

# **Executive Summary**

of the

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**Request for Expiry Review  
and Article 18 of Regulation 597/2009  
concerning the anti-subsidy duties  
on imports of Coated Fine Paper from China**

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submitted by Fieldfisher on behalf of the EU CFP Industry

## 1. The product concerned and the like product

The product concerned by the Request is the same as that covered by Regulations 451/2011<sup>1</sup> and 542/2011<sup>2</sup>, imposing the initial anti-dumping (AD) and anti-subsidy (AS) measures, namely paper or paperboard coated on one or both sides (excluding kraft paper or kraft paperboard), in either sheets or rolls, and with a weight of 70 g/m<sup>2</sup> or more but not exceeding 400 g/m<sup>2</sup> and brightness of more than 84 (measured according to ISO 2470-1), originating in China.<sup>3</sup>

CFP is high quality paper and paperboard generally used for the printing of reading material such as magazines, catalogues, annual reports and yearbooks. The product concerned includes both sheets and rolls suitable for use in sheet-fed (cut star) printing machines. Rolls suitable for use in sheet-fed presses (cutter rolls) are designed to be cut into pieces before printing, and are thus considered to be substitutable and directly competitive with sheets.<sup>4</sup> The Request does not concern rolls suitable for use in web-fed presses.

CFP is classified primarily under CN code 4810 1900 as well as 4810 1300, 4810 1400.<sup>5</sup> The product concerned is subject to a 0% customs duty.

According to Eurostat, over 90% of the imports are declared under CN code 4810 1900. CN code 4810 1300 is reserved for rolls and CN code 48101400 for paper sheets of up to A3 size. These formats do not represent the usual selling formats of Chinese CFP, which are sheets exceeding A3 format (and cutter rolls). Therefore, for the purpose of showing import trends, and the dumping and undercutting and underselling calculations, reference is made only to CN code 4810 1900.

Based on the description of heading 4810 of the Combined Nomenclature, imports reported under CN code 4810 1900 might also include product other than the product concerned, e.g. one-side coated label paper. The Applicants lack however the information needed to make a breakdown of imports under that code. Considering that the overall import volumes are rather small and close to 1%, the dumping calculations are based on Chinese export data to the EU as well as Chinese export data to third countries. Likewise, in the injury assessment, consideration is given to the fact the Chinese imports of the product concerned might be

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<sup>1</sup> Council Implementing Regulation (EU) No 451/2011 of 6 May 2011 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of coated fine paper originating in the People's Republic of China, OJ 2011 L 128/1.

<sup>2</sup> Council Implementing Regulation (EU) No 452/2011 of 6 May 2011 imposing a definitive anti-subsidy duty on imports of coated fine paper originating in the People's Republic of China, OJ 2011 L 128/18.

<sup>3</sup> See also Commission Regulation (EU) No 1042/2010 of 16 November 2010 imposing a provisional anti-dumping duty on imports of coated fine paper originating in the People's Republic of China, OJ 2010 L 229/7, recital 14.

<sup>4</sup> See Commission Regulation (EU) No 1042/2010 of 16 November 2010 imposing a provisional anti-dumping duty on imports of coated fine paper originating in the People's Republic of China, OJ 2010 L 229/7, recital 15.

<sup>5</sup> Furthermore, CFP has also been classified under CN codes 4810 2200, ex 4810 2930, ex 4810 2980, ex 4810 9910, and ex 4810 9980. It is important to maintain the measures under all CN codes to avoid circumvention. The applicable TARIC codes are 4810 1300 20, 4810 1400 20, 4810 1900 20, 4810 2200 20, 4810 2930 20, 4810 2980 20, 4810 9910 20, and 4810 9980 20.

below the import volumes reported by Eurostat. Concerning prices, and taking a conservative approach, the Applicants consider that the CIF prices reported by Eurostat are representative for the product concerned (in particular as prices for other products such as label paper are higher than those of CFP).

CFP from China and the like product sold by the EU producers on the EU market have the same basic physical and technical characteristics, the same production processes and the same basic uses. There are no differences between the product concerned, the like product and the analogue country product. As in the initial EU investigation of CFP imports from China<sup>6</sup>, EU CFP should therefore be considered to be a like product with the product concerned within the meaning of Article 1(4) of the Basic AD Regulation.

