.62.6040, 4802.69.1000, 4802.69.2000, 4802.69.3000, 4811.90.8050 and 4811.90.9080. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigations is dispositive.

- In 2014, imports of uncoated paper from China and Indonesia were valued at an estimated \$54.1 million and \$200 million, respectively.

## NEXT STEPS

- Commerce has aligned the CVD investigations with the concurrent antidumping duty investigations of certain uncoated paper from China and Indonesia, and is scheduled to announce its final determinations on or about November 3, 2015, unless the statutory deadline is extended.
- If Commerce makes affirmative final CVD determinations, and the U.S. International Trade Commission (ITC) makes affirmative final determinations that imports of certain uncoated paper from China and/or Indonesia materially injure, or threaten material injury to, the domestic industry, Commerce will issue CVD orders. If either Commerce's or the ITC's final determinations are

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<sup>1</sup> One of the key measurements of any grade of paper is brightness. Generally speaking, the brighter the paper the better the contrast between the paper and the ink. Brightness is measured using a GE Reflectance Scale, which measures the reflection of light off a grade of paper. One is the lowest reflection, or what would be given to a totally black grade, and 100 is the brightest measured grade. "Colored paper" as used in this scope definition means a paper with a hue other than white that reflects one of the primary colors of magenta, yellow, and cyan (red, yellow, and blue) or a combination of such primary colors.

negative, no CVD orders will be issued. The ITC is currently scheduled to make its final injury determinations in December 2015.

**PRELIMINARY SUBSIDY RATES:**

<b>COUNTRY</b>	<b>EXPORTER/PRODUCER</b>	<b>SUBSIDY RATES</b>
<b>China</b>	<b>Asia Symbol (Guangdong) Omya Minerals Co., Ltd. (AS Omya), Asia Symbol (Shandong) Pulp &amp; Paper Co., and Greenpoint Global Trading (Macao Commercial Offshore) Limited (Greenpoint) (collectively, the Asia Symbol Companies)</b>	<b>5.82%</b>
	<b>Sun Paper (Hong Kong) Co., Ltd. (Sun Paper HK) and Shandong Sun Paper Industry Joint Stock Co., Ltd. (Shandong Sun Paper) (collectively Sun Paper)</b>	<b>126.42%**</b>
	<b>UPM Changshu</b>	<b>126.42%**</b>
	<b>China-Wide Rate</b>	<b>5.82%</b>

\*\* Based on adverse facts available due to the company's failure to participate in the investigation.

<b>COUNTRY</b>	<b>EXPORTER/PRODUCER</b>	<b>SUBSIDY RATES</b>
<b>Indonesia</b>	<b>APRIL Fine Paper Macao Commercial Offshore Limited, PT Anugrah Kertas Utama, PT Riau Andalan Kertas, PT Intiguna Primatama, PT Riau Andalan Pulp &amp; Paper, Esensindo Cipta Cemerlang</b>	<b>43.19%</b>
	<b>Great Champ Trading Limited</b>	<b>125.97%**</b>
	<b>Indah Kiat Pulp &amp; Paper Tbk, Pabrik Kertas Tjiwi Kimia, PT Pindo Deli Pulp and Paper Mills</b>	<b>131.12%**</b>
	<b>All Others</b>	<b>43.19%</b>

\*\* Based on adverse facts available due to the company's failure to participate in the investigation.

## CASE CALENDAR:

EVENT	DATE
Petitions Filed	January 21, 2015
DOC Initiation Date	February 10, 2015
ITC Preliminary Determination	March 9, 2015
DOC Preliminary Determination	June 22, 2015
DOC Final Determination	November 2, 2015
ITC Final Determination*	December 17, 2015
Issuance of Order**	December 24, 2015

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended. These deadlines may be extended under certain circumstances.

\*This will take place only in the event of final affirmative determinations by Commerce.

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

## IMPORT STATISTICS:

CHINA	2012	2013	2014
Volume (metric tons)	23,600	37,000	62,400
Value (USD)	22,140,000	32,035,000	54,081,000
INDONESIA	2012	2013	2014
Volume (metric tons)	105,600	116,200	230,600
Value (USD)	99,457,000	104,103,000	200,321,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 4802.56.1000, 4802.56.2000, 4802.56.3000, 4802.56.4000, 4802.56.6000, 4802.56.7020, 4802.56.7040, 4802.57.1000, 4802.57.2000, 4802.57.3000, and 4802.57.4000.) Imports of certain uncoated paper may also enter under HTSUS subheadings 4802.62.1000, 4802.62.2000, 4802.56.3000, 4802.56.4000, 4802.56.6000, 4802.56.7020, 4802.56.7040, 4802.57.1000, 4802.57.2000, 4811.90.8050 and 4811.90.9080. However, these HTSUS subheadings may cover significant amounts of non-subject merchandise. Therefore, these HTSUS subheadings have not been used for purposes of reporting import statistics.