

**EXECUTIVE SUMMARY OF A COMPLAINT REGARDING DUMPED IMPORTS
INTO THE EUROPEAN UNION OF CERTAIN HEAVYWEIGHT THERMAL
PAPER ORIGINATING IN THE REPUBLIC OF KOREA**

1. COMPLAINANT

- (1) On 23 August 2019, the European Thermal Paper Association (*ETPA*, the **Complainant**) and its members (the **ETPA Members**) lodged a complaint requesting that the European Commission (**Commission**) urgently open an investigation into dumped imports of heavyweight thermal paper (**HWTP**) originating in the Republic of Korea into the European Union (**EU** or **Union**).
- (2) The ETPA is a trade association representing the European thermal paper manufactures. Its members are:
 - (a) Kanzan Spezialpapiere GmbH
 - (b) Papierfabrik August Koehler SE
 - (c) Mitsubishi HiTec Paper Europe GmbH
 - (d) Jujo Thermal Ltd.
 - (e) Lecta Group / Torraspapel SA
- (3) Each ETPA Member forms part of the Union industry for HWTP within the meaning of Article 4 of the Basic Regulation. The ETPA Members represent at least 75 % of the total Union production of HWTP fulfilling Article 5(4) of the Basic Regulation.

2. PRODUCT DESCRIPTION

- (4) The product concerned is HWTP. HWTP is defined as thermal paper:
 - (a) which is sold on rolls of a width of 20 cm or more, weighing 50 kg or more (including paper) and with a diameter of 40 cm or more (jumbo rolls);
 - (b) with or without base coat on one or both sides;
 - (c) coated with a thermo-sensitive substance (i.e. a mixture of dye and a developer that reacts and forms an image when heat is applied on one or both sides); and
 - (d) with or without top coat.
- (5) Thermal paper, including HWTP, is a specialty paper that has a thermal active coating on one or both sides. The coating used on thermal paper is a mixture of chemicals (dye and developer), which react to form an image when heat is applied. Thermal papers are specifically intended to be used in printers containing thermal printheads.
- (6) Thermal paper is a heterogeneous product, with a broad range of grades, including specialised and custom-made grades. Different grades have different applications. A general distinction can be drawn between thermal paper used for point-of-sale (POS) applications and for non-POS applications. The former category predominantly concerns lightweight thermal paper (**LWTP**). Within the latter category, which predominantly concerns HWTP, there are several possible applications:

- (a) self-adhesive labels (thermal paper with an average weight of typically 74 to 78 g/m² but also ranging down to 68 g/m² and up to 80 g/m²);
 - (b) tickets and tags (usually above 80 g/m²). Within this segment, a further distinction is possible for admission tickets, travel tickets, parking tickets, airline applications such as boarding passes, tags such as fruit tags, and gaming applications. Within the segment above 90 g/m², which represents only a very small share of the total HWTP sales, there are also a significant number of customised products.
- (7) One of the main applications of HWTP is self-adhesive labels, in particular self-adhesive labels for e-commerce packages (weighing between 68 and 78 g/m²).
- (8) Thermal paper, including HWTP, is produced by applying layers of thermal coating to jumbo rolls of high-quality base paper. This process is carried out either by the paper mill, which also produces the base paper (integrated manufacturers) or by a coater, which buys the base paper. The thermal paper is then slit in accordance with the customers' requirements and wrapped for shipping to converters, laminators or printers. The manufacturing process is similar for EU domestic and foreign production.
- (9) The converters, laminators or printers consequently slit the jumbo rolls into smaller rolls of paper or convert them into sheet material suitable for a particular printing process. Sales to these downstream users happen on a Union-wide basis. The Union producers also export HWTP outside the EU. Converters, laminators and printers located in the EU typically sell to end users on an EU-wide basis.
- (10) Customers enjoy flexible market conditions and commercial arrangements with regards to the purchase of HWTP. For some applications, producers have long-term supply agreements with converters, laminators and printers, e.g. for lottery tenders, banks statement tenders, postal tag tenders, larger volumes of self-adhesive materials. Prices under such agreements are normally fixed for a given period (6 to 12 months and, in exceptional cases, even up to 24 months). These long-term arrangements have a delaying effect on the effects of aggressive pricing practices of Korean exporters.
- (11) For other applications with smaller volumes, there are typically no long-term supply agreements between producers and converters, laminators and printers and contracts (as well as prices) are typically fixed for a short period of time only, e.g. on a monthly basis or even per order.
- (12) Although HWTP is commonly understood as—and for the purposes of the complaint defined as—any thermal paper having a basis weight of minimum 66 g/m², the principal grammage range in the EU market is between 68 and 78 g/m².

3. SUMMARY OF COMPLAINT

- (13) This Complaint concerns imports of HWTP originating in the Republic of Korea. The Complainant and the ETPA members consider that HWTP originating in the Republic of Korea is, to the knowledge of the Complainant and its members, mainly exported to the Union by one Korean producer of HWTP, namely Hansol Paper Co., Inc. (**Hansol**).
- (14) The Complaint contends that:
 - Korean HWTP is exported to the Union market at dumped prices.

- Korean HWTP exporters, i.e. Hansol, have started to sell significantly larger quantities of HWTP in the Union since 2017. Prior to 2017, the exporters were only selling very small quantities of HWTP in the Union as they focussed their efforts on LWTP at the time. The Complainant and the ETPA Members estimate that the Union market share of the Korean HWTP exporters has increased by more than 2,000 % from 2016 to 2019.
 - In spite of the growing EU market (at a rate of approximately 5-6%), the Union industry's sales are not increasing commensurately, as a result of which the Union industry's market share has decreased.
 - The volume of exports of HWTP originating in the Republic of Korea is likely further to increase. Hansol has recently opened a new production line, increasing its thermal paper capacity with an additional 100,000 metric tonnes per year. The ETPA Members submit that this capacity is likely to flow into the Union.
 - The Union industry for HWTP shows a dramatic decrease in profitability. Not only are the profitability figures consistently below the expected or target profitability, they are now also below the 6 % minimum non-injurious profit margin, which the Commission must take into account pursuant to Article 7(2c) of the Basic Anti-dumping Regulation.
- (15) There is a clear correlation between the imports from the Republic of Korea to the Union and the deteriorating situation of the Union industry. As a result of these increasing dumped imports, the Union industry has been unable to capture a commensurate share of the growing Union consumption, with a decrease of its market share as a result.
- (16) In addition, Hansol has significantly expanded its production capacity in late 2018. As a result, the injury trends are likely to continue in the future and the effects are also likely further to exacerbate.
- (17) The ETPA has therefore requested that the Commission urgently open an investigation into dumped imports of HWTP originating in the Republic of Korea into Union.