



## FACT SHEET

### **Commerce Finds Dumping and Subsidization of Imports of Uncoated Groundwood Paper from Canada**

- On August 2, 2018, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of uncoated groundwood paper from Canada.
- The AD and CVD laws provide U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market-distorting effects caused by injurious dumping and subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of an AD investigation, dumping occurs when a foreign company sells a product in the United States at less than its fair value. For the purpose of a CVD investigation, a countervailable subsidy is financial assistance from foreign governments that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce calculated a dumping rate of 16.88 percent for Catalyst, and dumping rates of 0.00 percent for Resolute and White Birch Paper. Based on the rates calculated for Resolute and White Birch Paper, Commerce determined a dumping rate of 0.00 percent for all other producers and exporters of uncoated groundwood paper from Canada.
- Commerce calculated a subsidy rate of 3.38 percent for Catalyst, 9.53 percent for Kruger, 9.81 percent for Resolute and 0.82 percent for White Birch Paper. Commerce determined a subsidy rate of 8.54 percent for all other producers and exporters of uncoated groundwood paper from Canada.
- Upon publication of the final affirmative AD determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect AD cash deposits equal to the applicable final weighted-average dumping rates. Further, as a result of the affirmative final CVD determination, if the U.S. International Trade Commission (ITC) makes an affirmative injury determination, Commerce will instruct CBP to resume collection of CVD cash deposits equal to the applicable subsidy rates. Because we calculated zero dumping margins for Resolute and White Birch Paper, and a *de minimis* subsidy rate for White Birch Paper, these companies will be excluded from the order(s).
- The petitioner is North Pacific Paper Company (WA).
- The merchandise covered by these investigations is certain paper that has not been coated on either side and with 50 percent or more of the cellulose fiber content consisting of groundwood pulp, including groundwood pulp made from recycled paper, weighing not more than 90 grams per square meter. Groundwood pulp includes all forms of pulp produced from a mechanical pulping process, such as thermo-mechanical process (TMP), chemi-thermo mechanical process (CTMP), bleached chemi-thermo mechanical process (BCTMP) or any other mechanical pulping process. The scope includes paper shipped in any form, including but not limited to both rolls and sheets.

Certain uncoated groundwood paper includes but is not limited to standard newsprint, high bright newsprint, book publishing, and printing and writing papers. The scope includes paper that is white, off-white, cream, or colored.

Specifically excluded from the scope are imports of certain uncoated groundwood paper printed with final content of printed text or graphic. Also excluded are papers that otherwise meet this definition, but which have undergone: 1) a supercalendering process;<sup>1</sup> or 2) a creping process over the entire surface area of the paper. Also excluded are: 1) uncoated groundwood construction paper and uncoated groundwood manila drawing paper in sheet or roll format; and 2) uncoated groundwood directory paper.

- Certain uncoated groundwood paper is classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) in several subheadings, including 4801.00.0120, 4801.00.0140, 4802.61.1000, 4802.61.2000, 4802.61.3110, 4802.61.3191, 4802.61.6040, 4802.62.1000, 4802.62.2000, 4802.62.3000, 4802.62.6140, 4802.69.1000, 4802.69.2000, and 4802.69.3000. Subject merchandise may also be imported under several additional subheadings including 4805.91.5000, 4805.91.7000, and 4805.91.9000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.
- In 2017, imports of uncoated groundwood paper from Canada were valued at an estimated \$1.21 billion.
- The Final Decision Memoranda are on file electronically via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. Please refer to case number A-122-062 for the AD investigation and C-122-862 for the CVD investigation.

## NEXT STEPS

- The ITC is scheduled to make its final determinations on or about September 17, 2018.
- If the ITC makes affirmative final determinations that imports of uncoated groundwood paper from Canada materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the ITC makes negative determinations of injury, the investigations will be terminated.

## FINAL DUMPING MARGINS:

COUNTRY	EXPORTER/PRODUCER	DUMPING RATE
Canada	Catalyst	16.88%
	Resolute	0.00%
	White Birch Paper	0.00%
	All Others	0.00%

<sup>1</sup> Supercalendering imparts a glossy finish produced by the movement of the paper web through a supercalender which is a stack of alternating rollers of metal and cotton (or other softer material). The supercalender runs at high speed and applies pressure, heat, and friction which glazes the surface of the paper, imparting gloss to the surface and increasing the paper’s smoothness and density.

**FINAL SUBSIDY RATES:**

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATE
Canada	Catalyst	3.38%
	Kruger	9.53%
	Resolute	9.81%
	White Birch Paper	0.82% ( <i>de minimis</i> )
	All Others	8.54%

**CASE CALENDAR:**

EVENT	CVD	AD
Petitions Filed	August 9, 2017	August 9, 2017
DOC Initiation Date	August 29, 2017	August 29, 2017
ITC Preliminary Determinations	September 23, 2017	September 23, 2017
DOC Preliminary Determinations <sup>^</sup>	January 8, 2018	March 12, 2018
DOC Final Determinations	August 1, 2018	August 1, 2018
ITC Final Determinations	September 17, 2018	September 17, 2018
Issuance of Orders*	September 24, 2018	September 24, 2018

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For AD investigations, the deadlines are set forth in sections 733(b) and 735(a)(1) of the Tariff Act of 1930, as amended (the Act). For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a) of the Act. These deadlines may be extended under certain circumstances.

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

<sup>^</sup> As explained in the Memorandum for the Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government" (January 23, 2018), Commerce has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from January 20, through January 22, 2018. Therefore, the date of the preliminary determination in the AD investigation has been tolled by 3 days and all other deadlines have been adjusted accordingly.

**IMPORT STATISTICS:**

CANADA	2015	2016	2017
Volume (metric tons)	2,518,015	2,311,443	2,213,698
Value (USD)	1,464,570,945	1,273,140,396	1,212,154,477

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 4801.00.0020, 4801.00.0040, 4801.00.0120, 4801.00.0140, 4802.61.1000, 4802.61.2000, 4802.61.3010, 4802.61.3091, 4802.61.3110, 4802.61.3191, 4802.61.6040, 4802.62.1000, 4802.62.2000, 4802.62.3000, 4802.62.6140, 4802.69.1000, 4802.69.2000, and 4802.69.3000). Imports of uncoated groundwood paper may also enter under HTSUS subheadings 4805.91.5000, 4805.91.7000, and 4805.91.9000. These HTSUS subheadings are basket categories and cover a significant amount of non-subject merchandise; therefore these HTSUS subheadings have been excluded for purposes of reporting the above import statistics.