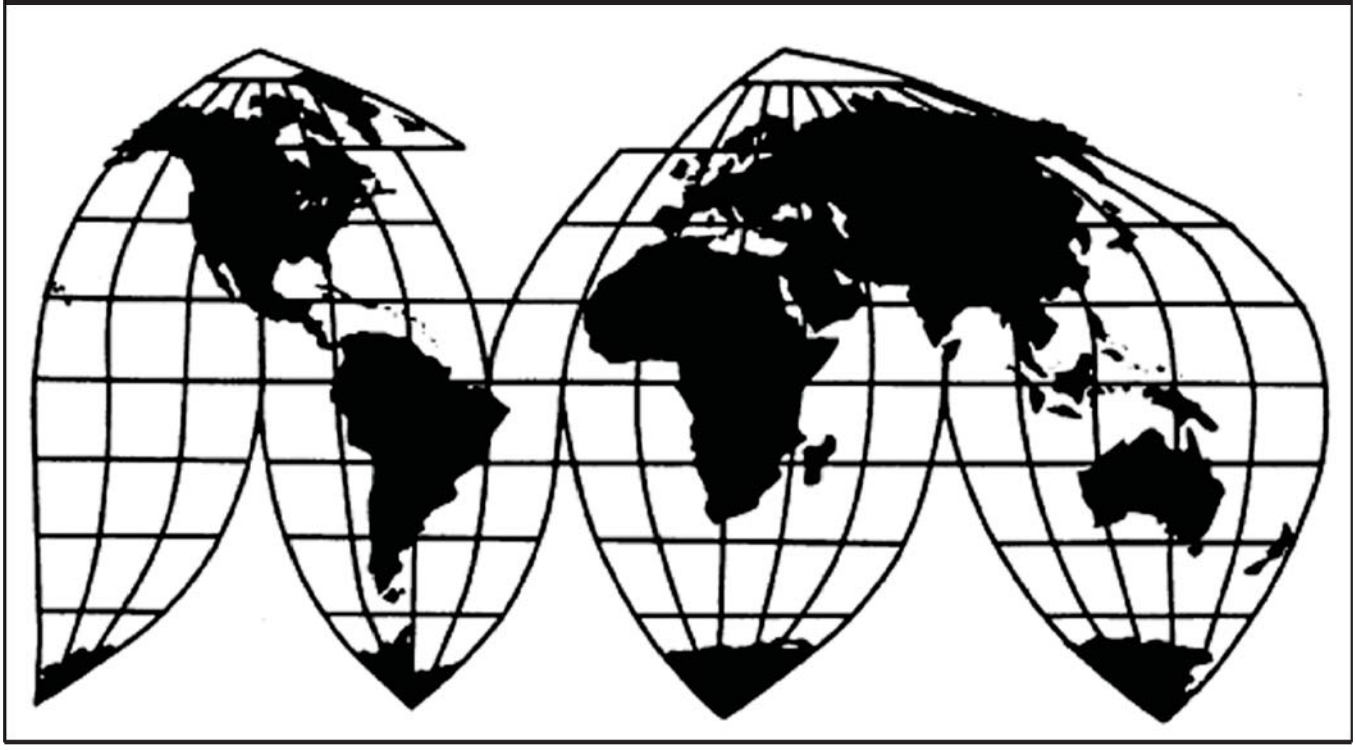
Lightweight Thermal Paper from China and Germany

Investigation Nos. 701-TA-451 and 731-TA-1126-1127 (Review)

Publication 4511 **January 2015**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Meredith M. Broadbent, Chairman
Dean A. Pinkert, Vice Chairman
Irving A. Williamson
David S. Johanson
F. Scott Kieff
Rhonda K. Schmidtlein

Karen Laney
Acting Director of Operations

Staff assigned

Nathanael Comly, Investigator
Alberto Goetzl, Industry Analyst
Amelia Preece, Economist
Mary Klir, Accountant
Craig Thomsen, Statistician
Darlene Smith, Statistical Assistant
Robin Turner, Attorney
James McClure, Supervisory Investigator

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Lightweight Thermal Paper from China and Germany

Investigation Nos. 701-TA-451 and 731-TA-1126-1127 (Review)

Publication 4511

January 2015

CONTENTS

CONTENTS

CONTENTS

CONTENTS

CONTENTS

Appendixes

Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-451 and 731-TA-1126-1127 (Review)

LIGHTWEIGHT THERMAL PAPER FROM CHINA AND GERMANY

DETERMINATION

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission ("Commission") determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the countervailing duty order and antidumping duty order on lightweight thermal paper from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission further determines that revocation of the antidumping duty order on lightweight thermal paper from Germany would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on October 1, 2013 (78 F.R. 60313) and determined on January 23, 2014 that it would conduct full reviews (79 F.R. 6218, February 3, 2014). Notice of the scheduling of the Commission's review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on June 27, 2014 (79 F.R. 36557). The hearing was held in Washington, DC, on October 30, 2014, and all persons who requested the opportunity were permitted to appear in person or by counsel.

[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the antidumping duty and countervailing duty orders on lightweight thermal paper ("LWTP") from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We also determine that revocation of the antidumping duty order on LWTP from Germany would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1]

I. Background

Original Investigations: In November 2008, the Commission determined that an industry in the United States was threatened with material injury by reason of subsidized and less than fair value ("LTFV") imports of LWTP from China and LTFV imports of LWTP from Germany.[2] The Commission's original final determinations in 2008 were based on petitions filed by Appleton Papers, Inc. (later changed to Appvion, Inc.) on September 19, 2007. The Department of Commerce ("Commerce") published the countervailing duty order on subject imports from China, and the antidumping duty orders on subject imports from China and Germany on November 24, 2008.[3]

First reviews: On October 1, 2013, the Commission instituted the instant five-year reviews concerning LWTP from China and Germany.[4] On January 23, 2014, it determined to conduct a full review for each order under review based on an adequate domestic interested party group response and the adequate respondent interested party group responses with

---

[1] Commissioner F. Scott Kieff did not participate in the determinations concerning these reviews.

[2] *Certain Lightweight Thermal Paper from China and Germany*, Inv. Nos. 701-TA-451 and 731-TA-1126-1127(Final), USITC Pub. 4043 (Nov. 2008). The Koehler respondents appealed the Commission's affirmative determination regarding subject imports from Germany to the U.S. Court of International Trade ("CIT"). The CIT affirmed the Commission's determination. *Papierfabrik August Koehler AG v. United States*, 675 F. Supp. 2d 1172 (Ct. Int'l Trade 2009). However, in the subsequent appeal, the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") vacated the judgment of the CIT. *Papierfabrik August Koehler AG v. United States*, 413 F. App'x 227 (Fed. Cir. 2011). On remand, the Commission again determined that a domestic industry was threatened with material injury by reason of LTFV imports from Germany. *Certain Lightweight Thermal Paper from Germany*, Inv. No. 731-TA-1127 (Remand), USITC Pub. 4334 (Sept. 2011). The CIT upheld the Commission's determination on remand. *Papierfabrik August Koehler AG v. United States*, 808 F. Supp. 2d 1350 (Ct. Int'l Trade 2012). The Federal Circuit affirmed without opinion. *Papierfabrik August Koehler SE v. United States*, 493 F. App'x 104 (Fed. Cir. 2013) (unpublished).

[3] 73 Fed. Reg. 70958 (China CVD) and 73 Fed. Reg. 70959 (China and Germany AD).

[4] 78 Fed. Reg. 60313 (Oct. 1, 2013).

respect to the review of the order on LWTP from Germany; there were no respondent interested party responses for the reviews of the orders on LWTP from China.[5]

The Commission received prehearing and posthearing submissions from domestic producer Appvion, Inc., which supports continuation of the orders. The Commission also received two separate prehearing and posthearing submissions from interested parties that support revocation of the orders: Papierfabrik August Koehler SE ("Koehler"), a producer and exporter of subject merchandise from Germany, and Mitsubishi Paper Europe GmbH and Mitsubishi International Corporation, respectively a producer and importer of subject merchandise from Germany (collectively, "MPE"). Representatives of Appvion and other domestic producers (Greenleaf Paper Converting, Kanzaki Specialty Papers, Inc., and Liberty Paper) appeared at the Commission's hearing. Representatives of Koehler, as well as from Discount Paper Products, Inc. and Register Tapes Unlimited, Inc., U.S. purchasers of subject imports (jumbo rolls) from Germany, also appeared at the Commission's hearing.[6] No briefs supporting revocation of the orders regarding China were filed and no respondent party supporting revocation of the orders regarding China appeared at the Commission hearing.

Data/Response Coverage. U.S. industry data are based on the questionnaire responses of three U.S. producers of jumbo rolls of LWTP that are believed to account for all domestic production of jumbo rolls, and 10 U.S. producers of slit rolls of LWTP that are believed to account for 70 percent of domestic production of slit rolls in 2013.[7] U.S. import data and related information are based on official import statistics and the questionnaire responses of 11 U.S. importers of LWTP that accounted for all or virtually all of subject U.S. imports from Germany, none of the subject U.S. imports from China, and approximately 61 percent of U.S. imports of LWTP from nonsubject sources during 2009-2013.[8] Foreign industry data and related information are based on the questionnaire responses of two producers and exporters of LWTP in Germany, which accounted for all or virtually all production of LWTP in Germany and virtually all reported exports to the United States of subject imports from Germany during the January 2008 – June 2014 period of review.[9] The Commission did not receive any questionnaire responses from foreign producers of subject LWTP in China.[10] Accordingly, for our determinations, we rely as appropriate on the facts available from the original investigations, and new information on the record of these first five-year reviews.

---

[5] 79 Fed. Reg. 6218 (Feb. 3, 2014). *See* Explanation of Commission Determinations on Adequacy (http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11612).

[6] A full list of hearing witnesses can be found in Appendix B of the Confidential Report ("CR") and Public Report ("PR").

[7] CR at I-11; PR at I-9.

[8] CR at I-11; PR at I-9-10.

[9] CR at I-11 and Table I-7; PR at I-10 and Table I-7.

[10] CR at I-11; PR at I-10. During the original investigations, the Commission received questionnaire responses from two Chinese producers of LWTP that estimated that they accounted for *** of Chinese production of LWTP and *** of exports of subject merchandise from China to the United States. USITC Pub. 4043 at 3 and VII-2-3 (Nov. 2008).

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the "domestic like product" and the "industry."[11] The Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[12] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.[13]

Commerce has defined the imported merchandise within the scope of the orders under review as follows:

> The scope of the order includes certain lightweight thermal paper, which is thermal paper with a basis weight of 70 grams per square meter (g/m^2) (with a tolerance of $\pm$ 4.0 g/m^2) or less; irrespective of dimensions with or without a base coat on one or both sides; with thermal active coating(s) on one or both sides that is a mixture of the dye and the developer that react and form an image when heat is applied; with or without a top coat; and without an adhesive backing. Certain LW thermal paper is typically (but not exclusively) used in point-of-sale applications such as ATM receipts, credit card receipts, gas pump receipts, and retail store receipts.[14]

Thermal papers have a thermal active coating which reacts to form an image when heat is applied. Thermal papers are specifically intended to be used in direct thermal printers containing thermal print heads. The thermal print heads consist of arrays of tiny heating elements, which act to form images on the paper without the need for toner or inks.[15] Although LWTP is defined as any thermal paper having a basis weight of less than 70 grams per

---

[11] 19 U.S.C. § 1677(4)(A).

[12] 19 U.S.C. § 1677(10); *see*, *e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[13] *See*, *e.g.*, *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

[14] 79 Fed. Reg. 32218 (June 4, 2014); *see also* 79 Fed. Reg. 9879 (Feb. 21, 2014) and 79 Fed. Reg. 10477 (Feb. 25, 2014).

[15] CR at I-16; PR at I-13.

square meter or g/m^2 ("gram"), the majority of LWTP currently produced and purchased in the United States is less than 49.9 gram.[16]

In the original determinations, the Commission defined a single domestic like product coextensive with the scope of investigation definition.[17] In these reviews, the record contains no information indicating that the characteristics and uses of LWTP have changed appreciably since the prior proceedings or that domestic like product definition should be revisited.[18] In addition, no party argued that the Commission should reexamine its definition of the domestic like product.[19] We therefore find a single domestic like product that is coextensive with Commerce's scope definition.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[20] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original determinations, the Commission defined a single domestic industry encompassing all converters and coaters of LWTP.[21] The Commission also recognized that certain domestic producers were related parties, but determined that appropriate circumstances did not exist to exclude any producer from the domestic industry as a related party under 19 U.S.C. § 1677(4)(B).[22]

In light of our domestic like product definition, we continue to find one domestic industry consisting of all converters and coaters of LWTP consistent with Commerce's scope definition. No party has advocated a different domestic industry definition or the exclusion of

---

[16] CR at I-17-18; PR at I-14. Since the original investigations, the dominant LWTP product in the United States has shifted from 55 gram to 48 gram. *Id*.

[17] USITC Pub. 4043 at 5-6. In the preliminary determinations, the Commission addressed two distinct domestic like product issues, and determined that jumbo and slit rolls should be included in the same domestic like product, and that the domestic like product should not include thermal paper with weights heavier than those in the scope of investigation. *Certain Lightweight Thermal Paper from China, Germany, and Korea*, Inv. Nos. 701-TA-451, 731-TA-1126-1128 (Preliminary), USITC Pub. 3964 at 6-10 (Nov. 2007).

[18] *See* CR at I-16-18; PR at.

[19] Appvion response at 36; Appvion Prehearing Brief at 1; Koehler response at 17; MPE response at 23.

[20] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

[21] USITC Pub. 4043 at 8.

[22] USITC Pub. 4043 at 8-10.

any domestic producer as a related party.[23] There is no evidence with respect to the factors that the Commission examines in its analysis of production-related activities that supports modifying the finding the Commission made in the original determinations that converters are domestic producers.[24] We find that appropriate circumstances do not exist to exclude any producer from the domestic industry as a related party.[25] We consequently define the domestic industry to encompass all U.S. converters and coaters of LWTP.

III. Cumulation

A. Legal Standard

With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports

---

[23] Appvion response at 36; Appvion Prehearing Brief at 1; Koehler response at 17; MPE response at 23.

[24] The record in these five-year reviews supports the same findings which led the Commission to conclude that conversion of LWTP constituted sufficient production-related activity to include the converters in the domestic industry in the original determinations. There the Commission observed that the value of the assets of reporting converters, while not at the level of the coaters, was still substantial; that converters used sophisticated, computerized slitting and printing equipment; that while the value converters added to the finished product was modest to moderate, it was comparable to the value added ***; that the reporting converters' employment exceeded that of the coaters; and that converters sourced a significant proportion of their jumbo rolls from U.S. coaters. USITC Pub. 4043 at 7. All of these facts continue to be true in these reviews and support our conclusion that converters engage in sufficient operations to be considered domestic producers and should again be included in the domestic industry producing LWTP. CR/PR at Tables III-6, III-18, III-19 and III-24; CR at I-11, I-23-24, III-32, n.14; PR at I -9-10, III-12, n.14.

[25] No U.S. producer directly imported LWTP from subject countries during the period of review. Thus, there is no domestic producer that may be considered a related party. CR at I-28 and Table III-17; PR at I-21 and Table III-17. We recognize that two domestic producers (Kanzaki and Ricoh) are affiliated with subject producers, but neither of these subject producers directly or indirectly exported subject LWTP to the United States during the period of review. CR/PR at Tables I-6 and I-7. We also note that eight domestic converters reported purchasing U.S. imports of jumbo rolls from Germany. CR at I-28, I-30 and III-10; PR at I-21 and III-4. While several converters reported substantial purchases of subject imports from Germany, the largest purchasers from importer Koehler (which accounted for *** of all subject imports from Germany) accounted for less than *** collectively of Koehler's subject imports. Because no individual converter is responsible for a predominant proportion of the imports of Koehler, we find none of the converters that purchase subject merchandise from Germany should be treated as a related party. CR/PR at Tables I-7 and III-8, and Importers Questionnaires, response to Questions II-7 and II-9. *See generally Foundry Coke from China*, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 at 8-9 (Sept. 2001).

would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[26]

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.[27] The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

Original Investigations. In the original investigations, the Commission concluded that, because the record indicated that the subject imports of slit rolls from China and jumbo rolls from Germany are not functionally interchangeable upon importation, subject imports from China do not compete with subject imports from Germany. Specifically, since the slit rolls from China were suitable for end use but the jumbo rolls from Germany were not, unless converted, the Commission found that subject imports from China and Germany were not interchangeable with each other and were purchased by entities at different levels of trade. The Commission found that the geographic overlap and simultaneous presence criteria were satisfied. Nonetheless, the Commission found that there was no reasonable overlap of competition and did not cumulate the subject imports.[28]

Current Reviews. In these reviews, the statutory threshold for cumulation is satisfied because all reviews were initiated on the same day: October 1, 2013.[29] In these five-year reviews, neither domestic nor respondent interested parties contend that subject imports of jumbo rolls from Germany and subject imports of slit rolls from China should be cumulated for purposes of the Commission's analysis.[30] In particular, neither party contests that all likely subject imports from China will continue to be slit rolls and that all likely subject imports from Germany will continue to be jumbo rolls, or that slit and jumbo rolls are not interchangeable

---

[26] 19 U.S.C. § 1675a(a)(7).

[27] 19 U.S.C. § 1677(7)(G)(i); *see also*, *e.g.*, *Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

[28] USITC Pub. 4043 at 12-14.

[29] *See* 78 Fed. Reg. 60313 and 78 Fed. Reg. 60253 (Oct. 1, 2013).

[30] Appvion Prehearing Brief at 1; Koehler Prehearing Brief at 8-15; MPE Prehearing Brief at 2-3.

and do not compete with each other. Koehler also argues that subject imports from Germany are not likely to have a discernible adverse impact on the domestic industry.[31]

B. Analysis

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.[32] Only a "reasonable overlap" of competition is required.[33] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports may be absent from the U.S. market.[34]

Fungibility. All subject imports from Germany during the period of review were jumbo rolls, and are likely to remain so upon revocation.[35] Based on the facts available, all subject imports from China upon revocation are likely to be slit rolls, as was the case in the original investigations.[36] The record in these reviews continues to indicate that all jumbo rolls of LWTP are used to produce slit rolls.[37] Consequently, while an end user can insert a slit roll of LWTP into a point of sale ("POS") printer for the purpose of creating receipts, it cannot use a jumbo roll for this purpose. Therefore, as was the case in the original investigations, slit rolls and jumbo rolls continue not to be interchangeable in any application.

---

[31] Koehler Prehearing Brief at 15-17.

[32] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[33] *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); *Wieland Werke,* 718 F. Supp. at 52 ("Completely overlapping markets are not required."); *United States Steel Group v. United States,* 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g.*, *Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[34] *See generally*, *Chefline Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

[35] CR/PR at Tables II-1 and IV-2.