## 2. Executive summary

The Request is brought by five EU CFP producers, Arctic Paper Grycksbo AB, Burgo Group Spa, Fedrigoni SPA, Lecta Group and Sappi Europe SA (Applicants), on behalf of the EU industry.

The Applicants request that the European Commission (Commission) initiate parallel expiry reviews pursuant to Articles 11(2) and 18 of the Basic AD Regulation<sup>7</sup> and the Basic AS Regulation<sup>8</sup> concerning imports of CFP from China with a view to extending the existing AD and AS measures for a five year period.

Following the initial parallel AD and AS investigations AD 552 and AS 557, Regulations 451/2011 and 542/2011 imposed in May 2011 country-wide AD duties of up to 27.1% and AS duties of up to 12% on imports of CFP from China. This led to a decrease of the dumped and subsidised imports of Chinese CFP from an approximately 4% market share in the initial investigation period to approximately 0.5% in 2012.

Although the overall EU market share of Chinese CFP was still low (around 1%) in the review investigation period (RP), the EU market remains attractive for Chinese CFP producers. Indeed in 2015, consumption in the EU of CFP was approximately 3.5 million MT and the EU is one of the largest markets in the world for CFP, besides China and North America.

The Request analysed the development of the EU industry during the calendar years 2012 to 2014 and the RP ("period under consideration"). The continuation and/or recurrence of subsidisation and undercutting and underselling were assessed for the RP (2014 Q4 to 2015 Q3). The Request has found that subsidisation and injury are likely to continue/recur should the measures be allowed to lapse.

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<sup>6</sup> See Regulation 1042/2010, recital 27 and Regulation 452/2001, recital 50.

<sup>7</sup> Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community, OJ 2009 L343/51.

<sup>8</sup> Council Regulation (EC) No 597/2009 of 11 June 2009 on protection against subsidised imports from countries not members of the European Community, OJ 2009 L188/93.

## 2.1. Likelihood of continuation/recurrence of Subsidisation

The Request shows that during the period under consideration, the Chinese CFP industry received (direct and indirect) contributions from national, regional and local governments in the form of:

- direct transfers of funds (within the meaning of Article 3(1)(a)(i) of the Basic AS Regulation), such as preferential loans by state-owned banks, export credit subsidies and other grants;
- government revenue forgone or not collected (within the meaning of Article 3(1)(a)(ii) of the Basic AS Regulation), such as tax offsets and reductions, and VAT exemptions and rebates;
- the provision of goods and services at less than adequate remuneration ("LTAR") (within the meaning of Article 3(1)(a)(iii) of the Basic AS Regulation); such as the LTAR provision of land, and raw materials; and
- payments to a funding mechanism or the entrusting or directing of a private body to carry out one or more of the above functions (within the meaning of Article 3(1)(a)(iv) of the Basic AS Regulation).

## 2.2. Likelihood of recurrence of Injury

The measures had a positive effect on the EU market and helped remedy the EU industry's injury. Also, the restoration of a level playing field allowed the EU industry the space to adjust to the changing market circumstances. CFP consumption has been declining in recent years due to a movement towards paperless communication and information storage. The EU industry would likely not have been able to undergo the necessary adjustments without measures keeping unfairly undercutting dumped and subsidised Chinese CFP out of the EU market.

Chinese CFP producers, such as the APP Group<sup>9</sup> and the Chenming Group<sup>10</sup>, have structural CFP production capacities of approximately 3.1 million MT (as compared to 2.2 million MT of Chinese demand) and are expected to continue to increase capacity and output until at least 2020, in excess of expected increases in Chinese demand and despite forecasts of declining worldwide demand.

It is therefore reasonable to conclude that Chinese CFP producers will re-increase exports to the EU should the AD and AS duties be allowed to lapse. APP's regional director for Europe essentially confirmed this in an interview with RISI in November 2014. Also, as EU demand is expected to continue to decrease until at least 2020, Chinese CFP producers will need to

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<sup>9</sup> The APP group has the following companies in China: Sinar Mas Paper (China) Investment Co., Ltd., Gold East Paper (Jiangsu) Co., Ltd., Gold Huasheng Paper (SuZhou Industrial Park) Co., Ltd., Ningbo Zhonghua Paper Industry Co., Ltd., Ningbo Asia Pulp & Paper Co., Ltd.

