

Printing Industries of America
601 13th Street, NW, Suite 360 North
Washington, D.C. 20005

January 16, 2007

Ms. Susan H. Kuhblach
Senior Office Director for Import Administration
U.S. Department of Commerce
Central Records Unit, Room 1870
Constitution Avenue and 14th Street, N.W.
Washington, DC 20230

Re: Application of the Countervailing Duty Law to Imports from the People's
Republic of China: Request for Comment

Dear Ms. Kuhblach:

The Printing Industries of America (PIA) respectfully submits these comments on behalf of the U.S. printing industry in response to the notice published on December 15, 2006 in the ***Federal Register*** by the U.S. Department of Commerce (the "Department"), which requests public comments on the applicability of the countervailing duty (CVD) law to imports from the People's Republic of China (PRC). In a related antidumping investigation of Coated Free Sheet Paper From China, Korea, and Indonesia (Inv. Nos. 701-TA-444-446 and 731-TA-1107-1109 (Preliminary)), PIA submitted comments to reflect our opposition to the petitioner's case and to express support for the respondents' case.

PIA, as a trade association representing a domestic industry that is the primary consumer of paper in the United States, appreciates the opportunity to provide comments to the Department on CVD law. The U.S. printing industry is composed of approximately 40,000 plants employing 1.1 million workers and producing approximately \$170 billion of output per year. The industry is primarily domestic, with exports exceeding imports on an annual basis. Printing industry shipments are growing approximately two to three percent per year.

PIA is supportive of the Department's long-standing rule to apply the CVD law only to "market economy" countries and not to "non-market economy" (NME) countries, such as China. In particular, PIA urges the Department to uphold this policy, supported by U.S. Courts, and terminate the CVD investigation on imports of coated free sheet paper from the PRC. Because the Department has never applied CVDs to NME imports, its application of the CVD law to such imports, made without warning or any indication of the methodology to be applied, would be an unknown quantity creating uncertainty in the paper market, possibly resulting in supply shortages and price increases in the market, ultimately having a negative impact on the printing industry.

Paper is a major component of printing industry production. On average, approximately 22 percent of industry revenues are devoted to paper purchases. Many plants devote 30 to 40 percent of company revenues to the purchase of paper. Any shortage of or disruption to paper supplies, including such shortages or disruptions brought about by the federal

government imposing unknown CVDs upon Chinese imports, may have a serious negative impact on the vital U.S. printing industry.

PIA discourages any government action that would create uncertainty in the paper market that could in turn contribute to a shortage of or disruption to paper supplies necessary to the American printing industry producing at its maximum capacity. As respondents in the coated free sheet paper case pointed out in their post-conference brief to the ITC, the petitioner has at least twice placed U.S. paper distributors on supply allocation in the last two years. The proposed application of CVDs to Chinese imports will create uncertainty in the market, ultimately increasing paper costs and supply shortages, and negatively impact the primary consumer of paper – the U.S. printing industry. For these reasons, PIA urges the Department to terminate the countervailing duty investigation on imports of coated free sheet paper from China.

Again, on behalf of PIA and its members, I appreciate the opportunity to provide industry comments to the U.S. Department of Commerce. Please do not hesitate to contact me at (202) 730-7970 with any questions or comments. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Lisbeth Lyons".

Lisbeth Lyons

Vice President Government Affairs, PIA/GATF