[36] USITC Pub. 4043 at 12 and IV-1. *See also* CR at IV-26; PR at IV-10.

[37] CR/PR at II-1.

Channels of Distribution. Jumbo rolls of LWTP, whether produced by U.S. coaters and imported from Germany, are sold to converters for conversion into slit rolls.[38] In the original investigations, a *** of subject imports from China were sold to converters for resale.[39] Thus, converters act as producers with respect to domestic jumbo rolls and subject imports of jumbo rolls from Germany that they purchase, but as resellers with respect to the subject imports of slit rolls from China that they purchase. In these reviews, U.S. converters sell mainly to end users for use in printing applications.[40]

Geographic Overlap. During the period of review, a majority of ***, U.S. converters, and importers of subject merchandise from Germany sold their product to all regions in the contiguous United States.[41] This geographic distribution is likely to continue in the event of revocation.

Simultaneous Presence in Market. The domestic like product and imports from each subject country were present in the U.S. market throughout the period of review. Subject imports from China, however, were present only in minimal quantities in all years, except 2008.[42]

Conclusion. The evidence in these reviews is similar to that in the original investigations. The simultaneous presence criteria are satisfied in these investigations; additionally, should subject imports from China enter the United States in appreciable quantities, there is no reason to conclude that they will not be sold nationwide, as they were during the original investigations, and as the domestic like product and subject imports from Germany were during the period of review. With respect to channels of distribution, there is some similarity, as slit rolls from China, domestically produced jumbo rolls, and jumbo rolls from Germany are all sold to converters. However, the converters are acting at different levels of trade with respect to slit rolls and jumbo rolls. With respect to fungibility, the slit rolls that will likely constitute all subject imports from China are not interchangeable with the jumbo rolls that have constituted and will likely continue to constitute the subject imports from Germany. The slit rolls from China are suitable for end use but the jumbo rolls from Germany are not, unless converted. Thus, all or virtually all subject imports from China and Germany will likely enter the United States at different stages of the production process and would not be interchangeable at importation.

We conclude that there is no likely reasonable overlap in competition between subject imports of slit rolls from China and subject imports of jumbo rolls from Germany. Given the lack of interchangeability at importation, we similarly find that imports of LWTP from each

---

[38] CR/PR at II-1.

[39] USITC Pub. 4043 at 13. Since no importer or foreign producer of Chinese LWTP submitted a Commission questionnaire in these reviews, there is no channel of distribution information regarding subject imports from China in these reviews.

[40] CR/PR at II-1 and Table II-1.

[41] CR/PR at Table II-2. The record of these reviews does not contain data concerning where in the United States subject imports from China were sold during the period of review.

[42] CR/PR at Table IV-1.

subject county are likely to compete in the U.S. market under different conditions of competition and would not likely compete with one another in the event of revocation. Accordingly, we find that cumulation is not appropriate and do not cumulate subject imports from China and Germany.[43]

IV. Whether Revocation of the Antidumping and Countervailing Duty Orders Would Not Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[44] The Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[45] Thus, the likelihood standard is prospective in nature.[46] The U.S. Court of International Trade has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[47]

---

[43] The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry. 19 U.S.C. § 1675a(a)(7). However, where the Commission determines, as it does here, that the subject imports would not be likely to compete with each other and thus does not cumulatively assess the volume and effects of imports, it need not address whether subject imports are likely to have no discernible adverse impact on the domestic industry. We consequently have not addressed that issue here.

[44] 19 U.S.C. § 1675a(a).

[45] SAA at 883-84. The SAA states that "{t}he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." *Id*. at 883.

[46] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[47] *See NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), *aff'd*
(Continued…)

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[48] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[49]

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[50] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[51] The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[52]

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[53] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the

---

(…Continued)
mem., 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) ("more likely than not" standard is "consistent with the court's opinion;" "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); *Usinor v. United States*, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[48] 19 U.S.C. § 1675a(a)(5).

[49] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." *Id*.

[50] 19 U.S.C. § 1675a(a)(1).

[51] 19 U.S.C. § 1675a(a)(1). Commerce did not make any duty absorption findings in these reviews. *See* CR at I-12 -14; PR at I-

[52] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[53] 19 U.S.C. § 1675a(a)(2).

existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[54]

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[55]

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[56] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.[57]

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[58]

---

[54] 19 U.S.C. § 1675a(a)(2)(A-D).

[55] *See* 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[56] 19 U.S.C. § 1675a(a)(4).

[57] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[58] 19 U.S.C. § 1675a(a)(4).

1. The Original Investigations

In the original determinations, the Commission identified several pertinent conditions of competition.[59] With respect to demand, the Commission observed that demand for LWTP had increased as LWTP had largely displaced carbonless and impact paper but that it was less likely to increase in the future since LWTP already held a substantial share of the market for POS receipts. During the period of investigation, apparent U.S. consumption had increased.[60]

With respect to supply, the Commission found the domestic industry consisted of two coaters and a substantially larger number of converters. Apparent U.S. consumption was higher than U.S. coaters' capacity at the time, but Appleton had opened a new coating facility in West Carrollton, Ohio in 2008 which represented a $125 million capital investment and would increase its LWTP coating capacity by ***. During the period of investigation, the domestic industry and subject imports supplied virtually the entire U.S. market. The domestic industry supplied both jumbo rolls and slit rolls of LWTP, whereas subject imports from China were exclusively slit rolls and subject imports from Germany were exclusively jumbo rolls.[61]

The Commission found LWTP was sold in a variety of basis weights, but the bulk of sales were of either 48 gram or 55 gram product. The majority of U.S. coaters' shipments were 55 gram product, while imports of LWTP from Germany shifted from primarily 55 gram to 48 gram product during the period of investigation. Appleton had begun to offer a 48 gram product in 2007, after a previous unsuccessful attempt with 45 gram product.[62] While subject imports were generally physically interchangeable with the domestically produced products of the same type, subject imports of slit rolls from China and jumbo rolls from Germany were not interchangeable. Finally, the Commission observed that some purchasers required certified rolls and that jumbo rolls of LWTP produced by domestic coaters and imported from Germany and slit rolls produced by several U.S. converters had received certification.[63]

2. The Current Reviews

The following conditions of competition from the current period of review inform our determinations.

Demand Conditions. As the Commission found in the original investigations, demand for LWTP, which is used principally in POS applications (*e.g.*, receipts at cash registers, ATMs, gas pumps), will typically reflect retail sales levels.[64] Reported end uses include blank rolls, POS rolls, and printed regular rolls for use in grocery stores. Most responding firms reported no

[59] *See* USITC Pub. 4043 at 14-17.
[60] *See* USITC Pub. 4043 at 14-15.
[61] *See* USITC Pub. 4043 at 15-16.
[62] USITC Pub. 4043 at 16.
[63] *See* USITC Pub. 4043 at 16-17.
[64] *See* CR at I-16 and II-12; PR at I-13 and II-8.

changes in end uses since the original investigations.[65] Firms reported that LWTP's use in retail applications results in some seasonality in demand, with an upward trend in late summer due to back-to-school sales and a peak in the fourth quarter due to holiday shopping.[66]

Apparent U.S. consumption of LWTP increased steadily from *** in 2009 to *** in 2012, declined to *** in 2013, and was lower at *** in the first half of ("interim") 2014 than the *** during interim 2013.[67] [68] Similarly, most responding firms reported an increase in U.S. demand for LWTP since 2008. However, responses from producers, importers, and purchasers were mixed regarding anticipated U.S. demand over the next two years. *** coaters and foreign producers anticipated *** demand, whereas most reporting converters and purchasers expected decreased demand, and importers were evenly split on the issue.[69] There are limited substitutes for LWTP, with electronic receipts as the most common reported substitute.[70] In light of the foregoing, we find that U.S. demand for LWTP is expected to remain stable and unlikely to change significantly in the reasonably foreseeable future.

Supply. There are three domestic coaters of LWTP: Appvion, Kanzaki, and Ricoh. Their combined capacity for LWTP increased from *** in 2013, or by ***.[71] The *** of the increase in capacity was due to the ***.[72] Even with the increase in capacity, apparent U.S. consumption of jumbo rolls of LWTP has been higher than U.S. coaters' capacity, ranging between a low of ***.[73] Two other significant events reported during the period of review affecting the domestic supply of jumbo rolls were the 15-year supply agreement that Appvion entered with Domtar to supply most of Appvion's uncoated base paper, and Appvion's

---

[65] CR at II-11-12; PR at II-7-8. Ten of 15 responding U.S. producers, 9 of 10 importers, and 13 of 15 purchasers reported no changes in end uses since 2008. CR at II-12; PR at II-8.

[66] CR at II-12; PR at II-8.

[67] CR/PR at Tables I-8, I-9 and C-1. Apparent U.S. consumption of LWTP was *** in 2013. *Id*.

[68] We have calculated apparent U.S. consumption and market share of LWTP as the sum of domestic shipments of U.S. coaters (quantity and value), and the additional value added to both domestic and foreign origin jumbo rolls by U.S. converters. This treatment consolidates U.S. coaters' and U.S. converters' shipments, without double counting the volume of merchandise in the U.S. market. CR at I-30, n. 62; PR at I-23, n.62. Prior to 2009, imports of LWTP were primarily classified under HTS basket categories, which included paper other than subject LWTP. Thus, the imports from sources other than Germany in 2008 are believed to be overstated, and we have not considered the 2008 apparent U.S. consumption data to be comparable to the apparent U.S. consumption data for 2009-2013 and the interim periods. *See* CR at I-30; PR at I-23. Both Appvion and respondents have noted that official import statistics for nonsubject imports and apparent U.S. consumption data for 2013 appear to be understated and have proposed different methodologies for estimating apparent U.S. consumption for 2013. *See* CR at I-30, n. 64; PR at I-23, n.64. While we recognize these concerns, there is no basis in the record to indicate that the 2013 apparent U.S. consumption data is not the most accurate data for our analysis.

[69] CR at II-13 and Table II-3; PR at II-8 and Table II-3.

[70] CR at II-14-15; PR at II-9-10.

[71] CR/PR at Table III-4.

[72] CR at III-4; PR at III-2.

[73] CR/PR at Table E-1.

subsequent discontinuation of its papermaking operations at its West Carrollton facility in February 2012.[74]

The Commission received questionnaire responses from 11 U.S. converters, which are estimated to account for approximately 70 percent of U.S. LWTP conversion activities in 2013.[75] The two largest converters -- NCR and Nashua -- accounted for ***, respectively, of reported U.S. production of slit rolls of LWTP during January 2008 to June 2014.[76] Reporting U.S. converters' capacity for LWTP ranged from a low of ***.[77]

While the domestic industry and subject imports supplied virtually the entire U.S. LWTP market during the original investigations, there were variations in the market participants during the period of review. Specifically, with the imposition of the orders, subject imports from China virtually left the U.S. market. By contrast, through 2012 subject imports from Germany remained in the U.S. market at levels similar to those of the original investigations. Nonsubject imports increasingly entered the U.S. market during the period of review. The domestic industry and nonsubject imports supply both jumbo rolls and slit rolls of LWTP, subject imports from Germany are exclusively jumbo rolls, and subject imports from China were exclusively slit rolls during the original investigations.

From 2009 to 2013, the domestic industry supplied the majority of apparent U.S. consumption, with market share ranging from a low of *** in 2013.[78] Subject imports from Germany were responsible for the next largest share of the market on an overall basis from 2009 to 2012, fluctuating within a relatively narrow range from a low of ***.[79] In 2013, subject imports from Germany largely exited the U.S. market, and accounted for only *** of apparent U.S. consumption in that year.[80] The reduction in imports from Germany in 2013 resulted from the results of Commerce's third administrative review of the antidumping duty order. In April 2013, Commerce determined that Koehler had intentionally omitted certain home market sales data in its submissions to that agency and applied an adverse facts available cash deposit rate of 75.36 percent to Koehler's imports.[81] As a result, subject imports declined sharply, as Koehler essentially ceased exporting LWTP to the United States.[82] In its next administrative review decision in June 2014, Commerce reduced the cash deposit rate for subject imports from Germany to zero.[83] Subsequently, Koehler recommenced importing subject LWTP to the U.S. market.[84]

---

[74] CR/PR at Table III-1.
[75] CR/PR at III-1.
[76] CR/PR at III-1 and Table I-6.
[77] CR/PR at Table III-6.
[78] CR/PR at Table I-9.
[79] CR/PR at Table I-9; *see also* CR/PR at Table E-1 regarding U.S. market share for jumbo rolls of LWTP.
[80] CR/PR at Table I-9.
[81] 78 Fed. Reg. 23220 (April 18, 2013).
[82] CR/PR at Table I-8; CR at IV-4; PR at IV-3.
[83] 79 Fed. Reg. 34719 (June 18, 2014).
[84] CR at IV-4; PR at IV-3.

With the imposition of the orders, subject imports from China virtually exited the U.S. market, accounting for no more than *** market share in each year from 2009 to 2013.[85] Nonsubject imports accounted for a steadily increasing share of the U.S. market, rising from *** in 2012. In 2013, nonsubject imports surged to the second largest share of the market, following the domestic industry, at ***, with the temporary exit of subject imports from Koehler.[86] From 2009 to 2012, the majority of nonsubject imports were slit rolls of LWTP, but the increased quantities of such imports in 2013 were virtually all jumbo rolls of LWTP.[87]

Other Conditions. Jumbo rolls from Germany and slit rolls from China are generally physically interchangeable with domestically produced products of the same type. Majorities of ***, converters, purchasers, and importers stated that U.S.-produced LWTP and the imports from China, Germany, and nonsubject countries were always interchangeable.[88] While most responding purchasers reported that U.S. and German LWTP were comparable for all factors considered, most responding purchasers reported that Chinese LWTP was inferior to U.S. and German LTWP.[89]

LWTP is sold in a variety of basis weights. The bulk of LWTP sold in the United States is sold in basis weights of less than 49 grams per square meter and to a lesser extent at least 49 gram and up to 60 gram.[90] Since the original investigations, the dominant LWTP product in the U.S. market has shifted from 55 gram to 48 gram.[91] Moreover, since the original investigations, there have been changes in the composition of chemicals used for coating thermal paper. As a

---

[85] CR/PR at Table I-9.

[86] CR/PR at Table I-9.

[87] CR/PR at Table E-1. U.S. importer *** and accounted for the majority of the increase in nonsubject imports in 2013 and in interim 2014, reported that this increase was largely due to ***. Similarly, ***. CR at IV-5 and n. 10; PR at IV-4 and n. 10.

[88] CR/PR at Table II-11.

[89] CR at II-28-29 and Table II-9; PR at II-19-20 and Table II-9.

[90] CR at I-18; PR at I-14.

[91] CR/PR at Tables III-11, III-12, IV-3 and IV-4. U.S. coaters' commercial U.S. shipments of jumbo rolls less than 49.9 gram increased from *** of their total commercial U.S. shipments in 2008 to *** in 2013, and their commercial U.S. shipments of jumbo rolls of 49.9 gram to 60 gram decreased from *** of their total commercial U.S. shipments in 2008 to *** in 2013. CR/PR at Table III-11. U.S. converters' commercial U.S. shipments of slit rolls less than 49.9 gram increased from *** of their total commercial U.S. shipments in 2008 to *** in 2013, and their commercial U.S. shipments of slit rolls of 49.9 gram to 60 gram decreased from *** of their total commercial U.S. shipments in 2008 to *** in 2013. CR/PR at Table III-12.

U.S. importers' U.S. shipments of imports of jumbo rolls less than 49.9 gram increased irregularly from *** of total commercial U.S. shipments of imports in 2008 to *** in 2013, and their U.S. shipments of imports of jumbo rolls of 49.9 gram to 60 gram decreased irregularly from *** of total commercial U.S. shipments of imports in 2008 to *** in 2013. CR/PR at Table IV-3. U.S. importers' U.S. shipments of imports of slit rolls less than 49.9 gram increased irregularly from *** of total commercial U.S. shipments of imports in 2008 to *** in 2013, and their U.S. shipments of imports of slit rolls of 49.9 gram to 60 gram decreased irregularly from *** of total commercial U.S. shipments of imports in 2008 to *** in 2013. CR/PR at Table IV-4.

result of concerns about the toxicity of bisphenol A ("BPA"), which has been widely used as a developer in producing LWTP, some coaters now produce BPA-free LWTP.[92] Appvion reports that its LWTP has been BPA-free since 2006, Kanzaki began offering BPA-free LWTP in 2013, and Koehler offers both LWTP containing BPA and BPA-free LWTP in its product line.[93] Many converters have also shifted to producing only BPA-free LWTP.[94] Finally, some producers are also developing phenol-free LWTP, such as the introduction by Appvion in 2014 of LWTP that uses a Vitamin C formulation instead of phenols.[95]

Major printer manufacturers such as IBM, Seiko, and Epson certify the use of specific types of LWTP with their machines.[96] However, few of the responding purchasers (3 of 14 purchasers of jumbo rolls and 1 or 7 purchasers of slit rolls) required purchased paper to be certified by printer manufacturers. A minority of purchasers of either jumbo rolls or slit rolls required rolls to be certified or qualified in aspects other than being certified by printer manufacturers.[97]

C. Revocation of the Antidumping Duty and Countervailing Duty Orders on Subject Imports from China is Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

Original Investigations. The Commission found that notwithstanding the rapid increase of subject imports from China, the absolute quantities of such imports were not yet at a significant level.[98] However, in its threat analysis, the Commission found that this rapid increase in subject imports from China combined with the substantial unused capacity in China would be sufficient to permit a substantial increase in subject imports to the United States. The Commission also recognized that the industry in China was increasingly export oriented and that the United States was an increasingly important export market to the Chinese LWTP industry.[99]

Current Reviews. In the original investigations, subject imports from China substantially increased from *** in 2005 to *** in 2007.[100] With the imposition of the orders, subject

---

[92] CR at I-22; PR at I-18.
[93] CR at I-22-23; PR at I-18; CR/PR at Tables III-13 and IV-5.
[94] CR at I-23; PR at I-18; CR/PR at Tables III-14 and IV-6.
[95] CR at I-23; PR at I-18.
[96] CR at II-23, n. 31; PR at II-15, n. 31.
[97] CR at II-23 – 24; PR at II-15.
[98] *See* USITC Pub. 4043 at 22.
[99] *See* USITC Pub. 4043 at 27-28.
[100] CR/PR at Table I-1. As a share of the quantity of apparent U.S. consumption, subject imports from China increased from *** in 2005 to *** in 2006 and then to *** in 2007. CR/PR at Table I-1. All imports from China were slit rolls and the share of total U.S. slit roll shipments held by subject imports (Continued…)

imports of LWTP from China fell dramatically although they remained present each year during the period of review; they were *** in 2009 and thereafter fluctuated from a low of ***.[101] The share of the quantity of apparent U.S. consumption accounted for by subject imports from China was not higher than *** from 2009 to 2013.[102]

No Chinese producer reported data to the Commission on its LWTP operations for the period of review.[103] Thus, the limited data in the record regarding LWTP production in China is derived from the original investigations and other available industry sources. Information regarding Chinese capacity, production, and exports specific to subject LWTP is not available for the period of review.

