



FACT SHEET

Commerce Initiates Countervailing Duty Investigation of Imports of Supercalendered Paper from Canada

- On March 19, 2015, the Department of Commerce (Commerce) announced the initiation of a countervailing duty (CVD) investigation of imports of supercalendered paper from Canada.
- The CVD law provides U.S. businesses and workers with a transparent and internationally accepted mechanism to seek relief from the market-distorting effects caused by unfair 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 upon export performance or upon the use of domestic goods over imported goods.
- 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 uncoated 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

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.

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 U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determination on or before April 13, 2015.
- If the ITC determines that there is a reasonable indication that imports of supercalendered paper from Canada materially injures, or threatens material injury to, the domestic industry, the investigation will continue and Commerce will be scheduled to make its preliminary CVD determination in May 2015, unless the statutory deadline is extended. If the ITC's preliminary determination is negative, the investigation will be terminated.

ESTIMATED SUBSIDY RATE:

COUNTRY	SUBSIDY RATE
Canada	Above <i>de minimis</i> *

* *de minimis* = less than 1% for developed countries, less than 2% for developing countries.

CASE CALENDAR:

EVENT	DATE
Petition Filed	February 26, 2015
DOC Initiation Date	March 18, 2015
ITC Preliminary Determination*	April 13, 2015†
DOC Preliminary Determination	May 22, 2015
DOC Final Determination	August 5, 2015
ITC Final Determination**	September 21, 2015†
Issuance of Order***	September 28, 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.

* If the ITC makes a negative preliminary determination of injury, the investigation is terminated.

**This will take place only in the event of a final affirmative determination from Commerce.

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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.