



## FACT SHEET

### Commerce Preliminarily Finds Countervailable Subsidization of Imports of Uncoated Groundwood Paper from Canada

- On January 9, 2018, the Department of Commerce (Commerce) announced the preliminary results of the countervailing duty (CVD) investigation of imports of uncoated groundwood paper from Canada.
- The CVD law provides U.S. businesses and workers with a transparent, quasi-judicial, 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, a countervailable subsidy is financial assistance from a foreign government 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 has calculated a preliminary subsidy rate of 6.09 percent for mandatory respondent Catalyst Paper Corporation (Catalyst), 9.93 percent for mandatory respondent Kruger Trois-Rivieres L.P. (Kruger), 4.42 percent for mandatory respondent Resolute FP Canada Inc. (Resolute) and 0.65 percent for voluntary respondent White Birch Paper Canada Company NSULC (White Birch). All other producers/exporters in Canada have been assigned a preliminary subsidy rate of 6.53 percent.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates.
- The petitioner is North Pacific Paper Company (WA).
- The merchandise covered by this investigation 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, directory, 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 a supercalendering process.<sup>1</sup>

- 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.<sup>2</sup> Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.
- In 2016, imports of uncoated groundwood paper from Canada were valued at an estimated \$1.27 billion.

#### **NEXT STEPS**

- Commerce is scheduled to announce its final determination in the CVD investigation on or about May 23 2018, unless the statutory deadline is extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of uncoated groundwood paper from Canada materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce's or the ITC's final determination is 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.

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<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.

<sup>2</sup> The following HTSUS numbers are no longer active as of January 1, 2017: 4801.00.0020, 4801.00.0040, 4802.61.3010, 4802.61.3091, and 4802.62.6040.

## PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATE
Canada	Catalyst Paper Corporation <sup>3</sup>	6.09%
	Kruger Trois-Rivieres L.P. <sup>4</sup>	9.93%
	Resolute FP Canada Inc. <sup>5</sup>	4.42%
	White Birch Paper Canada Company NSULC <sup>6</sup>	0.65% ( <i>de minimis</i> )
	All Others	6.53%

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<sup>3</sup> Commerce has found the following companies to be cross-owned with Catalyst Paper Corporation: Catalyst Paper, Catalyst Pulp Operations Limited, and Catalyst Pulp and Paper Sales Inc.

<sup>4</sup> Commerce has found the following companies to be cross-owned with Kruger Trois-Rivieres L.P.: Kruger Publication Papers Inc., Corner Brook Pulp and Paper Limited, Kruger Energy Bromptonville LP, Kruger Holdings L.P., Kruger Holdings GP Inc., and Kruger Inc.

<sup>5</sup> Commerce has found the following companies to be cross-owned with Resolute FP Canada Inc.: Resolute FP Canada, Fibrek General Partnership (Fibrek), and Resolute Growth.

<sup>6</sup> Commerce has found the following companies to be cross-owned with White Birch Paper Canada Company NSULC: Papier Masson WB (White Birch) LP, FF Soucy WB LP, and Stadacona WB LP.

## CASE CALENDAR:

EVENT	CVD INVESTIGATION
<b>Petition Filed</b>	<b>August 9, 2017</b>
<b>DOC Initiation Date</b>	<b>August 29, 2017</b>
<b>ITC Preliminary Determination</b>	<b>September 23, 2017</b>
<b>DOC Preliminary Determination</b>	<b>January 8, 2018</b>
<b>DOC Final Determination*</b>	<b>May 22, 2018</b>
<b>ITC Final Determination**</b>	<b>July 6, 2018</b>
<b>Issuance of Order***</b>	<b>July 13, 2018</b>

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 (the Act). These deadlines may be extended under certain circumstances.

\*This deadline may be extended under the governing statute.

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

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

## IMPORT STATISTICS:

CANADA	2014	2015	2016
Volume (metric tons)	2,760,523	2,518,015	2,312,891
Value (USD)	1,726,936,757	1,464,570,945	1,274,153,613

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.