In the original investigations, the Commission found that the Chinese LWTP industry had substantial unused capacity. Two producers of subject merchandise in China, which accounted for only approximately *** of Chinese LWTP production, had responded to the Commission's foreign producer questionnaire and projected that their unused capacity would exceed *** in both 2008 and 2009.[104] The Commission found that the actual unused capacity in China was considerably higher than the reported figure but also found that the reported unused capacity figure was sufficient to permit a substantial increase in shipments of subject imports to the United States.[105]

Available information in these reviews regarding the broader thermal paper (*i.e.*, coated base paper) industry in China confirms that China has substantial thermal paper capacity, unused capacity, and export activity. There are reportedly at least 12 thermal paper manufacturers in China with a combined capacity of 473,989 short tons and production of 220,462 short tons in 2013.[106] China reportedly exported 33,069 short tons of its 2013 thermal paper production while importing 22,046 short tons.[107]

(…Continued)
from China increased from *** in 2005 to *** in 2006 and then to *** in 2007. USITC Pub. 4043 at Table C-2.

[101] CR/PR at Table I-1. Subject imports from China were *** in interim 2014. *Id*. As discussed above, we do not consider import and market share data for 2008 to be comparable to 2009-2013 and interim period data because the official import data for 2008 included products other than LWTP. CR at I-4; PR at I-3.

[102] CR/PR at Table I-1.

[103] CR at IV-26; PR at IV-10. In the current reviews, the Commission issued foreign producer questionnaires to 31 Chinese firms believed to be producers/exporters of LWTP. *Id*. In the original investigations, two Chinese producers responded to the Commission questionnaires, Shanghai Hanhong Paper Co., Ltd. and ***, which together reportedly accounted for *** (***) of Chinese LWTP production and *** (***) of exports to the U.S. market in 2007. These firms reported that *** of their exports to the U.S. market were in the form of slit rolls. CR at IV-25-26; PR at IV-9-10.

[104] USITC Pub. 4043 at Table VII-1.

[105] USITC Pub. 4043 at 27 and VII-2.

[106] CR at IV-25; PR at IV-9. Chinese manufacturers have reportedly added substantial production capacity for thermal paper during the past two years. *Id*. Appvion claims that Chinese LWTP producers have increased thermal paper capacity by at least 648,159 short tons since 2008. *Id*. at IV-25, n.26.

[107] CR at IV-25; PR at IV-9.

In the original investigations, the Commission found that the industry in China was increasingly export oriented, with exports' share of total shipments rising from *** in 2005 to *** in 2006 and then to *** in 2007.[108] The United States was an increasingly important export market to the Chinese LWTP industry. Although the reporting Chinese producers shipped *** subject merchandise to the United States in 2005, by 2007 the United States was their largest single market.[109] The Commission also found that the Chinese respondents' contention that growing home market demand for LWTP in China would absorb available production capacity was not corroborated by the data in the record, which indicated that between 2005 and 2007, home market shipments declined on both an absolute and relative basis for the reporting Chinese producers.[110]

Available information in these reviews confirms that the Chinese industry continues to be export oriented and the U.S. market continues to be an important focus. According to Global Trade Atlas data, exports of a basket category of paper products that include LWTP from China increased each year from 96,147 short tons in 2008 to 190,501 short tons in 2013.[111] The known markets accounting for the largest volume of Chinese exports of these paper products in 2013 were the United States (22,649 short tons), India (12,986 short tons), Malaysia (11,970 short tons), Pakistan (11,787 short tons), Vietnam (11,391 short tons), and Taiwan (10,049 short tons).[112] Available information shows that China accounts for a 15 percent share of both global thermal paper production and consumption.[113]

Given the rapid increases in imports of the subject merchandise from China into the United States during the original investigations, the Chinese industry's substantial excess capacity and export orientation during the original investigations, and the available information regarding capacity and exports in these reviews, we conclude that if the orders were revoked the volume of subject imports of LWTP from China would likely be significant within a reasonably foreseeable time.

2. Likely Price Effects

Original Investigations. In the original investigations, the Commission found that price was an important factor in purchasing decisions for LWTP. Subject imports from China undersold the domestic like product in 26 of 28 quarterly comparisons, which the Commission found to be significant. There also were several instances of confirmed lost sales and revenues.

---

[108] USITC Pub. 4043 at 27 and Table VII-1. Exports' share of total shipments was *** in interim 2007 and *** in interim 2008. *Id*.

[109] USITC Pub. 4043 at Table VII-1.

[110] USITC Pub. 4043 at 28 and Table VII-1.

[111] CR/PR at Table IV-10.

[112] CR/PR at Table IV-10. The largest share of exports were to the all other category at 109,669 short tons in 2013. *Id*.

[113] CR/PR at Figure IV-3. There are no known trade remedy actions in third-country markets covering LWTP from any source. CR at IV-38, n.48; PR at IV-15, n.48. The record of these reviews does not contain data on likely inventories of subject merchandise from China or likely product shifting.

Notwithstanding the pervasive underselling, the Commission found that the small volume of subject imports from China had not had significant price-suppressing or depressing effects on converters, the principal U.S. competition for such imports, and concluded that subject imports from China did not have significant price effects on the domestic industry as a whole during the period of investigation.[114] In its threat analysis, the Commission found that the pervasive underselling would continue and that the likely substantial increases in volume of subject imports would begin to take sales from U.S. converters. The converters, facing increasing price competition from subject Chinese products, would in turn attempt to negotiate price concessions from the coaters. The Commission had also recognized such attempts were beginning to have price effects on U.S. coaters during the latter portion of the period of investigation and found that increased subject imports from China would likely have significant effects on coaters' prices.[115]

Current Reviews. The general importance of price in purchasing decisions for LWTP has not changed since the time of the original investigations. Price was identified as a very important factor in purchasing decisions by all responding purchasers.[116] More purchasers named price as the most important factor in purchasing decisions than any other factor.[117] Moreover, the majority of responding firms reported that LWTP was always or frequently interchangeable in the same forms and characteristics.[118] The majority of U.S. purchasers reported factors other than price were sometimes or never important in purchasers' decisions for the U.S. and Chinese products.[119]

While the Commission collected quarterly pricing data on four slit roll products, there were no pricing data reported for subject imports from China with respect to any of the products.[120] In the original investigations, the subject imports from China undersold the domestic like product in 26 of 28 quarterly comparisons, with underselling margins frequently exceeding 20 percent.[121] Moreover, during the original investigations, there were several instances of confirmed lost sales and revenues attributable to subject imports from China.[122]

The available information in these reviews indicates that prices for the domestically converted products generally increased from January 2008 to June 2014, except for the prices for product 8, which fell.[123] Product 8 (thermal paper in slit rolls, made free of BPA with a target basis weight of less than 49.9 gram) accounted for a large and increasing volume of U.S. produced LWTP slit rolls.[124]

---

[114] *See* USITC Pub. 4043 at 23-24.
[115] *See* USITC Pub. 4043 at 28.
[116] CR/PR at Table II-7.
[117] CR/PR at Table II-6.
[118] CR/PR at Table II-11.
[119] CR at II-33 and Table II-13; PR at II-21-22 and Table II-13.
[120] CR/PR at Table V-7.
[121] CR at V-24, n. 14; PR at V-12, n.14; USITC Pub. 4043 at Tables V-9 and V-10.
[122] USITC Pub. 4043 at V-11 – 12.
[123] *See* CR/PR at Table V-7 and Figures V-5 – V-8.
[124] *See* CR/PR at Table V-7 and Figures V-5 – V-8.

Given the substitutable nature of LWTP and the continued importance of price in purchasing decisions, we find that the pervasive underselling at high margins observed in the original investigations will likely recur upon revocation. The significant likely volume of low-priced subject imports from China would likely require the domestic industry either to cut prices or restrain price increases to match the prices offered by the subject imports from China, or to risk losing sales to the subject imports. As the market penetration of subject imports from China increases, the likely increased volumes of low-priced subject imports from China likely would begin to take sales from U.S. converters. In turn, converters finding increasing price competition from subject Chinese products would attempt to negotiate price concessions from U.S. coaters. These attempts would have likely significant effects not only on U.S. converters' prices but also on coaters' prices.

Accordingly, given the likely significant volume of subject imports from China, we find that upon revocation subject imports would likely engage in significant underselling of the domestic like product. Additionally, the subject imports would be likely to enter the United States at prices that would have significant depressing or suppressing effects on the price of the domestic like product.

3. Likely Impact[125]

Original Investigations. In the original investigations, the Commission found that subject imports from China did not have a significant impact on the domestic industry as a whole

[125] The statute additionally instructs "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). In its antidumping review concerning subject imports from China, Commerce found likely dumping margins of 115.29 percent for Shanghai Hanhong Paper Co., Ltd., 19.77 percent for Guangdong Guanhao High-Tech Co., Ltd., and 115.29 percent for all others; and likely subsidy rates of 13.63 percent for Guangdong Guanhao High-Tech Co., Ltd., 138.53 percent for Shenzhen Yuanming Industrial Development Co., Ltd., 124.93 percent for MDCN Technology Co., Ltd., 124.93 percent for Xiamen Anne Paper Co., Ltd., and 13.63 percent for all others. CR/PR at Tables I-3 and I-5; 79 Fed. Reg. 9879 (Feb. 21, 2014) and 79 Fed. Reg. 10477 (Feb. 25, 2014).

In addition, the statute provides that "if a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement." 19 U.S.C. § 1675a(6). In its unpublished Issues and Decision Memorandum issued in these reviews, Commerce found that countervailable programs continue to exist and be used by Chinese producers and exporters of LWTP. Commerce described 15 programs with respect to LWTP from China and found two (ZETDZ Export-Related Assistance and Funds for Outward Expansion of Industries in Guangdong Province) fall within the meaning of Articles 3 and had insufficient evidence to determine whether the other 13 programs fell within the meaning of Article 6.1. Commerce also found that 22 programs were not used by the two mandatory respondents but found that the programs were countervailable on the basis of adverse facts available for non-cooperating companies. *Issues and Decisions Memorandum for Final Results of Expedited First Sunset Reviews of the Countervailing Duty Orders on Lightweight Thermal Paper from the People's Republic of China* (Feb. 14, 2014).

during the period of investigation. The Commission recognized that the domestic industry's market share had declined as subject imports increased and that its overall financial performance declined from 2005 to 2007. However, the financial performance of coaters was considerably worse than that of converters, whose performance actually improved even though they competed most directly with the imports of slit rolls from China. The Commission concluded that the volume of subject imports from China was too small and their price effects on coaters not sufficient to have a significant impact during the period of investigation.[126] In its affirmative threat determination regarding subject imports from China, the Commission found that, in light of the consistently unprofitable performance of the domestic industry, the industry was vulnerable to the effects of additional subject imports. The likely volume and price effects would cause likely further declines in financial performance in the already unprofitable domestic industry.[127]

Current Reviews. During the period of review, the domestic industry experienced improving performance in tandem with increases in apparent U.S. consumption. The domestic industry has increased its capacity each year and increased its output overall during the period of review.[128] U.S. converters' LWTP capacity fluctuated from year to year but increased overall from *** in 2008 to *** in 2013.[129] The LWTP capacity of U.S. coaters increased each year over the period of review, increasing from *** in 2008 to *** in 2013.[130] The largest increase in U.S. coaters' capacity was the result of ***.[131]

U.S. converters' production, capacity utilization, and U.S. shipments fluctuated from year to year but increased over the period of review.[132] U.S. coaters' production and U.S. shipments also fluctuated from year to year but increased over the period of review.[133] Their

---

[126] *See* USITC Pub. 4043 at 24-26.

[127] *See* USITC Pub. 4043 at 28-29.

[128] Although our evaluation of impact is on the domestic industry as a whole, we have examined output-related performance indicia of coaters and converters separately. This reduces the problems associated with double counting LWTP that was both coated and converted in the United States. No party has raised concerns about such a segmented analysis of the industry for the purpose of examining certain impact data.

[129] U.S. converters' capacity was *** in 2013; U.S. converters' capacity was *** in interim 2014. CR/PR at Table III-6.

[130] U.S. coaters' capacity was *** in 2013; U.S. coaters' capacity was *** in interim 2014. CR/PR at Table III-4.

[131] CR at III-4; PR at III-2.

[132] U.S. converters' production of LWTP slit rolls was *** in 2013; U.S. converters' production of LWTP slit rolls was *** in interim 2014. CR/PR at Table III-6.

U.S. converters' U.S. shipments of LWTP slit rolls was *** in 2013; U.S. converters' U.S. shipments of LWTP slit rolls was *** in interim 2014. CR/PR at Table III-10.

U.S. converters' capacity utilization for LWTP slit rolls was *** in 2013; U.S. converters' capacity utilization for LWTP slit rolls was *** in interim 2014. CR/PR at Table III-6.

[133] U.S. coaters' production of LWTP jumbo rolls was *** in 2013; U.S. coaters' production of LWTP jumbo rolls was *** in interim 2014. CR/PR at Table III-4.

(Continued…)

capacity utilization, however, declined irregularly over the period of review.[134] While inventory levels for both coaters and converters fluctuated, the ratios of inventories to production for each segment of the industry moved in opposite directions – with a decreasing trend for coaters and an increasing trend for converters over period of review.[135]

The domestic industry's share of the quantity of apparent U.S. consumption increased irregularly from *** in 2009 to *** in 2013. It was *** in interim 2014, as compared to *** in interim 2013.[136]

Employment-related indicators showed some changes during the period of review. The trends in the number of production and related workers ("PRWs") for U.S. coaters and U.S. converters moved in opposite directions from 2008 to 2013 – with an increasing trend for coaters and a decreasing trend for converters.[137] Hourly wages and productivity for both coaters and converters increased over the period of review.[138]

Overall domestic industry financial performance improved over the period of review. The combined operating income margin of U.S. coaters and converters was *** in 2008, but improved each year, and was *** in 2013.[139] The operating income margin of U.S. converters was positive every year during the period of review. While also improving over the period of review, the financial performance of U.S. coaters was considerably lower than that of converters in every year, except 2013.[140] We have also examined the industry's capital expenditures, research and development expenses, and total assets.[141]

Given the industry's performance, particularly since 2011, we do not find that the domestic industry is currently in a vulnerable or weakened state as contemplated by the

---

(…Continued)

U.S. coaters' U.S. shipments of LWTP jumbo rolls was *** in 2013; U.S. coaters' U.S. shipments of LWTP jumbo rolls was *** in interim 2014. CR/PR at Table III-9.

[134] U.S. coaters' capacity utilization for LWTP jumbo rolls was *** in 2013; U.S. coaters' capacity utilization for LWTP jumbo rolls was *** in interim 2014. CR/PR at Table III-4.

[135] U.S. converters' inventories as a share of U.S. production increased from *** in 2013. CR/PR at Table III-16. U.S. coaters' inventories as a share of U.S. production declined from *** in 2013. CR at Table III-15.

[136] CR/PR at Tables I-9 and C-1.

[137] U.S. coaters' number of PRWs ranged from a low of *** in 2013. It was *** in interim 2014. CR/PR at Table III-18. Conversely, U.S. converters' number of PRWs declined irregularly from *** in 2013. It was *** in interim 2014. CR/PR at Table III-19.

[138] CR/PR at Tables III-18 and III-19.

[139] CR/PR at Table C-1. The combined operating income margin of U.S. coaters and converters was *** in 2013. It was *** in interim 2014. *Id*.

[140] CR/PR at Table C-1. The U.S. converters' operating income margin was *** in 2013. It was *** in interim 2014. *Id*. The U.S. coaters' operating income margin was *** in 2013. It was *** in interim 2014. *Id*.

[141] CR/PR at Table III-24. Capital expenditures fluctuated from year to year but declined sharply overall from *** in interim 2014. *Id*. The relatively large capital expenditures in 2008 primarily reflect ***. CR at III-34; PR at III-13. Research and development expenses increased irregularly from *** in interim 2014. CR/PR at Table III-24. The total assets utilized in the production, warehousing, and sales of LWTP increased from *** in 2013. *Id*.

statute. Nonetheless, we recognize that it experienced some declines in performance in the first half of 2014 as compared to the first half of 2013. The industry, however, is not in such a strong condition, nor are demand conditions expected to substantially improve, that the industry could withstand significantly increased low-priced subject imports from China without likely sustaining significant adverse effects.

We have concluded that subject import volumes from China will likely increase to significant levels and have likely significant price effects in the reasonably foreseeable future if the orders regarding China were revoked. The likely increase in subject imports from China will likely cause the domestic industry to lose further market share in an environment where demand growth is not expected to be strong. Additionally, likely significant underselling by subject imports from China to regain slit roll market share will force the domestic industry to cut prices for the domestic like product or lose sales. Such increases in subject import volume at low prices would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. This impact would likely cause declines in the domestic industry's financial performance.

We have also considered the role of factors other than subject imports from China, including the presence of imports from sources other than China, so as not to attribute injury from other factors to the subject imports. While imports from sources other than China have increased their market share since the original investigation,[142] the domestic industry has improved its financial performance during that time, particularly in 2013 when substantial volumes of imports from sources other than China entered the U.S. market.[143] Moreover, average unit values for such other imports have been higher than or comparable to those for the domestic industry.[144] Consequently, consideration of factors other than subject imports does not detract from our finding that revocation of the orders regarding subject imports of LWTP from China will likely have a significant adverse impact on the domestic industry.

Accordingly, we determine that revocation of the countervailing duty and antidumping duty orders on LWTP from China will likely lead to continuation or recurrence of material injury to the domestic LWTP industry within a reasonably foreseeable time.

D. Revocation of the Antidumping Order on Subject Imports from Germany Is Not Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

Original Investigation. The Commission found that the volume and market share of subject imports of jumbo rolls from Germany were significant in absolute terms. Nevertheless, several considerations mitigated the significance of these import volumes. First, while the

[142] CR/PR at Table I-9.

[143] CR/PR at Table C-1.

