



FACT SHEET

Commerce Finds Countervailable Subsidization of Imports of Supercalendered Paper from Canada

- On October 14, 2015, the Department of Commerce (Commerce) announced its affirmative final determination in the countervailing duty (CVD) investigation of imports of supercalendered paper from Canada.
- 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 determined that imports of supercalendered paper from Canada have received countervailable subsidies ranging from 17.87 percent to 20.18 percent.
- In the CVD investigation, mandatory respondents Port Hawkesbury Paper LP and Resolute FP Canada Inc. received final subsidy rates of 20.18 percent and 17.87 percent (based on adverse facts available), respectively. All other producers/exporters in Canada have been assigned a final subsidy rate of 18.85 percent.
- The rate for Resolute FP Canada Inc., was based, in part, on the application of adverse facts available, because Commerce found that this company did not fully cooperate with the investigation.
- As a result of the affirmative final CVD determination, Commerce will order the continuation of the suspension of liquidation and require a cash deposit for CVD duties equal to the final subsidy rates for the mandatory respondents and all other producers and exporters not selected for investigation. If the U.S. International Trade Commission (ITC) issues a negative injury determination, the investigations will be terminated and no producers or exporters will be subject to future cash deposits for CVD duties. In such an event, all cash deposits already collected will be refunded.
- The petitioner for this investigation is The Coalition for Fair Paper Imports, which is an ad hoc association of U.S. manufacturers of supercalendered paper consisting of Madison Paper Industries (ME) and Verso Corporation (OH).
- The petition is also supported by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, which represents workers at Madison Paper Industries mill in Madison, Maine.

- The merchandise covered by this investigation is supercalendered paper (SC paper). SC paper is uncoated paper that has undergone a calendering process in which the base sheet, made of pulp and filler (typically, but not limited to, clay, talc, or other mineral additive), is processed through a set of supercalenders, a supercalender, or a soft nip calender operation.¹
- The scope of this investigation covers all SC paper regardless of basis weight, brightness, opacity, smoothness, or grade, and whether in rolls or in sheets. Further, the scope covers all SC paper that meets the scope definition regardless of the type of pulp fiber or filler material used to produce the paper.
- Specifically excluded from the scope are imports of paper printed with final content of printed text or graphics.
- Subject imports primarily enter under Harmonized Tariff Schedule of the United States (HTSUS) subheading 4802.61.3035. Subject imports could also enter under subheadings 4802.61.3010, 4802.62.3000, 4802.62.6020, and 4802.69.3000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.
- In 2014, imports of supercalendered paper from Canada were valued at an estimated \$868.4 million.

NEXT STEPS

- The ITC is scheduled to make its final injury determination on or about December 4, 2015.
- If the ITC makes an affirmative final determination that imports of supercalendered paper from Canada materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If the ITC makes a negative determination of injury, the investigation will be terminated.

FINAL SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
Canada	Port Hawkesbury Paper LP	20.18%
	Resolute FP Canada Inc.	17.87%*
	All Others	18.85%

* Rate based on adverse facts available.

¹ Supercalendering and soft nip calendering processing, in conjunction with the mineral filler contained in the base paper, are performed to enhance the surface characteristics of the paper by imparting a smooth and glossy printing surface. Supercalendering and soft nip calendering also increase the density of the base paper.

CASE CALENDAR:

EVENT	DATE
Petition Filed	February 26, 2015
DOC Initiation Date	March 18, 2015
ITC Preliminary Determination	April 13, 2015†
DOC Preliminary Determination	July 27, 2015
DOC Final Determination	October 13, 2015†
ITC Final Determination (estimated)	December 4, 2015
Issuance of Order	November 30, 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.

†Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

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

IMPORT STATISTICS:

CANADA	2012	2013	2014
Volume (metric tons)	1,486,000	1,656,000	1,099,000
Value (USD)	1,197,795,000	1,316,713,000	868,424,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 4802.61.3035 and 4802.61.3090). Prior to July 2014, imports of supercalendered paper were entered under HTSUS 4802.61.3090, which is a basket category covering both subject and non-subject merchandise. Imports of supercalendered paper may also enter under HTSUS 4802.61.3010, 4802.62.3000, 4802.62.6020, and 4802.69.3000. 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.