<sup>10</sup> The Chenming Group has the following companies in China: Shandong Chenming Paper Holdings Limited, Shouguang Chenming Art Paper Co. Ltd.

offer extremely low prices to regain EU market share and sell their overproduction. Indeed, the low prices of Chinese CFP exports to third countries unequivocally show that Chinese CFP producers still have ample room to lower their sales prices to the EU.

Therefore, it is evident that if the Commission allows the measures to lapse, high volumes of dumped Chinese CFP will re-enter the EU market at undercutting prices, causing the recurrence of material injury to the EU industry. The AD and AS measures should therefore be extended for an additional five year period.

### 3. Interested Parties

<b>EU CFP Producers</b>
Arctic Paper
Arjowiggins SAS
Burgo Group spa
Fedrigoni
LECTA Group
Papierfabrik Scheufelen GmbH + Co. KG
Sappi Fine Paper Europe
Stora Enso
UPM Paper ENA
<b>Chinese CFP Association</b>
China Paper Association
<b>Chinese CFP Producers</b>
Anqiu Lantian Paper Group Co., Ltd
APP/Sinar Mas HQ Indonesia
Gold East Paper (Jiangsu) Co., Ltd
Gold Huasheng Paper (Suzhou Industrial Park) Co., Ltd
Ningbo Zhonghua Paper Co., Ltd
Ningbo Asia Pulp & Paper Co., Ltd
Baiyun Paper
Chenming Group HQ
China Paper Group
Daewoo Paper Manufacturing Co.
Dujiang Paper Mill
Guangdong Cane Sugar & Paper
Guilin Paper Mill No. 2
Hebei Provincial Paper Industry
Henan Shangqiu Xinhao Paper
Huatai (Shandong Huatai Group) HQ
Hunan Paperboard Mill No.1
Huxian Paper Mill
Jiangmen Paper (Group) Co., Ltd.
Jiangnan Paper Co., Ltd.
Maxleaf Paper
National Paper Co., Ltd.
Oji Paper Jiangsu

Qingcheng Paper Mill
Rizhao Huatai Paper Co., Ltd.
Shandong Binzhou Huanghe Paper Group Co., Ltd.
Shandong Huajin
Shandong Tralin
Shanghai Hua Li Coated Printing Paper Mill
Stora Enso Suzhou Paper
Sun Paper
UPM-Kymmene
Xiangfan General Paper Mill
Xinyatai Paper Co.
Yunfeng Paper Mill
Zhejiang Yalun Corp.
Zhenjiang Dadong Pulp & Paper Co. Ltd.
Weifang Henglian Art Coated Paper Co
<b>Known importers</b>
Cartaria Subalpina
Europapier
Elliot Baxter
PaperlinX * see Spicers
PaperlinX * see Spicers
Procop independent merchant
Spicer Limited
<b>Known Users and User Associations</b>
Propak
Verband druck & medientechnik
Federation belge des industries graphiques (febelgra)
Printing industry union of bulgaria
Grafisk arbejdsgiverforening (g.a.)
Eesti trükitööstuse liit
Graafinen teollisuus ry
Union nationale de l'imprimerie et de la communication (unic)
Bundesverband druck & medien e.v. (bvdm)
Federation of hungarian printers and papermakers (fedprint)
Associazione nazionale italiana industrie grafiche cartotecniche e trasformatrici (assografici)
Latvian printers association
Association des maitres imprimeurs du grand-duche de luxembourg
Malta printing industries association (mpia)
Nho grafisk
Apigraf
Grafiska företagens förbund (gff)
Federacion empresarial de industrias graficas de espana (feigraf)
Schweizerischer verband fur visuelle kommunikation (viscom)
Verband der schweizer druckindustrie (vsd)
Koninklijk verbond van grafische ondernemingen (kvgo)
British printing industries federation (bpif)

Egmont polska sp. Z o. O.
Wolters kluwer s.a.
Nova era sp. Zo.o. – a sanoma company
Intergraf
The polish chamber of printing
Federation of European Publishers (contains information on all 28 national associations. Below some of the larger associations)
The publishers'association
Nederlands uitgeversverbond
Association des editeurs belges
Syndicat national de l'edition
Börsenverein des deutschen buchhandels e.v
Associazione italiana editori

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