[144] CR/PR at Table C-1. Because differences in average unit value may reflect differences in product mix, we view such data with caution.

increase in the volume of subject imports was significant, the increase in market share was not because apparent U.S. consumption also grew significantly. Second, the increase in subject import quantities was exclusively in the 48 gram product. Thus, the increase in subject imports from Germany involved types of products not consistently offered by the domestic industry, although by interim 2008 the domestic industry was increasingly selling a 48 gram product.[145]

In its threat analysis, the Commission found that as German producers' capacity and shipments increased during the period of investigation, their exports to the U.S. market increased roughly commensurately and that this was likely to continue in the imminent future. It characterized the German LWTP industry as highly export oriented and found that the U.S. market likely would continue to be a significant export market for German producers. While Koehler planned to build a new coating facility in the United States, this plant would not produce LWTP before 2010. The Commission found that these plans provided further incentive for Koehler to continue to increase its presence in the U.S. market through exports while the facility was planned and constructed.[146]

Current Review. In the original investigations, the Commission recognized that the volume and market share of subject imports of LWTP from Germany were significant but found that the increase in volume of such imports was modest relative to the rise in overall demand, resulting in such imports' relatively constant market share levels during the period of investigation.[147]

Between the imposition of the order and 2012, the market share of subject imports from Germany was relatively similar to (or even somewhat higher than) the shares observed during the original investigation, notwithstanding the imposition of the order. The share of the quantity of apparent U.S. consumption accounted for by subject imports from Germany increased irregularly in a narrow band during the original investigation from *** in 2007. Between 2008 and 2012 this share fluctuated from a low of ***. It fell to *** in 2013.[148] From 2008 to 2012, subject imports from Germany ranged from a low of ***. Subject imports from Germany were at lower levels (***) in 2013.[149]

We consequently do not find that the antidumping duty order on subject imports from Germany had a restraining effect on such imports from 2008 to 2012. Instead, the volume and market share of subject imports from Germany continued to be significant in absolute terms until 2013.

We recognize that the steady presence of subject imports from Germany in the U.S. market changed drastically after Commerce applied an adverse facts available cash deposit rate of 75.36 percent in April 2013 to future imports of LWTP from Koehler and subject imports fell

---

[145] *See* USITC Pub. 4043 at 29-31.

[146] *See* USITC Pub. 4043 at 36-37.

[147] USITC Pub. 4043 at 29-31.

[148] CR/PR at Table I-1. Subject imports from Germany's share of apparent U.S. consumption was *** in interim 2014. *Id*.

[149] CR/PR at Table I-1. Subject imports from Germany were *** in interim 2014. *Id*.

sharply in 2013.[150] After Commerce applied in its next administrative review decision in June 2014 a zero cash deposit rate to future imports of LWTP from Koehler, however, the firm resumed supplying subject merchandise to the U.S. market. We view the dramatic decline in the volume and market share accounted for by subject imports from Germany in 2013 and interim 2014 as a minor variation in the historical market presence of the German LWTP product. As discussed further below, upon revocation of the order it is likely that subject imports from Germany will continue to return to the U.S. market but likely will not rise above the levels observed between 2008 and 2012 in the reasonably foreseeable future.

The Commission has complete coverage of the foreign producers in Germany. Two firms (Koehler and MPE) accounting for virtually all German production of LWTP, responded to the Commission's questionnaire in these reviews.[151] We recognize that the LWTP industry in Germany is large and export oriented. However, even as this industry's shipments to the United States increased in volume until 2013, its shipments to the U.S. market as a share of its total shipments were relatively steady. Exports to the U.S. market as a share of total shipments ranged from a low of *** in 2008, and were *** in 2013.[152] Although U.S. importers have arranged for delivery of subject imports of LWTP from Germany after June 30, 2014, the sum of the total volume of such imports in interim 2014 and the committed orders for July-December 2014 represents only about one-third of the volume of subject imports from Germany in 2012.[153]

The record does not indicate that upon revocation, imports of LWTP from Germany likely will rise above the historic levels experienced from 2008 to 2012 in the reasonably foreseeable future, for several reasons. First, producers of LWTP in Germany operated at high capacity utilization rates throughout the period of review and are likely to continue to do so. Capacity utilization in Germany ranged from a low of *** in 2013.[154] Capacity and production in Germany fluctuated between years but capacity remained relatively stable and production increased only slightly overall from 2008 to 2013.[155] Capacity was *** in 2013.[156] Production

---

[150] CR at IV-4; PR at IV-3.

[151] CR at IV-29; PR at IV-11. In the original investigations, three producers (Koehler, MPE, and Kanzan Spezialpapiere GmbH), which collectively accounted for virtually all production of LWTP in Germany, provided responses to the Commission; Koehler and MPE accounted for all exports to the U.S. market. In these reviews, *** responded to the Commission that it had not produced subject merchandise since January 1, 2008. CR at IV-28-29; PR at IV-11.

[152] Exports to the U.S. market accounted for *** in 2013; exports to the U.S. market accounted for *** in interim 2014. CR/PR at Table IV-12.

[153] CR/PR at Tables IV-7 and C-1. The volume of subject imports from Germany in interim 2014 was *** and the volume of subject imports from Germany arranged for the third and fourth quarters of 2014 is ***. Thus, the combined total of subject imports from Germany confirmed for 2014 is ***; this is about *** of the volume of subject imports from Germany (***) in 2012. *Id*. *Compare* Appvion Posthearing at 4-5.

[154] CR/PR at Table IV-12. Capacity utilization was *** in interim 2014. *Id*.

[155] CR/PR at Table IV-12.

[156] CR/PR at Table IV-12.

also fluctuated between years and increased slightly overall from *** in 2013.[157] It is clear that production of LWTP in Germany has kept pace with existing capacity, allowing for limited unused capacity. The industry does not have plans to increase capacity for LWTP substantially in the reasonably foreseeable future.[158] LWTP producers in Germany manufacture other coated paper products on the same equipment and machinery used to produce LWTP, but the record indicates that LWTP production already accounts for a significant majority of producers' capacity and that little additional product shifting is possible.[159] Koehler noted that only a small share of its capacity is devoted to out-of-scope product and it is costly and inefficient to switch between products; moreover, it indicated that some capacity must be devoted to nonsubject carbonless paper due to technical requirements.[160]

Second, the record does not indicate that the industry in Germany would have motivation to divert shipments from other markets to the United States. Although German producers ship significant volumes of LWTP to other markets, the record indicates that, except for 2013, shipments to each of these other markets have accounted for a relatively steady share of their total LWTP shipments.[161] During the period of review, exports of LWTP accounted for the vast majority of total shipments of subject producers from Germany. Export shipments as a share of total shipments of LWTP ranged from a low of *** in 2009, and was *** in 2013.[162] The largest share of exports of LWTP from Germany are directed to other markets in the European Union ("EU"), with a slightly smaller share being exported to the U.S. market in all years during the period of review, except 2011, when the share exported to the United States was *** higher than the share exported to the EU, and 2013, when the share exported to the United States was much lower.[163] Exports to the U.S. market as a share of total shipments of LWTP remained in a fairly narrow band, except for 2013.[164] Whereas exports account for a

[157] CR/PR at Table IV-12.

[158] CR at IV-32; PR at IV-13; MPE Prehearing Brief at 6, n.14 and MPE Foreign Producers' Questionnaire Response at Question II-3.

[159] CR/PR at Table IV-13. German producers' total plant capacity utilization ranged from a low of *** in 2013. *Id*. Appvion urged the Commission to regard the German producers' reported available capacity for LWTP with skepticism because they could allocate an increasing share of total capacity to LWTP. *See* Appvion Posthearing Brief at 8 and Answers to Commission Questions at 18-26 and 39-41. The evidence in the record, however, does not support that significant product shifting is possible.

[160] CR at IV-35 – 36; PR at IV-14.

[161] CR/PR at Table IV-12.

[162] CR/PR at Table IV-12. Exports as a share of the total shipments of producers of LWTP in Germany were *** in interim 2014. *Id*.

[163] CR/PR at Table IV-12. In 2011, exports of LWTP from Germany to the U.S. market as a share of total shipments was slightly *** compared to *** for exports to the European Union and, in 2013, exports to the U.S. market as a share of total shipments were ***. *Id*.

[164] Exports of LWTP from Germany to the U.S. market as a share of total shipments was *** in 2013. CR/PR at Table IV-12.

significant share of the German producers' shipments, home market shipments as a share of total shipments increased irregularly from *** in 2013.[165]

We recognize that Korean producer Hansol's acquisition of Schades[166] in September 2013 may increase competition for the German producers in the European market. The evidence in the record indicates, however, that this increased competition would not likely result in substantial increases in subject imports to the U.S. market beyond the historical levels. First, after the acquisition, German producers' shipments to their home market and other European markets were substantially higher than immediately before the acquisition occurred.[167] Second, after the acquisition, *** from Schades.[168] And, finally, it appears that the focus of Shades' European business is on merchandise other than LWTP.[169]

Exports of LWTP by the subject producers in Germany to markets other than the United States and the EU have also accounted for a steady, and even increasing, share of these producers' total shipments.[170] Thus, it appears that the producers of LWTP in Germany have had and are likely to continue to have significant export markets other than the United States. Additionally, German producers' total shipments have continued to ***, which are not the principal products consumed in the U.S. market.[171] For example, German producers' shipments of BPA-containing product accounted for between *** of their total shipments from 2008 to 2013; in comparison, U.S. coaters' commercial shipments of BPA-containing jumbo roll product declined from *** in 2013 of their total commercial shipments of jumbo rolls.[172] Similarly, German producers' shipments of 49.9 gram to 60 gram product accounted for between *** of their total shipments from 2008 to 2013, whereas U.S. coaters' commercial shipments of jumbo rolls of 49.9 gram to 60 gram product declined from *** in 2013 of their total commercial shipments of jumbo rolls.[173]

Finally, importers of subject LWTP from Germany reported *** inventories on hand at the end of the period of review, although such inventories as a share of U.S. shipments of imports had ranged from a *** in 2010 for the 2008-2012 period.[174] End-of-period inventories

---

[165] CR/PR at Table IV-12.

[166] Schades is a German converter with multiple locations in Europe that was purchased by Korean producer Hansol in September 2013. CR at IV-39; PR at IV-15.

[167] German producers' combined shipments of LWTP to their home and EU markets were *** in interim 2014 compared with *** in interim 2013. Calculated from CR/PR at Table IV-12.

[168] Koehler's Final Comments at 3.

[169] Koehler's Final Comments at 3-4; Appvion's Posthearing Brief at Exhibits 9 and 10.

[170] Koehler has increased exports to Latin America, ***, markets that have been growing more rapidly than the EU. Koehler's Final Comments at 4. Exports of LWTP from Germany are not subject to trade remedies in any market other than the United States. CR at IV-33; PR at IV-14.

[171] *Compare* CR/PR at Tables IV-3, IV-5, IV-14, IV-15 *with* Tables III-11 to III-14.

[172] CR/PR at Tables III-13 and IV-15.

[173] CR/PR at Tables III-11 and IV-14.

[174] CR at Table IV-8.

as a share of total shipments held by producers in Germany accounted for a smaller ratio, within a *** range, from 2008 to 2013.[175]

Thus, although we expect subject imports of LWTP from Germany likely will increase and return to significant likely volumes in the reasonably foreseeable future, this will likely happen regardless of whether the order is revoked in light of the historic presence of such imports in the U.S. market during most of the period that the order has been in effect. As discussed further below, we do not find it likely that the presence of subject imports from Germany at levels that are likely to be no higher than historic levels will have significant price effects or impact on the domestic LWTP industry within a reasonably foreseeable time in the event of revocation.

2. Likely Price Effects

Original Investigation. In the original determinations, the Commission found that price was an important factor in purchasing decisions for LWTP. While the record showed a mix of underselling and overselling, the Commission did not find significant underselling. There were very small quantities of domestic product for the pricing product, 48 gram jumbo rolls, in which subject imports undersold in *** quarterly comparisons. For the pricing product with the highest shipment quantities, 55 gram jumbo rolls, subject imports oversold in *** quarterly comparisons. The Commission recognized that prices for 48 gram jumbo rolls affected prices for 55 gram jumbo rolls, but found that any such effects on prices for domestically produced 55 gram jumbo rolls during the period of investigation were insufficient to constitute significant price suppression or depression. While there were price declines, the evidence showed that competition between the domestic coaters and demand fluctuations, rather than subject imports from Germany, accounted for such price declines and a rising ratio of cost of goods sold ("COGS") to net sales.[176]

In its threat analysis, the Commission found that the increased subject imports from Germany likely in the imminent future would have greater price effects than those observed during the period of investigation. Particularly since the subject imports from Germany would be heavily concentrated in the 48 gram product, they would compete with the 48 gram product that Appleton began to produce in the fall of 2007. The Commission found that the *** by German 48 gram jumbo rolls during the period of investigation would have far greater significance in the imminent future.[177]

Current Review. We incorporate by reference the discussion in section IV.C.2. above concerning the importance of price in purchasing decisions for LWTP. Majorities of purchasers found domestically produced jumbo rolls and the subject imports from Germany comparable in

[175] CR/PR at Table IV-12.
[176] *See* USITC Pub. 4043 at 31-33.
[177] *See* USITC Pub. 4043 at 37-39.

26 of 27 factors.[178] The majority of U.S. purchasers reported factors other than price were sometimes or never important in purchasing decisions for U.S. and German product.[179] We consequently find price is an important consideration in making purchasing decisions as between German and U.S.-produced jumbo rolls of the same specifications.

The Commission collected quarterly pricing data on four jumbo roll products. Products 1 and 2 are standard 55 gram jumbo roll products, containing BPA and BPA-free, respectively; products 3 and 4 are 48 gram jumbo roll products, containing BPA and BPA-free, respectively.[180] The pricing data cover virtually all subject imports from Germany and a substantial majority of U.S. coaters' shipments of jumbo rolls; there were no subject imports of product 2.[181] The record indicates that overselling occurred in 55 of 59 quarterly comparisons with margins of overselling ranging from *** and accounted for 59.5 million MSF (1,000 square feet); by contrast, underselling occurred in 4 of 59 quarterly comparisons with margins of underselling ranging from *** and accounted for only 4.6 million MSF.[182]

Shipment quantities of subject imports from Germany were substantial in product 3 (48 gram containing BPA), and to a lesser but increasing degree in product 4 (48 gram BPA-free). Two of the four underselling observations occurred in product 4. The other two occurred in product 1 (55 gram containing BPA), in which shipment volumes of subject imports were consistent but in smaller volumes than in products 3 and 4.[183]

There is thus a record of consistent overselling in all three products with quarterly pricing comparison data. Of particular note is the consistent overselling in product 4 (48 gram BPA-free), which all parties agree is the product with an increasing share of the U.S. market and most intense competition between the domestic product and subject imports from Germany.

---

[178] The exception was delivery time, in which a plurality deemed the U.S. product superior. CR/PR at Table II-9.

[179] CR at II-33; PR at II-21-22.

[180] Product 1.-- Thermal paper in jumbo rolls, made with Bisphenol A (BPA), with a target caliper of 2.2 to 2.5 mils (55.9 to 63.5 microns), with a target basis weight of at least 49.9 g/m2 and up to 60 g/m2, not top-coated, white/non-colored paper, black image color, not printed on the non-thermal coated side, standard sensitivity.

Product 2.-- Thermal paper in jumbo rolls, made free of BPA, with a target caliper of 2.2 to 2.5 mils (55.9 to 63.5 microns), with a target basis weight of at least 49.9 g/m2 and up to 60 g/m2, not top-coated, white/non-colored paper, black image color, not printed on the non-thermal coated side, standard sensitivity.

Product 3.-- Thermal paper in jumbo rolls, made with BPA, with a target caliper of less than 2.2 (less than 55.9 microns), with a target basis weight of less than 49.9 g/m2, not top-coated, white/non-colored paper, black image color, not printed on the non-thermal coated side, standard sensitivity.

Product 4.— Thermal paper in jumbo rolls, made free of BPA, with a target caliper of less than 2.2 (less than 55.9 microns), with a target basis weight of less than 49.9 g/m2, not top-coated, white/non-colored paper, black image color, not printed on the non-thermal coated side, standard sensitivity. CR at V-6; PR at V-4.

[181] CR at V-7-8; PR at V-5-6; CR/PR at Table V-4.

[182] CR/PR at Table V-9.

[183] CR/PR at Tables V-3 – V-6 and Figures V-1 – V-4.

Even though subject imports from Germany did not enter the U.S. market for product 4 until the fourth quarter of 2010, there were only two reported occurrences of underselling (both with margins of ***) as the German product increased its presence in this growing market segment. This pattern of overselling was similar to the predominant overselling reported in the original investigations for 55 gram product on which competition between the domestic like product and subject imports from Germany then focused. We consequently conclude that there will not likely be significant price underselling should the orders under review be revoked.

Prices for domestically produced products and subject imports from Germany increased overall from January 2008 to June 2014. Specifically, prices for domestic products generally declined in 2008 and remained at low levels in 2009, but began to improve in 2010 as U.S. producers were able to charge higher prices in line with the economic recovery, and continued to increase until the second half of 2013.[184] The prices for subject imports of products 3 and 4 generally followed similar trends to comparable domestic products; prices of subject imports of product 1 remained at a fairly consistent high and increasing level from mid-2008 to the first quarter of 2014.[185] The evidence demonstrates that domestic prices increased even when subject imports from Germany in the U.S. market increased in both volume and market share in 2011 and 2012.[186] With the initial supply constraints in the U.S. market after Koehler abruptly ceased importing subject merchandise in April 2013, prices for domestic product rose in the second quarter of 2013. However, with substantial increases in nonsubject imports of jumbo rolls to supply the void resulting from the exit of Koehler, prices declined thereafter to levels similar to those reported in 2012.[187] Thus, the recent declines in the prices of domestic product in the second half of 2013 and the first half of 2014 corresponded to increases in nonsubject imports and occurred before Koehler resumed exports to the U.S. market in August 2014 following the June 2014 Commerce administrative review decision imposing zero cash deposit rates.[188]

As discussed above, we recognize that subject imports of LWTP from Germany likely will increase and return to near historical levels and in doing so will face competition with the nonsubject imports that filled the void left by Koehler's abrupt temporary departure from the U.S. jumbo roll market in 2013 and interim 2014. Appvion contends that to regain market share Koehler will offer lower prices, and points to comments allegedly already made by Koehler's U.S. sales representatives that it will price aggressively.[189] While there is no indication in the record that Koehler was lowering prices when it returned to the U.S. market in the second half of 2014, we recognize that some temporary adjustments to prices may occur as Koehler seeks to regain its historic presence in the U.S. market. Such adjustments likely would be short-lived and similar in magnitude to the initial increases in prices when supply was constrained at the

[184] CR/PR at Tables V-3 – V-6 and Figures V-1 – V-4; CR at III-33; PR at III.
[185] CR/PR at Tables V-3 – V-6 and Figures V-1 – V-4.
[186] CR/PR at Tables V-3 – V-6 and C-1.
[187] CR/PR at Tables V-3 – V-6 and C-1.
[188] CR/PR at Tables V-3 – V-6 and E-1; CR at IV-31; PR at IV-13.
[189] Appvion's Posthearing Brief at 5 and Appendix 3

time that Koehler abruptly exited the U.S. market. The record indicates that Koehler has been able to sell successfully in the U.S. market without underselling the domestic like product.[190] Therefore, we find that, based on the pricing behavior demonstrated by German producers not only during this review but also the original investigations, any adjustments would not likely be sustained in the reasonably foreseeable future.[191]

We find that the record does not suggest that significant price effects are likely if the order were revoked. Subject imports from Germany were a stable presence in the U.S. market from 2008 to 2012 and will likely continue to return to the U.S. market but not rise above historic levels in the reasonably foreseeable future. U.S. demand for LWTP is likely to remain relatively stable, providing market opportunities for both domestic coaters and converters. Subject imports from Germany *** comparable domestic products over the period of review. The record does not indicate that, except for a possible temporary adjustment, these pricing patterns will likely change in such a way that will result in adverse effects for the domestic industry. For the foregoing reasons, we conclude that the subject imports would not be likely to have significant price-suppressing or price-depressing effects in the reasonably foreseeable future.

