



## FACT SHEET

### **Commerce Preliminarily Finds Countervailable Subsidization of Imports of Supercalendered Paper from Canada**

- On July 28, 2015, the Department of Commerce (Commerce) announced its affirmative preliminary 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 calculated preliminary subsidy rates of 20.33 percent for mandatory respondent Port Hawkesbury Paper LP and 2.04 percent for mandatory respondent Resolute FP Canada Inc. All other producers/exporters in Canada have been assigned a preliminary subsidy rate of 11.19 percent.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates.
- 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.<sup>1</sup>
- 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.

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<sup>1</sup> 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.

- 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**

- Commerce is scheduled to announce its final determination in this investigation on or about October 14, 2015. This deadline cannot be extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (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 either Commerce or the ITC final determinations are negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

#### **PRELIMINARY SUBSIDY RATES:**

| <b>COUNTRY</b> | <b>EXPORTER/PRODUCER</b>        | <b>SUBSIDY RATES</b> |
|----------------|---------------------------------|----------------------|
| <b>Canada</b>  | <b>Port Hawkesbury Paper LP</b> | <b>20.33%</b>        |
|                | <b>Resolute FP Canada Inc.</b>  | <b>2.04%</b>         |
|                | <b>All Others</b>               | <b>11.19%</b>        |

## 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       | November 23, 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 a final affirmative determination from Commerce.

\*\*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.