3. Likely Impact[192]

Original Investigation. In the original determinations, the Commission found that subject imports from Germany did not have a significant adverse impact on the domestic

---

[190] Koehler has indicated that its home office in Germany controls all pricing decisions for markets worldwide, including the U.S. market, and that *** by Domestic Coaters. Koehler's Final Comments at 10; Tr. at 166. *See also* CR/PR at Tables G-1 and H-1.

[191] Both Koehler and Appvion provided economic models to support their arguments regarding likely price effects of the antidumping duties. Koehler provided an economic model that supported the position that the antidumping duties on Germany did not increase the prices of U.S. LWTP and therefore Koehler asserted that revocation of the antidumping orders on LWTP from Germany would not affect U.S. prices. Koehler Prehearing Brief, Volume II at 3. Appvion provided an economic model that supported the position that the antidumping duties had increased the price of U.S. LWTP and therefore Appvion asserted that revocation of the antidumping orders on LWTP from Germany would reduce the price of U.S. LWTP. Hearing Transcript at 77 and Appvion Posthearing Brief, Exhibit 12 at 3. Both sides alleged that the economic model presented by the other side suffered from analytical deficiencies. *See* Appvion Posthearing Brief at Exhibit 7; Appvion Final Comments at 10-11; Koehler Posthearing Brief, Appendix 1 at 14-19; Koehler Final Comments at 8-9. We considered both economic models presented but find that, due to data and methodology issues, other evidence was more probative in conducting our analysis.

[192] The statute additionally instructs "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). In its antidumping review concerning subject imports from Germany, Commerce found likely dumping margins of 6.50 percent for Papierfabrik August Koehler AG and Koehler America, Inc., and 6.50 percent for all others. CR/PR at Table I-4; 79 Fed. Reg. 32218 (June 4, 2014).

industry as a whole during the period of investigation. The Commission recognized that the financial performance of the coaters, the industry segment that competes most directly with jumbo rolls from Germany, was considerably worse than that of converters. Nonetheless, the Commission found that the coaters' declines in financial performance for 2007 could not be attributed to subject imports from Germany but instead were caused by a combination of ***, the domestic industry's inability to offer a competitive 48 gram product during much of that year, and some incipient price effects due to subject imports from China.[193]

In its threat analysis, the Commission found that in light of its consistently unprofitable performance, the domestic industry was vulnerable to the effects of additional subject imports. In particular, further losses in market share in a market in which growth in demand was likely slowing would result in further declines in financial performance and imperil Appleton's substantial investment in its new West Carrollton facility. The Commission observed that the likely injurious effects from additional subject imports from Germany of 48 gram jumbo rolls were distinct from those likely from subject imports of 55 gram slit rolls from China. The subject imports from Germany were likely to compete directly with the jumbo rolls produced by U.S. coaters and consequently the price and impact of such additional imports would be felt principally by U.S. coaters. By contrast, the threat from subject imports from China would principally be felt by U.S. converters.[194]

Current Review. In evaluating the likely impact on the domestic industry, we observe, as explained in more detail above in IV.C.3, that given the industry's performance, particularly since 2011, we do not find that the domestic industry is currently in a vulnerable or weakened state as contemplated by the statute. During the period of review, the domestic industry experienced improving performance in tandem with increases in apparent U.S. consumption. The domestic industry has increased its capacity each year and increased its output overall during the period of review. Moreover, overall domestic industry financial performance improved over the period of review. We find that revocation of the antidumping duty order on subject imports from Germany is not likely to lead to a significant adverse impact on the domestic industry within a reasonably foreseeable time.

While we find it likely that subject imports from Germany will return to the significant presence that they historically have held in the U.S. market, we do not find there will likely be significant price effects from these imports for the reasons stated above. We similarly find that despite their likely significant volumes, subject imports from Germany are unlikely to have a significant impact. Because any likely price effects of the subject imports will be limited in duration and are unlikely to significantly affect pricing for the domestic like product, the likely return of significant subject import volumes is unlikely to impair domestic industry performance in light of the lack of impairment that occurred while subject imports were significant, and not appreciably disciplined by the antidumping duty order, during the period of review. The performance of the domestic industry generally, and the U.S. coaters in particular, improved with increasing apparent U.S. consumption in the 2008-2010 period. The domestic industry

[193] *See* USITC Pub. 4043 at 34-36.
[194] *See* USITC Pub. 4043 at 39.

experienced substantial improvements in its performance after 2010 when it was able to charge higher prices, notwithstanding that subject imports from Germany also increased in volume and market share in the 2010-2012 period.[195] The domestic industry's decline in performance at the end of the period of review occurred after subject imports from Germany had temporarily exited the U.S. market and nonsubject imports had increased substantially.[196]

As discussed above, the U.S. LWTP industry generally, and Appvion in particular, are now well positioned in the LWTP jumbo roll market. Since the original investigation, Appvion has entered into a long-term paper supply arrangement and brought online new coating capacity enabling it to not only fully participate in the 48 gram market but also to become the industry leader in producing BPA-free product.

Thus, we conclude that revocation of the antidumping duty order on subject imports from Germany would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

V. Conclusion

For the foregoing reasons, we determine that revocation of the countervailing duty order on LWTP from China, and that revocation of the antidumping duty order on LWTP from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We also determine that revocation of the antidumping duty order on LWTP from Germany would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

[195] *See* CR/PR at Table C-1.

[196] *See* CR/PR at Table C-1 (comparing interim periods).

PART I: INTRODUCTION

BACKGROUND

On October 1, 2013, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted reviews to determine whether revocation of the countervailing duty order on certain lightweight thermal paper ("certain LW thermal paper") from China and the antidumping duty orders on certain LW thermal paper from China and Germany would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On January 23, 2014, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. [4] The following tabulation presents information relating to the background and schedule of these proceedings:[5]

Effective date	Action
November 24, 2008	Commerce's countervailing duty order on certain LW thermal paper from China (73 FR 70958) and antidumping duty orders on certain LW thermal paper from China and Germany (73 FR 70959)
October 1, 2013	Commission's institution of five-year reviews (78 FR 60313)
October 1	Commerce's initiation of five-year reviews (78 FR 60253)

[1] 19 U.S.C. 1675(c).

[2] *Certain Lightweight Thermal Paper from China and Germany; Institution of Five-Year Reviews,* 78 FR 60313, October 1, 2013. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission's notice of institution. *Initiation of Five-Year (''Sunset'') Review,* 78 FR 60253, October 1, 2014.

[4] *Lightweight Thermal Paper From China and Germany; Notice of Commission Determination To Conduct Full Five-year Reviews,* 79 FR 6218, February 3, 2014. The Commission found that the domestic interested party group response to its notice of institution (78 FR 60313, October 1, 2013) was adequate and that the respondent interested party group response with respect to Germany was adequate, and decided to conduct a full review of the antidumping duty order on lightweight thermal paper from Germany. The Commission found that the respondent interested party group response with respect to subject imports from China was inadequate. However, the Commission determined to conduct full reviews concerning the orders on lightweight thermal paper from China to promote administrative efficiency in light of its decision to conduct a full review with respect to Germany.

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy are referenced in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. Appendix B presents the witnesses appearing at the Commission's hearing.

Effective date	Action
January 23, 2014	Commission's determinations to conduct full five-year reviews (79 FR 6218, February 3, 2014)
February 21	Commerce's final results of expedited five-year reviews of the antidumping duty order (China) (79 FR 9879)
February 25	Commerce's final results of expedited five-year reviews of the countervailing duty order (China) (79 FR 10477)
June 4	Commerce's final results of full five-year reviews of the antidumping duty order (Germany) (79 FR 32218)
June 19	Commission's scheduling of the reviews (79 FR 36557, June 27, 2014)
October 30	Commission's hearing
December 17	Scheduled date for the Commission's vote
January 16, 2015	Scheduled date for the Commission's determinations and views

The original investigations

The original investigations resulted from petitions field by Appleton Papers, Inc. (later changed to Appvion, Inc.), on September 19, 2007, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of certain LW thermal paper from China and less-than-fair-value ("LTFV") imports of certain LW thermal paper from China and Germany. Following notification of a final determination by Commerce that imports of certain LW thermal paper from China were being subsidized and sold at LTFV and imports of certain LW thermal paper from Germany were being sold at LTFV, the Commission determined on November 17, 2008 that a domestic industry was threatened with material injury by reason of subsidized and LTFV imports of certain LW thermal paper from China and LTFV imports of certain LW thermal paper from Germany.[6] Commerce published the countervailing duty order on subject imports of certain LW thermal paper from China on November 24, 2008.[7] Commerce published the antidumping duty orders on certain LW thermal paper from China and Germany on November 24, 2008.[8]

Subsequently, Papierfabrik August Koehler AG ("Koehler Germany" or "Koehler") and Koehler America, Inc. ("Koehler America"), respectively an exporter and importer of certain LW thermal paper from Germany, appealed the Commission's determination to the Court of International Trade ("CIT"). The CIT affirmed the Commission's determination.[9] On appeal, the

[6] *Certain Lightweight Thermal Paper from China and Germany*, *Inv. Nos. 701-TA-451 and 731-TA-1126-1127 (Final)*, USITC Publication 4043, November 2008.

[7] *Lightweight Thermal Paper from the People's Republic of China: Notice of Amended Final Affirmative Countervailing Duty Determination and Notice of Countervailing Duty Order*, 73 FR 70958, November 24, 2008.

[8] *Antidumping Duty Orders: Lightweight Thermal Paper From Germany and the People's Republic of China*, 73 FR 70959, November 24, 2008.

[9] *Papierfabrik August Koehler AG v. United States*, 675 F. Supp.2d 1172 (Ct. Int'l Trade 2009).

United States Court of Appeals for the Federal Circuit ("Federal Circuit") vacated the judgment of the CIT. The Federal Circuit held that the Commission improperly failed to consider certain materials Koehler introduced, consisting of a worksheet prepared in the Commerce dumping investigation containing intermediate dumping margin calculations concerning certain types of certain LW thermal paper, including certain LW thermal paper having basis weight of 48 grams per square meter.[10] On July 1, 2011, the Commission instituted remand proceedings.[11] On remand, the Commission again determined that a domestic industry is threatened with material injury by reason of LTFV imports from Germany.[12]

RELATED INVESTIGATIONS

Certain LW thermal paper has not been the subject of any other antidumping or countervailing duty investigations in the United States.

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations and the current full five-year reviews. In the original investigations, U.S. imports from all sources were compiled from data submitted in response to Commission questionnaires. In these reviews, U.S. imports are compiled from responses to Commission questionnaires and from official import statistics for all importing firms not responding to Commission's questionnaire. Additionally, the imports from sources other than Germany in 2008 are believed to be overstated, as imports of certain LW thermal paper in 2008 were primarily classifiable under HTS statistical reporting numbers 4811.90.8040 and 4811.90.9090, basket categories which included paper other than certain LW thermal paper.[13]

---

[10] *Papierfabrik August Koehler AG v. United States*, App. No. 2010–1147 (Fed. Cir. January 11, 2011).

[11] *Certain Lightweight Thermal Paper From Germany; Remand Proceedings*, 76 FR 42137, July 18, 2011.

[12] *Certain Lightweight Thermal Paper from China and Germany, Investigation Nos. 701-TA-451 and 731-TA-1126-1127 (Remand),* USITC Publication 4334, September 2011.

[13] Statistical reporting numbers 4811.90.8030 and 4811.90.9030 were created in January 2009 to encompass merchandise subject to the orders.

Table I-1
Certain LW thermal paper: Comparative data from the original investigations and current reviews, 2005-2013

Item	Original investigations		
	2005	2006	2007
	Quantity (short tons)		
U.S. consumption	215,633	244,305	255,787
	Share of quantity (percent)		
Share of U.S. consumption: U.S. producers' share	***	***	***
U.S. importers' share: China	***	***	***
Germany	***	***	***
Subtotal, subject sources	***	***	***
All other sources	***	***	***
Total imports	***	***	***
	Value (1,000 dollars)		
U.S. consumption	427,680	482,129	490,222
	Share of value (percent)		
Share of U.S. consumption: U.S. producers' share	***	***	***
U.S. importers' share: China	***	***	***
Germany	***	***	***
Subtotal, subject sources	***	***	***
All other sources	***	***	***
Total imports	***	***	***
	Quantity (short tons); Value (1,000 dollars); and Unit value (dollars per short ton)		
U.S. shipments of U.S. imports from China: Quantity	***	***	***
Value	***	***	***
Unit value	***	***	***
Germany: Quantity	***	***	***
Value	***	***	***
Unit value	***	***	***
Subject sources: Quantity	***	***	***
Value	***	***	***
Unit value	***	***	***
All other sources: Quantity	***	***	***
Value	***	***	***
Unit value	***	***	***
All sources: Quantity	70,882	85,460	93,712
Value	116,812	143,348	151,518
Unit value	$ 1,648	$ 1,677	$ 1,617

Table continued on next page.

Table I-1--*Continued*
Certain LW thermal paper: Comparative data from the original investigations and current reviews, 2005-2013

Item	Review						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
	Quantity (short tons)							
U.S. consumption quantity	257,560	189,686	210,498	213,756	228,001	220,787	115,012	111,141
	Share of quantity (percent)							
Share of U.S. consumption: U.S. producers' share	***	***	***	***	***	***	***	***
U.S. importers' share: China	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
	Value (1,000 dollars)							
U.S. consumption	635,536	432,024	455,143	492,168	544,130	584,565	291,218	277,810
	Share of value (percent)							
Share of U.S. consumption: U.S. producers' share: U.S.-sourced jumbo rolls	***	***	***	***	***	***	***	***
Conversion imported jumbo rolls	***	***	***	***	***	***	***	***
Total producers' value	***	***	***	***	***	***	***	***
U.S. importers' share: China	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
	Quantity (short tons); Value (1,000 dollars); and Unit Value (dollars per short ton)							
U.S. imports from China: Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Germany: Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Subject sources: Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
All other sources: Quantity	59,101	11,395	15,269	21,290	27,897	68,307	28,244	44,054
Value	149,835	23,368	33,143	46,819	63,648	152,014	63,591	91,949
Unit value	$2,535	$2,051	$2,171	$2,199	$2,282	$2,225	$2,251	$2,087
All sources: Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***

Table continued on next page.

Table I-1--*Continued*
Certain LW thermal paper: Comparative data from the original investigations and current reviews, 2005-2013

Item	Original investigations		
	2005	2006	2007
	Quantity (short tons); Value (1,000 dollars); and Unit Value (dollars per short ton)		
U.S. coaters:			
Capacity (quantity)	***	***	***
Production (quantity)	***	***	***
Capacity utilization (percent)	***	***	***
U.S. converters:			
Capacity (quantity)	***	***	***
Production (quantity)	***	***	***
Capacity utilization (percent)	***	***	***
U.S. coaters and converters combined			
U.S. shipments:			
Quantity	144,751	158,845	162,075
Value	310,868	338,781	338,704
Unit value	$2,148	$2,133	$2,090
Export shipments:			
Quantity	17,937	20,013	20,387
Value	28,921	31,675	33,028
Unit value	$1,612	$1,583	$1,620
Ending inventory	8,644	12,823	9,739
Production workers	942	959	949
Hours worked (1,000)	1,888	1,936	1,904
Wages paid (1,000 dollars)	38,455	40,841	40,192
Hourly wages	$20.37	$21.10	$21.11
Financial data:			
Net sales value	327,066	357,300	355,924
Total COGS	288,156	31,683	324,653
Gross profit or (loss)	38,910	40,463	31,271
SG&A expense	39,944	40,556	42,492
Operating income or (loss)	(1,034)	(93)	(11,221)
Capital expenditures	19,409	12,658	38,661
COGS/ Sales (percent)	88.1	88.7	91.2
Operating income or (loss)/ Sales (percent)	(0.3)	0.0	(3.2)

Table continued on next page.

Table I-1--*Continued*
Certain LW thermal paper: Comparative data from the original investigations and current review, 2005-2013

Item	Review						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
	Quantity (short tons); Value (1,000 dollars); and Unit Value (dollars per short ton)							
U.S. coaters:								
Capacity (quantity)	***	***	***	***	***	***	***	***
Production (quantity)	***	***	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***	***	***
U.S. converters:								
Capacity (quantity)	***	***	***	***	***	***	***	***
Production (quantity)	***	***	***	***	***	***	***	***
Capacity utilization (percent)	***	***	***	***	***	***	***	***
U.S. coaters and converters combined								
U.S. shipments:[1]								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
U.S.-sourced jumbo rolls	***	***	***	***	***	***	***	***
Conversion of imported jumbo rolls	***	***	***	***	***	***	***	***
Total value	***	***	***	***	***	***	***	***
Export shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***
Hours worked (1,000)	***	***	***	***	***	***	***	***
Wages paid (1,000 dollars)	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***
Financial data:								
Net sales value	***	***	***	***	***	***	***	***
Total COGS	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***
SG&A expense	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***
COGS/ Sales (percent)	***	***	***	***	***	***	***	***
Operating income or (loss)/ Sales (percent)	***	***	***	***	***	***	***	***

[1] The quantity of U.S. shipments only includes U.S. coaters shipments, while value of U.S. shipments include U.S. coaters' U.S. shipments plus the additional value added to both domestic and foreign origin jumbo rolls by U.S. converters. This treatment consolidates U.S. coaters and U.S. converters' shipments without double counting the volume of merchandise in the U.S. market. *See* tables III-9 and III-10 for U.S. coaters' and U.S. converters' shipments, respectively.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
>
> *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
>
> *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
>
> *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*
>
> *(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*
>
> *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
>
> *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
>
> *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*
>
> *(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

> *(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*
> *(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.*

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

> *(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,*
> *(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and*
> *(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for certain LW thermal paper as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of three U.S. producers of jumbo rolls of certain LW thermal paper that are believed to account for all domestic jumbo roll production of certain LW thermal paper and 10 U.S. producers of slit rolls of certain LW thermal paper that are believed to have accounted for 70 percent of such domestic production in 2013. U.S. import data and

related information are based on Commerce's official U.S. import statistics and the questionnaire responses of 11 U.S. importers of certain LW thermal paper.[14] These importer questionnaire responses represent all or virtually all U.S. imports from Germany, none of the U.S. imports from China, and approximately 61 percent of U.S. imports from all other sources in 2009-13.[15] Foreign industry data and related information are based on the questionnaire responses of two producers of certain LW thermal paper in Germany, which accounted for *** of total production of certain LW thermal paper during January 2008 – June 2014 ("period of review"). The Commission did not receive any questionnaire responses from foreign producers of subject certain LW thermal paper in China. Responses by U.S. producers, importers, purchasers, and foreign producers of certain LW thermal paper to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation of such orders are presented in appendix D. Appendix E presents apparent U.S. consumption and market share data for jumbo rolls and slit rolls based on responses to Commission questionnaire. Appendix F presents financial data including ***. Commercial U.S. shipments of U.S. imports by basis weight and source is presented in appendix G and appendix H presents commercial U.S. shipments of U.S. imports by Bisphenol A ("BPA") content and source.

COMMERCE'S REVIEWS

Administrative reviews

Commerce has completed no administrative reviews of the outstanding antidumping duty and countervailing duty orders on certain LW thermal paper from China.[16] Commerce has completed four administrative reviews of the outstanding antidumping duty order on certain LW thermal paper from Germany. The results of the administrative reviews are shown in table I-2.

[14] Unless otherwise specified, import data in this report are based on importer questionnaire responses and official Commerce statistics for all firms not responding to Commission's importer questionnaire.

[15] Prior to January 2009, imports of certain LW thermal paper were primarily classifiable under HTS statistical reporting numbers 4811.90.8040 and 4811.90.9090, basket categories which included paper other than certain LW thermal paper.

[16] For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Table I-2
Certain LW thermal paper: Administrative reviews of the antidumping duty order for Germany

Date results published	Period of review	Producer or exporter	Margin (percent)
76 F.R. 22078. April 20, 2011	Nov. 20, 2008 - Oct. 31, 2009	Papierfabrik August Koehler AG	3.77
77 F.R. 21082, Apr. 9, 2012 (amended 77 F.R. 28851, May 16, 2012)	Nov. 1, 2009 - Oct. 31, 2010	Papierfabrik August Koehler AG	4.33
78 F.R. 23220, Apr. 18, 2013	Nov. 1, 2010 - Oct. 31, 2011	Papierfabrik August Koehler AG	75.36
79 F.R. 34719, June 18, 2014	Nov. 1, 2011 - Oct. 31, 2012	Papierfabrik August Koehler SE	0.00

Source: Cited Federal Register notices.

Scope inquiry reviews

Commerce issued one scope ruling regarding certain LW thermal paper, in which the Department stated that certain LW thermal paper converted into smaller certain LW thermal paper rolls in China, from jumbo certain LW thermal paper rolls produced in certain third countries, is not within the scope of the antidumping order and the companion countervailing duty order.[17]

Five-year reviews

Commerce has issued the final result of its expedited antidumping duty review with respect to China on February 21, 2014 and its final results of its full review with respect to Germany on June 4, 2014.[18] Tables I-3 and I-4 presents the dumping margins calculated by Commerce in its original investigations and first reviews.

Table I-3
Certain LW thermal paper: Commerce's original and first five-year dumping margins for producers/exporters in China

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)
Shanghai Hanhong Paper Co., Ltd	115.29	115.29
Guangdong Guanhao High-Tech Co., Ltd	19.77	19.77
All others	115.29	115.29

Source: *Antidumping Duty Orders: Lightweight Thermal Paper From Germany and the People's Republic of China*, 73 FR 70959, November 24, 2009 and *Lightweight Thermal Paper From the People's Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 79 FR 9879, February 21, 2014.

[17] 77 FR 50084 (August 20, 2012).

[18] *Lightweight Thermal Paper From the People's Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 79 FR 9879, February 21, 2014 and *Lightweight Thermal Paper From Germany: Final Results of the First Full Sunset Review of the Antidumping Duty Order*, 79 FR 32218, June 4, 2014.

Table I-4
Certain LW thermal paper: Commerce's original and first five-year dumping margins for producers/exporters in Germany

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)
Papierfabrik August Koehler AG and Koehler America, Inc	6.50	6.50
All others	6.50	6.50

Source: *Antidumping Duty Orders: Lightweight Thermal Paper From Germany and the People's Republic of China*, 73 FR 70959, November 24, 2009 and *Lightweight Thermal Paper From Germany: Final Results of the First Full Sunset Review of the Antidumping Duty Order*, 79 FR 32218, June 4, 2014.

On February 25, 2014, Commerce issued the final result of its expedited countervailing duty review with respect to certain LW thermal paper from China. Table I-5 presents the counteravailable subsidy margins calculated by Commerce in its original investigations and first review.

Table I-5
Certain LW thermal paper: Commerce's original and first five-year countervailable subsidy margins for producers/exporters in China

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)
Shanghai Hanhong Paper Co., Ltd	0.57	--
Guangdong Guanhao High-Tech Co., Ltd	13.63	13.63
Shenzhen Yuanming Industrial Development Co., Ltd.	138.53	138.53
MDCN Technology Co., Ltd.	124.93	124.93
Xiamen Anne Paper Co., Ltd.	124.93	124.93
All others	13.63	13.63

Source: *Lightweight Thermal Paper from the People's Republic of China: Notice of Amended Final Affirmative Countervailing Duty Determination and Notice of Countervailing Duty Order*, 73 FR 70958, November 24, 2009 and *Lightweight Thermal Paper From the People's Republic of China: Final Results of Expedited First Sunset Review of the Countervailing Duty Order*, 79 FR 10477, February 25, 2014.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of these reviews as follows:

> *The scope of the order includes certain lightweight thermal paper, which is thermal paper with a basis weight of 70 grams per square meter (g/m^2) (with a tolerance of ± 4.0 g/m^2) or less; irrespective of dimensions with or without a base coat on one or both sides; with thermal active coating(s) on one or both sides that is a mixture of the dye and the developer that react and form an image when heat is applied; with or without a top coat; and without an adhesive backing. Certain LW thermal paper is typically (but not exclusively) used in point-*

of-sale applications such as ATM receipts, credit card receipts, gas pump receipts, and retail store receipts.

Tariff treatment

Certain LW thermal paper may be classifiable in the 2014 Harmonized Tariff Schedule of the United States ("HTS") under subheadings 3703.10.60, 4811.59.20, 4811.90.80, 4811.90.90, 4820.10.20, and 4823.40.00.[19] [20] Goods imported into the United States under all of the HTS numbers applicable to these reviews, except under 3703.10.60[21] are currently free of duty under the column 1 general rate of duty.

THE PRODUCT

Description and applications[22]

Thermal paper (subject and nonsubject) is a type of specialty paper that is coated with a thermal active coating on one or both sides. The subject product, certain LW thermal paper, is thermal paper with a basis weight of 70 g/m^2 or less used primarily in printers for point-of-sale ("POS") receipts at cash registers, ATMs, gas pumps, credit card machines, and other similar settings. Nonsubject thermal paper, with a basis weight greater than 70 g/m^2, is used for other types of thermally printed products such as labels (e.g., shipping labels, deli labels) and ticket products (e.g., event tickets, lottery tickets, boarding passes).

The coating used on thermal papers is a mixture of chemicals that reacts to form an image when heat is applied. Thermal papers are specifically intended to be used in direct thermal printers with thermal print heads. Thermal print heads consist of arrays of tiny heating elements that alternately heat up and cool down during printing. As the paper passes between the print head and the platen roll, the alternating heating and cooling of the elements in the head form images on the paper. Thermal printers function without consumables other than the paper (i.e., they do not require toner, liquid ink, or solid ink).

---

[19] reported for statistical purposes under statistical reporting numbers 4811.90.8000, 4811.90.8030, 4811.90.8040, 4811.90.8050, 4811.90.9000, 4811.90.9030, 4811.90.9035, 4811.90.9050, 4811.90.9080, and 4811.90.9090.

[20] In 2008, U.S. imports of certain LW thermal paper were primarily classifiable under HTS statistical reporting numbers 4811.90.8040 and 4811.90.9090, basket categories which included paper other than certain LW thermal paper. Beginning in January 2009, U.S. imports of certain LW thermal paper were primarily classifiable under statistical reporting numbers 4811.90.8030 and 4811.90.9030. In addition, during the period of review (July 2011) statistical reporting number 4811.90.9050 was discontinued.

[21] HTS subheading 3703.10.60 currently has a column 1 general rate of duty of 3.1 percent.

[22] Unless otherwise noted, the discussion in this section is taken principally from the original investigations. *Certain Lightweight Thermal Paper from China and Germany, Investigation Nos. 701-TA-451 and 731-TA-1126-1127 (Final)*, USITC Publication 4043, November 2008, pp. I-8–I-9.

Thermal paper was first commercially introduced by Japanese firms for use in facsimile machines to replace telex machines, and those firms held a predominant position in thermal paper technology until the late 1980s.[23] Since then, the use of thermal paper, both subject and nonsubject, has grown because of both cost and technical advantages of thermal printers relative to other types of printers. Thermal printer technology is relatively simple, quiet, fast, compact, energy efficient, and has low maintenance costs.[24] Thermal printers are incorporated into POS machines such as cash registers, filling station pumps, credit card machines, and ATMs. Certain LW thermal paper usage is increased by coupons and advertising commonly used on POS receipts given at grocery stores and other venues.[25]

The weight of thermal paper ranges widely, from about 42 g/m^2 to over 200 g/m^2, with or without a topcoat and/or base coat. During the original investigations, both petitioner and respondents indicated that paper markets have, in general, gravitated toward lighter basis weight products. Thinner paper can be more prone to breaking during converting, but it can also be made into longer finished rolls that can save on shipping costs and produce more slit rolls from the same size jumbo roll.

A recent industry analysis segmented thermal paper usage into three broad categories by weight: POS and fax (average weight of 48–55 g/m^2), label (average weight of 75–80 g/m^2), and airline tickets (average weight of 120 g/m^2).[26] Although certain LW thermal paper is defined as any thermal paper having a basis weight of less than 70 g/m^2, the majority of certain LW thermal paper currently produced and purchased in the U.S. is less than 49.9 g/m^2.[27] Since the original investigation, the dominant certain LW thermal paper product in the U.S. market has shifted from 55 g/m^2 to 48 g/m^2.[28] The caliper (i.e., thickness) of certain LW thermal paper is also an important specification. The standard caliper of 48 g/m^2 is 2.1 mils and that of 55 g/m^2 paper is 2.3 mils. According to ***, thickness, not weight, is what distinguishes performance differences among LW thermal papers.[29]

---

[23] Laves Chemie Consulting, *Worldwide Market Study: Thermal Paper 2013–2018, 10th Edition, June 2014* ("Laves Chemie Consulting"), p. 28, respondent interested party Koehler's prehearing brief ("Koehler's prehearing brief"), exhibit 19.

[24] Ibid., p. 23 and U.S. Environmental Protection Agency, "Bisphenol A Alternatives to Thermal Paper," Chapter 3, January 2014 ("EPA"), p. 3-6. Available at: http://www.epa.gov/dfe/pubs/projects/bpa/about.htm.EPA, p. 3-6.

[25] Hearing transcript, p. 50 (Downey) and p. 225 (Ensley).

[26] Laves Chemie Consulting, pp. 23-24.

[27] See Parts III and IV for more details.

[28] Domestic industry party Appvion's prehearing brief ("Appvion's prehearing brief"), p. 15 and p. 37; hearing transcript, p. 46 (Richards), p. 51 (Downey), p. 92 (Rapier), and p. 155 (DeBusk).

[29] ***'s U.S. producer questionnaire response, IV-23.

Manufacturing processes[30]

In making thermal papers, jumbo rolls of base paper are either coated by the same integrated manufacturer of the base paper or sold to a coater that applies the coating. Once made into thermal paper, jumbo rolls are typically sold to converters that slit the large rolls into small rolls of paper suitable for particular printing processes. The manufacturing process is similar for domestic and foreign production. The three primary steps in the production of certain LW thermal paper are: (1) manufacturing the base paper, (2) coating, and (3) converting.

Manufacturing the Base Paper

In a typical paper manufacturing operation, pulpwood is debarked and chipped into uniformly sized chips. Next, digesters cook the chips in a chemical solution to separate the cellulose fibers from lignin and other non-cellulosic substances. The resulting wood pulp is washed, bleached, and refined in preparation for papermaking operations. Most paper is made on fourdrinier paper machines[31] in which a diluted solution of wood pulp is pumped through a headbox[32] and onto a revolving mesh called the "wire." Water drains by gravity through the wire and/or by suction from the top as the wire advances, forming a web or sheet on the wire. Once formed, the web moves to the press section. The press section consists of closely spaced steel rollers which press water out of the web as it passes through. Exiting the press, the web of paper, which is now able to support itself, enters the dryer section.[33] The steam-heated cylinders of the dryer remove the remaining moisture from the paper as it laps over and under successive cylinders. High water hold-out (i.e., prevention of rapid absorption) and low porosity are reported to be important factors for the base paper used for certain LW thermal paper.

Figure I-1 presents a typical thermal paper production process.

---

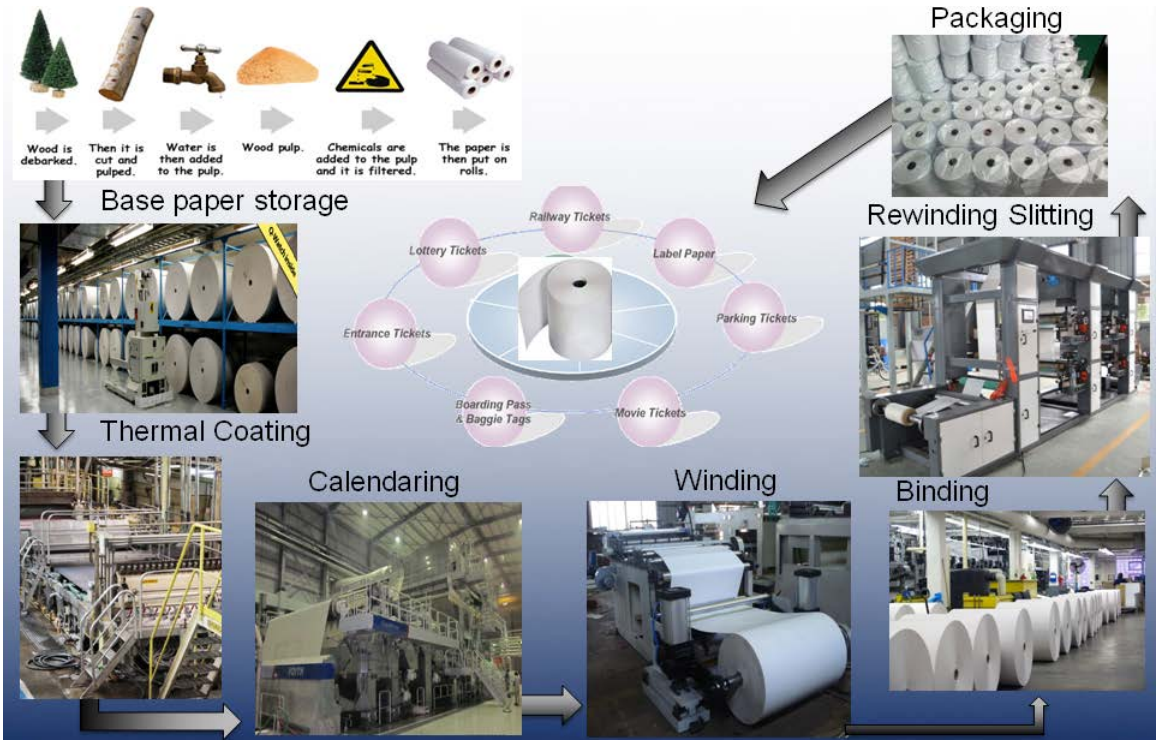
[30] Unless otherwise noted, the discussion in this section is taken principally from the original investigations. *Certain Lightweight Thermal Paper from China and Germany*, *Investigation Nos. 701-TA-451 and 731-TA-1126-1127 (Final)*, USITC Publication 4043, November 2008, pp. I-9–I-12.

[31] Named for the Frenchman who helped popularize the design, fourdriniers have a continuous conveyor made of a mesh screen (the "wire") that passes through a pulp slurry and then through rollers to form a paper web.

[32] The headbox extends across the wire and delivers the pulp to the wire through many small openings, orifices, or nozzles.

[33] Conventional dryers consist of a number of steam-heated cylinders (30 to 60 inches in diameter) arranged in two or more tiers. The wet paper typically passes over and under successive cylinders.

Figure I-1
Certain LW thermal paper: Illustration of production process



Source: http://bisonproduction.com/bisonlife/thermal-pos-paper-process/.

Since the original investigations, Appvion closed its paper-making machine at its West Carrollton, OH mill and now only coats paper stock at that facility. In 2012, Appvion entered into a long-term supply agreement with Domtar to supply the majority of its base paper needs for its thermal coating operation.[34] At the current time, there are no integrated manufacturing facilities (i.e., where paper is both manufactured and coated) of certain LW thermal paper in the United States.[35]

Coating

In the coating process, the coatings are first blended into an aqueous emulsion that will be applied to the base paper stock.[36] The principal components of thermal coatings are color formers or dyes, developers, and sensitizers. Color formers define the printing color, usually black. Developers, in turn, enable the color formers to generate a color. Sensitizers enable the

[34] Appvion news release, February 23, 2012. Available at: http://appvion.com/en-us/Documents/Historical%20News/Appleton-and-Domtar-announce-historic-supply-agreement.pdf.

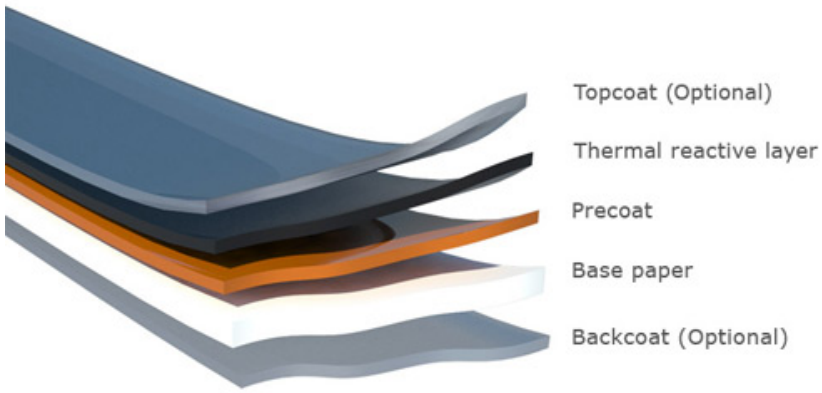
[35] According to Laves Chemie Consulting, there are four non-integrated (coating only) manufacturers of thermal paper in the United States: Appvion, Kanzaki Specialty Papers, Nashua/Ceveo, and Ricoh. Laves Chemie Consulting, p. 7. *** does not coat product within the scope of these reviews.

[36] EPA, p. 3-2.

chemical reaction between the color former and developer to take place at a prescribed temperature.[37] Other additives serve as binders, or offer degrees of water resistance, texture, stability, durability, and/or other attributes to the print image or paper.

Thermal paper may have a pre-coat, top coat, and/or back coat.[38] The coatings are applied either in a continuous process in a separate part of the paper machine, or they are applied by an off-machine coater to a base paper unwound from reels.[39] The coating process is done by the same manufacturer as the base paper or by a separate manufacturer in a different location (as is the case in the United States). The process is similar in either case. Each layer of coating is typically dried. Water is applied to the back of the paper to minimize curl, and the sheet is dried once more. After coating, the paper is calendered[40] and passed through a pressurized nip (i.e., press) to control the smoothness and thickness of the sheet. The paper is delivered to a rewinder machine, which produces jumbo rolls by unwinding the reel, slitting the web to the appropriate widths, and rewinding the resulting narrow webs onto paperboard cores. Finally, the jumbo rolls are wrapped in preparation for shipment. Appvion, Inc. ("Appvion"), Kanzaki Specialty Papers, Inc. ("Kanzaki") and Ricoh Electronics, Inc. ("Ricoh") are the only U.S. coaters producing certain LW thermal papers.[41] Figure I-2 presents the typical composition of thermal paper.

Figure I-2
Certain LW thermal paper: Composition of thermal paper



Source: http://www.ribbonsupply.com.au/FAQ/tabid/61/Default.aspx.

---

[37] EPA, pp. 3-2–3-4.

[38] EPA, p. 3-1.

[39] Unlike an on-machine coater, an off-machine coater is one not physically attached to the back-end of a paper machine.

[40] Calenders are stacked, alternating hard (steel) and soft (plastic) rollers through which the paper is passed to control the density, smoothness, and finish of the paper.

[41] Appvion's response to the notice of institution, November 18, 2013, p. 1, Koehler's response to the notice of institution, November 18, 2013, p. 9., and Laves Chemie Consulting, *Worldwide Market Study: Thermal Paper 2013–2018, 10th Edition, June 2014* ("Laves Chemie Consulting"), p. 15, Koehler's prehearing brief, exhibit 19.

Since the original investigations, there has been a significant change in the composition of chemicals used for coating thermal paper. Bisphenol A (BPA) was widely used in the industry as a developer in certain LW thermal paper until toxicity concerns of BPA were raised by consumer groups and others. While it remains in use as a developer in thermal paper, some companies now produce BPA-free certain LW thermal paper. Appvion reports that its coatings have been BPA free since 2006 and Kanzaki has been offering BPA-free certain LW thermal paper products since 2013.[42] Koehler offers both BPA-containing and BPA-free certain LW thermal paper in its product line.[43] Many converters have also shifted to producing only BPA-free thermal paper. Other bisphenol formulations and phenolic-based chemicals are used as developers in certain LW thermal paper instead of BPA, but some producers are also transitioning to bisphenol-free and phenolic-free thermal paper.[44] A new phenol-free certain LW thermal paper product was introduced by Appvion in 2014 that uses a Vitamin C formulation instead of phenols.[45]

Converting

The conversion process or "slitting" starts with jumbo rolls of certain LW thermal paper and results in small rolls of certain LW thermal paper packaged and ready for use in the end-users' equipment. Although the process and converting equipment may differ slightly among producers, the basic operations of the process are the same and include printing, slitting, and packaging.

The equipment used to fulfill a particular order depends on the size and volume of the rolls to be produced and other end-user requirements such as printing of messages or logos on the non-coated side. If printing is required, it is accomplished with single or multicolor web flexographic or web offset presses before the jumbo rolls are slit.

Set-up for the slitting process involves the following steps: The jumbo roll is mounted on the upstream roll stand of a slitter-rewinder in the correct position to ensure proper unwinding, depending on whether the coated surface is wound in or out. As the roll is being mounted, a series of circular knives are set in the proper position across the width of the machine to slit the web of paper to the correct width for the rolls to be produced. Various other adjustments are made such as the placement of the "end of roll" warning stripe for the printer/inker. Paper is threaded into the slitter through a series of rollers and adjusted to remove all wrinkles, and the web engages the circular knives. The slit webs are aligned with a rewind arbor, which is loaded with cores. Either manually or mechanically depending on the slitter, the loose ends are reverse tucked around the cores to secure them. The rewind arbor is sandwiched between two bed rollers on the bottom and an upper roller, the top rider roll. In operation, the upper and lower

[42] Hearing transcript, p. 51 (Downey) and p. 61 (Hefner).

[43] Hearing transcript, p. 205 (Frede).

[44] Hearing transcript, p. 95 (Howarth) and p. 205 (Frede).

[45] *PPI Pulp & Paper Week*, September 5, 2014, Koehler's prehearing brief, exhibit 16; hearing transcript, p. 161 (Muller).

rollers spin in opposite directions, and the top roller moves up as the diameter of the converted rolls increase. Once set-up is complete, the slitter starts unwinding paper to a pre-programmed length or roll diameter. Next, the rewind arbor is removed from the bed rollers and placed on glue rollers, where the tails of the completed rolls are secured with tape, glued or pre-gummed tabs. Finished rolls are conveyed to a "break-apart," which separates the individual rolls. The individual rolls are flipped on their sides and passed through a hydraulic press that presses both core and paper flush. The rolls then proceed to a packing station, where they are packed in corrugated shipping containers and assembled on pallets.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission defined a single domestic like product coextensive with the scope definition and it defined the domestic industry as all domestic producers of certain LW thermal paper including coaters and converters.[46] In its notice of institution in these current five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[47] Three interested parties that commented on the Commission's definition of the domestic like product indicated that they agreed with the definitions of domestic like product and/or the domestic industry.[48] No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires or subsequent submissions.

[46] *Certain Lightweight Thermal Paper from China and Germany, Inv. Nos. 701-TA-451 and 731-TA-1126-1127 (Final)*, USITC Publication 4043, November 2008, pp. 6 and 8.

[47] *Certain Lightweight Thermal Paper From China and Germany; Institution of Five-Year Reviews*, 78 FR 60313, October 1, 2013.

[48] Substantive Response of Appvion, p. 36; Substantive Response of Mitsubishi, p. 23; Substantive Response of Koehler, p. 17.

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigations, twenty-two firms supplied the Commission with information on their U.S. operations with respect to certain LW thermal paper. These firms accounted for all U.S. production of coated jumbo rolls of certain LW thermal paper in 2007 and approximately 62.1 percent of U.S. conversion activities in 2007.[49] In these current proceedings, the Commission issued U.S. producers' questionnaires to 27 firms, three of which provided the Commission with information on their certain LW thermal paper coating operations and 10 of which provided the Commission with information on their certain LW thermal paper converting operations.[50] [51] These firms are believed to account for all U.S. production of coated jumbo rolls of certain LW thermal paper in 2013[52] and approximately 70 percent of U.S. conversion of slit rolls of certain LW thermal paper in 2013.[53] Presented in table I-6 is a list of current domestic producers of certain LW thermal paper and each company's position on continuation of the orders, production locations(s), related and/or affiliated firms, and share of reported production of certain LW thermal paper during January 2008-June 2014.

---

[49] *Certain Lightweight Thermal Paper from China and Germany, Inv. Nos. 701-TA-451 and 731-TA-1126-1127 (Final*), USITC Publication 4043, November 2008, p. III-1. The two U.S. producers-coaters that supplied the Commission with usable questionnaire information during the original investigations were: Appleton (Appvion) and Kanzaki. The twenty U.S. producers-converters that supplied the Commission with usable questionnaire information during the original investigations were: Bluegrass, Colorkraft, Fay Paper, FMW, Greenleaf, Integrity Printing, Liberty Paper, Nakagawa, Nashua, National Checking, NCR, Northeast Converters, Paper Solutions, Paper Systems, PMCO, Rite-Made, Sandt, Specialty Roll, Superior Paper, and Tufco.

[50] Three additional U.S. converters (***) provided incomplete data and so are not included in this report.

[51] *** reported that it also produced slit rolls ***. *** did not provide detailed data on its conversion operations, and so is not included as a converter in this report.

[52] In each year between 2008 and 2013, ***.

[53] Assuming that, in 2013, U.S. converters converted all the domestic and imported jumbo rolls in the U.S. market, then the volume of jumbo rolls to be converted numbered *** short tons (U.S. commercial shipments of U.S. coaters (*** short tons) plus U.S. imports of from all sources except China *** and imports of slit rolls (by ***) (*** short tons). The Commission received U.S. producers' questionnaires from U.S. converters reporting a total of *** short tons of conversion production in 2013, or approximately 70 percent of estimated total U.S. conversion production.

Table I-6
Certain LW thermal paper: U.S. producers, positions on orders, U.S. production locations, related and/or affiliated firms, and shares of reported U.S. production, January 2008-June 2014

Firm	Position on continuation of orders		Production location(s)	Share of production of jumbo rolls (i.e., U.S. coaters) (percent)	Share of production of slit rolls (i.e., U.S. converters) (percent)
	China	Germany			
Appvion, Inc.[1]	Support	Support	Appleton, WI West Carrollton, OH	***	***
Kanzaki Specialty Papers, Inc.[2]	***	***	Ware, MA	***	***
Liberty Paper Products, LLC	***	***	Phoenix AZ	***	***
Moor Products, Inc.	***	***	Phoenix, AZ	***	***
Nashua Corp.[3]	***	***	Jefferson City, TN Santa Fe Springs, CA	***	***
National Checking Co.	***	***	St Paul, MN	***	***
NCR Corp.[4]	***	***	Duluth, GA	***	***
PM Co.	***	***	Fairfield, OH	***	***
Register Tape	***	***	Houston, TX	***	***
RICOH Electronics, Inc.[5]	***	***	Santa Ana, CA Lawrenceville, GA	***	***
RiteMade Paper Converters, Inc.	***	***	Kansas City, KS Reno, NV Ashland, VA	***	***
Specialty Roll Products, Inc.[6]	***	***	Meridian, MS	***	***
Tufco, L.P.	***	***	Newton, NC	***	***
Total				***	***

[1] Appvion is wholly owned by Paperweight Development Corp. *Paperweight Development Corp. 2013 10-K*, p. 4.
[2] Kanzaki is wholly owned by Oji Imaging Media Inc. (Japan) and is related to Oji Imaging Media (Japan), Oji Thailand (Thailand), and Kanzan (Germany) producers of certain LW thermal paper. *Kanzaki, About Us*, found at: http://kanzakiusa.com/wordpress1/about-us/ and *Oji Holdings Corp., About – Overseas Activities*, found at http://www.ojiholdings.co.jp/english/group/overseas/index.html
[3] Nashua is wholly owned by Cenveo Corp. *Cenveo Corp. 2009 10-k*, p. 1.
[4] NCR is ***, and is related to NCR Ltd (UK), NCR France SNC (France), NCR Cosumables SA de SV (Mexico), NCR Corp. (TN), NCR Chile Ltda (Chile), NCR Global Holdings (UAE), and NCR Corp. NZ (New Zealand) ***. NCR 2013 10-k, exhibit 21 and response to Commission questionnaire.
[5] Ricoh is *** a subsidiary of Ricoh Company, Ltd. (Japan), and is related to Ricoh Company, Ltd (Japan), Ricoh Industrie France S.A.S. (France), Ricoh Thermal Media (Wuxi) Company, Ltd. (China) ***. *Ricoh Electronics, Inc. U.S. A. – About Ricoh*, found at http://www.rei.ricoh.com/about/corporateoverview.aspx, and *Ricoh, About Ricoh – Directory (Manufacturing)*, found at https://www.ricoh.com/about/company/global/directory/manufacturing/.
[6] Specialty Roll is ***.

Source: Compiled from data submitted in response to Commission questionnaires.

As indicated in table I-6, two U.S. producers are related to two subject foreign producers of the certain LW thermal paper and no U.S. producers are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail in Part III, no U.S. producers directly imported the subject merchandise, two U.S. coaters (***) imported jumbo rolls from

***, and one U.S. converter (***) imported slit rolls from ***. Eight U.S. converters purchased U.S. imports of jumbo rolls from Germany.[54]

U.S. importers

In the original investigations, ten U.S. importing firms supplied the Commission with usable information on their operations involving the importation of certain LW thermal paper, accounting for all U.S. imports of certain LW thermal paper from Germany and the majority of U.S. imports from China.[55]

In the current proceedings, the Commission issued U.S. importers' questionnaires to 89 firms believed to be possible importers of certain LW thermal paper, as well as to all U.S. producers of certain LW thermal paper. Usable questionnaire responses were received from 11 firms,[56] representing all or virtually all U.S. imports from Germany, none of U.S. imports from China, and approximately 61 percent of U.S. imports from all other sources in 2009-13.[57] Table I-7 lists all responding U.S. importers of certain LW thermal paper from Germany and other sources, their locations, and their shares of U.S. imports during January 2008-June 2014.

Table I-7
Certain LW thermal paper: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in January 2008-June 2014

Firm	Headquarters	Share of imports by source over period (percent)				
		China	Germany	Subject	All other	Total
General Office Industries, Inc.	Catano, PR	***	***	***	***	***
Hansol America, Inc.	Fort Lee, NJ	***	***	***	***	***
Jujo Thermal Ltd.	Kauttua, Finland,	***	***	***	***	***
Kanzaki Specialty Papers Inc	Ware, MA	***	***	***	***	***
Mitsubishi International Corporation	New York, NY	***	***	***	***	***
Nakagawa Manufacturing (USA), Inc.	Newark , CA	***	***	***	***	***
NCR Corporation	Duluth, GA	***	***	***	***	***
Paper Systems Incorporated	Springboro, OH	***	***	***	***	***
Papierfabrik August Koehler SE	Oberkirch, Germany,	***	***	***	***	***
RICOH Electronics, Inc.	Tustin, CA	***	***	***	***	***
Telemark Corporation	Sturgis, MI	***	***	***	***	***
Total		***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

[54] ***. In addition, ***.

[55] *Certain Lightweight Thermal Paper from China and Germany, Inv. Nos. 701-TA-451 and 731-TA-1126-1127 (Final),* USITC Publication 4043, November 2008, p. IV-1.

[56] Thirteen firms reported that they had not imported certain LW thermal paper since January 1, 2008.

[57] Prior to January 2009, imports of certain LW thermal paper were primarily classifiable under HTS statistical reporting numbers 4811.90.8040 and 4811.90.9090, basket categories which included paper other than certain LW thermal paper.

U.S. purchasers

Purchaser questionnaires were sent to 40 firms identified as large purchasers. Of the 17 responding purchasers, 14 reported that they were converters of jumbo rolls into slit rolls, none were distributors of jumbo rolls, 2 were end users of slit rolls, and 2 were distributors of slit rolls.[58] The largest responding purchasers of jumbo rolls, in order of the amount they purchased in 2013, were ***. Combined, these three purchasers accounted for over *** percent of all of jumbo roll purchases reported by the purchasers. The largest responding purchaser of slit rolls was ***, accounting for over *** percent of all purchases of slit rolls reported by purchasers.[59] Twelve of 13 responding converters purchased jumbo rolls from U.S. producers, 8 purchased jumbo rolls imported from Germany, and 11 purchased jumbo rolls from nonsubject countries.[60] Four of five purchasers of slit rolls purchased U.S.-produced slit rolls and one purchased slit rolls from nonsubject country sources.[61]

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of certain LW thermal paper during the period for which data were collected in this proceeding are shown in table I-8 and figure I-3.[62] [63] Prior to January 2009, imports of certain LW thermal paper were primarily classifiable under HTS statistical reporting numbers 4811.90.8040 and 4811.90.9090, basket categories which included paper other than certain LW thermal paper. Due to this, the imports from sources other than Germany in 2008 are believed to be overstated. The quantity of apparent U.S. consumption of certain LW thermal paper increased by 20.2 percent from 2009 to 2012, and then declined 3.2 percent in 2013 (16.2 percent higher than in 2009).[64] The quantity of

---

[58] One purchaser both purchased jumbo rolls for slitting and purchased slit rolls which it acted as a distributor for.

[59] ***.

[60] Nonsubject sources listed included: Finland, Japan, Korea, Mexico, Spain, and Taiwan.

[61] ***.

[62] Tables I-8 and I-9 and table C-1 compute apparent U.S. consumption and market shares using U.S. coaters' U.S. shipments (quantity and value) plus the additional value added to both domestic and foreign origin jumbo rolls by U.S. converters. This treatment consolidates U.S. coaters and U.S. converters' shipments without double counting the volume of merchandise in the U.S. market.

[63] Appendix E presents apparent U.S. consumption and market share data for jumbo rolls and slit rolls based on responses to Commission questionnaire.

[64] Both the domestic interested party and respondent interested parties note that in 2013 official import statistics for nonsubject imports and thus apparent consumption appear to be understated. Hearing transcript, p. 124 (Dorn) and p. 182 (Dougan). The domestic interested party Appvion ("Appvion") argues that while calculating the absolute quantity is difficult, the upward trend (3.1 percent) in U.S. apparent consumption can be measured from reported commercial shipments of U.S. converters and U.S. importers of slit rolls. Respondent interested party Koehler Germany argues that the most accurate indicator of likely levels of apparent U.S. consumption in 2013 would be calculated by using either a constant rate from 2012-13 or using the growth rate of U.S. converters' U.S. shipments

(*continued*...)

apparent U.S. consumption was 3.4 percent lower in January-June 2014 than in January-June 2013. The value of apparent U.S. consumption increased 25.9 percent between 2009 and 2012, then increased 7.4 percent in 2013, ending 35.3 higher than in 2009. The value of apparent U.S. consumption was 4.6 percent lower in interim 2014 than in interim 2013.

Table I-8
Certain LW thermal paper: U.S. shipments of domestic product, U.S. imports by sources, and apparent U.S. consumption, 2008-13, January-June 2013, and January-June 2014

Item	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
	Quantity (short tons)							
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from.--								
China	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***
Subject total	***	***	***	***	***	***	***	***
All other sources	59,101	11,395	15,269	21,290	27,897	68,307	28,244	44,054
Total U.S. imports	***	***	***	***	***	***	***	***
Apparent U.S. consumption	257,560	189,686	210,498	213,756	228,001	220,787	115,012	111,141
	Value (1,000 dollars)							
U.S. producers' U.S. shipments.--								
U.S.-sourced jumbo rolls	***	***	***	***	***	***	***	***
Conversion of imported jumbo rolls	***	***	***	***	***	***	***	***
Total U.S. producers' value	***	***	***	***	***	***	***	***
U.S. imports from.--								
China	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***
Subject total	***	***	***	***	***	***	***	***
All other sources	149,835	23,368	33,143	46,819	63,648	152,014	63,591	91,949
Total U.S. imports	***	***	***	***	***	***	***	***
Apparent U.S. consumption	635,536	432,024	455,143	492,168	544,130	584,565	291,218	277,810

Note.—Prior to 2009 imports of certain LW thermal paper were primarily classifiable under basket categories, and are believed to be overstated.

Source: Compiled from data submitted in response to Commission questionnaires and official import statistics.

(…*continued*)
(1.8 percent). Domestic interested party Appvion's posthearing brief ("Appvion's posthearing brief"), Answers to the Commission's questions, p. 1, and Koehler's prehearing brief, exhibit 18.

Figure I-3
Certain LW thermal paper: apparent U.S. consumption, by sources, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

U.S. MARKET SHARES

U.S. market share data are presented in table I-9. From 2009 to 2012, U.S. producers share of apparent U.S. consumption, by quantity, fluctuated but ended in 2012 *** percentage points lower than 2009, while the share of imports from Germany declined by *** percentage points and share of U.S. from nonsubject sources increased *** percentage points. In 2013, the market share of U.S. imports from Germany declined by *** percentage points compared with 2012, while the share from nonsubject sources increased by *** percentage points and U.S. producers' market share increased by *** percentage points. Between interim periods, the market share of U.S. imports from Germany was *** percentage points lower, while the U.S. producers' market share was *** percentage points lower and the market share of U.S. imports from nonsubject sources was *** percentage points higher. Between 2009 and June 2014, the market share of U.S. imports from China ranged from a high of *** percent in January-June 2014 to a low of *** in 2009 and 2012.

Table I-9
Certain LW thermal paper: U.S. consumption and market shares, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET[1]

U.S. MARKET CHARACTERISTICS

Certain LW thermal paper is sold in two forms: jumbo rolls and slit or converted rolls. The product is primarily used in POS printers for receipts in retail establishments, banking applications such as ATMs, credit card transactions, and self-service kiosks. *** of U.S. coaters' U.S. shipments of certain LW thermal paper jumbo rolls go to converters that slit the rolls into narrower rolls, typically 3 1/8" wide, to be used as receipts. *** U.S. imports of certain LW thermal paper jumbo rolls from Germany go to converters.[2] Converters and distributors typically sell to end users. Some converters also act as distributors for slit rolls from other sources.

CHANNELS OF DISTRIBUTION

Jumbo rolls sold by U.S. coaters and U.S. importers from Germany were sold mainly to converters who are end users for jumbo rolls and producers of slit rolls. U.S. converters sold mainly to end users for use in printing applications. U.S. importers of jumbo rolls from nonsubject countries sold mainly to distributors. Importers of slit rolls from nonsubject countries sold mainly to end users in all periods except *** (table II-1).

GEOGRAPHIC DISTRIBUTION

*** responding U.S. coaters, 10 of 11 responding U.S. converters, and 3 of 4 importers of certain LW thermal paper from Germany reported selling their product to all regions in the contiguous United States (table II-2). For U.S. coaters, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. For U.S. converters, 6.7 percent of sales were within 100 miles of their production facility, 71.4 percent were between 101 and 1,000 miles, and 21.9 percent were over 1,000 miles. Importers sold *** percent within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.

[1] ***. ***.

[2] No importer or foreign producer of Chinese certain LW thermal paper submitted a questionnaire response.

Table II-1
Certain LW thermal paper: U.S. producers' and importers' share of reported U.S. shipments (percent), by sources and channels of distribution, 2008-13, January-June 2013, and January-June 2014

Item	Period							
	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
Share of reported shipments (*percent*)								
U.S. coaters' U.S. shipments of certain LW thermal paper jumbo rolls:								
Distributors	***	***	***	***	***	***	***	***
End users	***	***	***	***	***	***	***	***
U.S. converters' U.S. shipments of certain LW thermal paper slit rolls:								
Distributors	44.9	40.6	40.8	44.4	45.7	46.9	47.8	46.1
End users	55.1	59.4	59.2	55.6	54.3	53.1	52.2	53.9
U.S. importers' U.S. shipments of certain LW thermal paper from Germany (jumbo rolls)[1]:								
Distributors	***	***	***	***	***	***	***	***
End users	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of certain LW thermal paper from all other countries (jumbo rolls):								
Distributors	***	***	***	***	***	***	***	***
End users	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of certain LW thermal paper from all other countries (slit rolls):								
Distributors	***	***	***	***	***	***	***	***
End users	***	***	***	***	***	***	***	***

[1] None of the responding importers reported imports of German slit rolls.

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-2
Certain LW thermal paper: Geographic market areas in the United States served by U.S. producers and importers, by number of responding firms

Region	U.S. coaters	U.S. converters	U.S. imports from Germany
Northeast	***	10	3
Midwest	***	11	3
Southeast	***	11	3
Central Southwest	***	11	3
Mountains	***	11	3
Pacific Coast	***	11	3
Other[1]	***	7	4
Present in all continental regions	***	10	3

[1] All other U.S. markets, including AK, HI, PR, and VI, among others.

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

The supply responsiveness of certain LW thermal paper U.S. producers to changes in price depends on such factors as the level of excess capacity, the availability of alternative markets, inventory levels, and the ability to shift production to other products. Based on available information the U.S. coaters' supply responsiveness is likely to be moderately elastic, due primarily to the existence of export markets, production alternatives, the existence of available unused capacity, as well as some inventories. Based on available information the U.S. converters' supply elasticity is also likely to be moderate, but more elastic than U.S. coaters, due primarily to the existence of production alternatives and some unused capacity, but also to increased level of inventories and the availability of alternative markets.

Industry capacity

Domestic coaters' capacity utilization decreased irregularly from *** percent in 2008 to *** percent in 2013. U.S. converters' capacity utilization increased irregularly from 61.3 percent in 2008 to 63.0 percent in 2013. These relatively moderate levels of capacity utilization suggest that both U.S. coaters and U.S. converters may have moderate capacity to increase production of certain LW thermal paper in response to an increase in prices.

Alternative markets

U.S. coaters' exports as a percentage of total shipments decreased from *** percent in 2008 to *** percent in 2013. U.S. converters' exports as a percentage of total shipments did not change between 2008 and 2013, holding relatively steady at 0.1 percent. This indicates that U.S. coaters may have limited ability and U.S. converters have a very limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. coaters' inventories of jumbo rolls as a share of total shipments declined irregularly from *** percent in 2008 to *** percent in 2013. These inventory levels suggest that U.S. coaters may have limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

U.S. converters' inventories of slit rolls as a share of total shipments increased from 11.6 percent in 2008 to 18.0 percent in 2013. These inventory levels suggest that U.S. converters may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

*** U.S. coaters and 12 of 13 responding U.S. converters stated that they could switch production from certain LW thermal paper to other products. Other products that coaters reportedly can produce on the same equipment as certain LW thermal paper are ***. U.S. converters stated they could switch slitting from certain LW thermal paper to slitting bond paper, carbonless paper,[3] polythermal paper, and heavy weight thermal paper.[4]

Supply constraints

Half the responding purchasers (8 of 16) reported no supply constraints, shortages, or allocations. Of the purchasers that reported supply issues, the majority noted Koehler's withdrawal from the U.S. market in 2013. Other reasons included: supply constraints in 2013 (short-term allocations by Appvion and Kanzaki); and in 2009 Koehler stopped selling to one purchaser.

Subject imports from China

No Chinese producer or exporter questionnaires were received. Laves Chemie Consulting estimates Chinese total thermal paper production to be 220,462 short tons per year, and the study estimated that Chinese total thermal paper capacity would increase 87.0 percent between 2012 and 2014. However, this study does not identify how much of this product is certain LW thermal paper, nor did it provide information about converters. Laves Chemie Consulting did report, however, that Chinese domestic market for thermal paper is likely growing more rapidly than the U.S. or European markets.[5] Based on available information, Chinese producers of certain LW thermal paper have the ability to respond to changes in demand with large changes in the quantity of shipments to the U.S. market largely due to China's growing capacity.

Subject imports from Germany

Based on available information, German producers of certain LW thermal paper have the ability to respond to changes in demand with moderate changes in the quantity of shipments of certain LW thermal paper to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the existence of alternative markets, production alternatives, and to a lesser degree, the existence of inventories.

---

[3] Appvion reports that demand for carbonless paper business is declining. Hearing transcript, pp. 97-98 (Richards).

[4] Appvion reported that certain LW thermal paper is a relatively mature part of its thermal paper product portfolio. Demand is growing more rapidly for its other thermal paper products. Hearing transcript, pp. 120-121 (Richards).

[5] Laves Chemie Consulting, pp. 4, 18, and 24, Koehler's prehearing brief Exhibit 19.

Appvion stated that "in light of the attractiveness of the U.S. market due to *** and the continuing ability of German producers to shift production from other products to LWTP {certain LW thermal paper}, the final Staff Report should state that the ability of German producers to increase shipments to the United States is at least moderate to large."[6] In addition, Appvion expects increased competition in the German producers' home market due to increased imports from Korea.[7]

In contrast, Koehler reports that "If the antidumping order against German imports is revoked, German importers are unlikely to shift substantial amounts of LW thermal paper sales to the U.S. market." Koehler reports that it cannot increase its production of certain LW thermal paper because it is producing at full capacity; it produces *** product other than certain LW thermal paper on the same machines and it is unlikely to shift even this production to certain LW thermal paper; and it does not plan to increase capacity.[8] At the same time, Koehler reports that it has no incentive to shift its sales to the U.S. market because it is as profitable to sell to non-U.S. markets as in the United States;[9] it has increased its investment in serving other markets; and it seeks to sell less of its product in the United States than it did until recently because it sees selling such a large share of its production to the U.S. market as risky. Koehler also asserts that ***, is unlikely to substantially increase shipments to the United States.[10]

Industry capacity

Reported certain LW thermal paper capacity in Germany decreased from *** short tons in 2008 to *** short tons in 2013. Capacity utilization increased irregularly from *** percent in 2008 to *** percent in 2013. This relatively high level of capacity utilization suggests that the certain LW thermal paper industry in Germany has a somewhat limited ability to increase shipments to the United States by increasing production.

Appvion alleges that German producers can increase their production "by at least *** percent from the 2013 production level of *** short tons to the 2012 production level of *** short tons."[11] Appvion reports that in 2013, when Koehler withdrew from the U.S. market, *** once the orders are lifted because European demand for carbonless paper is declining.[12]

Koehler reported that its *** unusually high demand caused ***. Koehler noted "neither German producer anticipated *** in production capacity in the imminent future," and

---

[6] Appvion's prehearing brief p. 20.

[7] Hearing transcript, pp. 131-132, (Richards).

[8] Hearing transcript, pp. 159-160 (Muller).

[9] Hearing transcript, p. 172 (Ashenfelter).

[10] Koehler's prehearing brief, Volume II, p. 5. Hearing transcript, pp. 159-160, (Muller), pp. 165-166, (Frede), pp. 171-173 (Ashenfelter).

[11] Appvion's prehearing brief, p. 33.

[12] Appvion's prehearing brief, hearing transcript, p. 122 (Dorn), and Appvion's confidential hearing exhibit H.

that "it is not possible to increase capacity in small increments."[13] Koehler estimated that it would cost $250 million for it to increase capacity. This new equipment would have a capacity of 150,000 tons, and high capacity utilization (over 85 percent) of the new equipment would be needed to make such an investment profitable. Koehler stated that it did not perceive that demand was high enough to warrant such an investment.[14]

Alternative markets

Between 2008 and 2013, German exports to all markets other than the United States increased from *** percent to *** percent of total shipments. As a percentage of German total shipments, exports to the United States dropped from *** percent in 2008 to *** percent in 2013, while exports to all other regions increased. Specifically, German exports to the EU increased from *** percent to *** percent, exports to Asia increased from *** percent to *** percent, and exports to all other markets (including Brazil, Canada, Mexico, Russia, South Africa, and Turkey) increased from *** percent to *** percent of total shipments between 2008 and 2013. The certain LW thermal paper industry in Germany could, therefore, have some ability to increase shipments to the United States in response to prices by shifting exports to the U.S. market.

Appvion argued that ***.[15] Koehler reports that there is no statistically significant differences between the profits it receives for specific products in the United States and in other markets, thus it has no reason to shift sales to the U.S. market.[16]

Inventory levels

German producers' certain LW thermal paper inventories as a share of total shipments increased irregularly from *** percent in 2008 to *** percent in 2013. This indicates that the industry in Germany may have a limited ability to shift sales to the United States using inventories.

Production alternatives

*** reporting German producers indicated that they have switched production (capacity) in their facilities from certain LW thermal paper to digital imaging paper, carbonless paper, and thermal paper greater than 70 g/m^2. Thus, German producers may have some ability to increase sales to the U.S. market by shifting production to certain LW thermal paper from these alternative products.

[13] Koehler's prehearing brief, Volume I, p. 65.
[14] Hearing transcript, pp. 209-210 (Muller and Lendowski).
[15] Appvion's prehearing brief, p. 30.
[16] Koehler's prehearing brief, Volume II, pp. 65-70.

Supply Constraints

German producers reported supply constraints including production cycle, normal maintenance, and down time.

Nonsubject imports

The largest sources of nonsubject imports in 2013 were from Japan and Mexico. Mexican imports increased incrementally from 3,352 short tons in 2008 to 15,913 short tons in 2013. Japanese imports decreased irregularly from 32,306 short tons in 2008 to 24,624 short tons in 2013. Combined, Japan and Mexico accounted for 78.1 percent of nonsubject imports in 2013.

New suppliers

Most purchasers (12 of 16) indicated that new suppliers have entered the U.S. market since 2008, and five expect additional entrants. Purchasers cited Hansol (Korea), JuJo (Finland), OGI,[17] Torras Papel (Spain), JIT Paper (Japan), Mitsubishi (Japan), Termex (Mexico), Global Sourcing Solutions Inc. (an importer or distributor), Clifford (a distributor), Euroboard (a distributor), and "coaters located in the Pacific Rim and South America that attempted to fill the Koehler gap."

U.S. demand

Based on available information, the overall demand for certain LW thermal paper is likely to experience small changes in response to changes in price. The main contributing factor to this is the lack of substitute products. Jumbo rolls are a large share of the cost of slit rolls and slit rolls are a large share of the cost of receipts and other printouts. Nonetheless, the end use of certain LW thermal paper is the receipt or other print out that accompanies individual transactions. The cost of the receipts in these transactions is small, otherwise this technology would not be used. Other types of receipts can be substituted for those of the subject product but other types of receipts would require different equipment. Changing equipment would be costly to implement and the replacement of equipment would make it costly to return to certain LW thermal paper technology. Thus replacement of certain LW thermal paper is not likely to occur in response to relatively small changes in its price.

End uses

U.S. demand for certain LW thermal paper depends on the demand for U.S.-produced downstream products. Reported end uses include blank rolls, POS rolls, and printed regular rolls

[17] No information is available for a paper producer OGI, however, OJI is a Japanese paper producer with some production facilities in Thailand.

for use in grocery stores. Ten of 15 responding U.S. producers, 9 of 10 importers, and 13 of 15 purchasers reported no changes in end uses since 2008. Of the few firms that did report changes in end use, most reported increases in demand including: some preprinted form applications are now in roll format; thermal printers are replacing some carbonless and bond printers; increased use of small rolls for portable printers; increased use of advertising on receipts in the United States; and one firm has started producing materials for lotteries. Other changes had no overall effect on demand (increased demand for BPA-free product) or reduced demand (increased use of electronic receipts replacing paper receipts).

Business cycles

Seven of 15 U.S. producers, 4 of 10 importers, and 7 of 15 purchasers indicated that the market was subject to business cycles or distinct conditions of competition. Specifically, firms reported that the market is seasonal and generally follows trends in retail sales, which trend upward in late summer due to back-to-school sales and peak in the fourth quarter due to holiday shopping.

Apparent consumption

Overall, apparent U.S. consumption in 2013 was *** percent higher than in 2009. Apparent U.S. consumption of certain LW thermal paper increased steadily from 2009 to 2012, but then fell in 2013. Overall apparent U.S., consumption increased from *** short tons in 2009 to *** short tons in 2013.[18]

Demand trends

Most firms reported an increase in U.S. demand for certain LW thermal paper since 2008 (table II-3). Firms did not agree on how they expect demand to change over the next two years, however. *** coaters and foreign producers anticipated increased demand. The responses of other firms varied, over half the responding purchasers (8 of 15) anticipated decreased demand, most converters reported either decreased demand (5 of 11) or no change (4 of 11) and most importers reported either increased (4 of 9) or decreased demand (4 of 9). Six of 10 responding purchasers reported that demand for their final product had increased since 2008.

[18] Changes in apparent consumption compare data from 2009 and 2013 because the imports from sources other than Germany in 2008 are believed to be overstated, as imports of certain LW thermal paper in 2008 were primarily classifiable under HTS statistical reporting numbers 4811.90.8040 and 4811.90.9090, basket categories which included paper other than certain LW thermal paper. See *Part I* for more detail on apparent consumption.

Table II-3
Certain LW thermal paper: Firms' perceptions regarding U.S. demand since January 2008

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States: U.S. coaters	***	***	***	***
U.S. converters	6	0	1	4
Importers	5	1	2	1
Purchasers	9	4	1	2
Foreign producers	***	***	***	***
Anticipated demand inside the United States: U.S. coaters	***	***	***	***
U.S. converters	2	4	5	0
Importers	4	1	4	0
Purchasers	3	4	8	0
Foreign producers	***	***	***	***
Demand for purchasers' final products: Purchasers	6	2	1	1

Source: Compiled from data submitted in response to Commission questionnaires.

Substitute products

Substitutes for certain LW thermal paper are limited. However, unlike the original investigations, a number of firms mentioned that electronic paperless receipts (e-receipts) were an alternative to certain LW thermal paper.[19] Three of 14 producers, 2 of 11 importers, and 4 of 17 purchasers reported that there were one or more alternatives to certain LW thermal paper.[20] The most common reported substitute was e-receipts. Other reported substitutes were heavier-weight thermal paper,[21] ink jet papers, bond paper, and carbonless paper. Firms did not agree on customer preferences, some reported that customers preferred e-receipts because they reduced paper waste, but others reported that customers preferred paper receipts. No firms reported that the price of substitutes affected the price of certain LW thermal paper.[22]

[19] E-receipts were not reported as a substitute in the original report. *Certain Lightweight Thermal Paper from China and Germany, Investigation Nos. 701-TA-451 and 731-TA-1126-1127 (Final),*. USITC Publication 4043, November 2008, p. II-6. Retailers may have other reasons for wanting to use electronic receipts. "Electronic receipts save costs, but that's actually not the most important thing for a retailer. If the retailer sends you an electronic receipt by email, the retailer then has very valuable information about you every time it's done. So Tesco, which is an English company, started this with club cards 20 years ago and they became the most successful supermarket in the U.K., and you know of course that spread to the U.S. and Canada. So the retailer would like nothing more than to have a record and your email address, and then can follow what you do." Hearing transcript, p. 107 (Hausman).

[20] ***.

[21] Heavy weight thermal paper has a basis weight greater than 70 g/m^2, and is outside the scope of these reviews.

[22] One firm noted that e-receipts were "free," thus less expensive than using thermal paper.

Three of 15 producers and 3 of 16 purchases reported changes in substitutes since 2008. The most common response was the increased use of e-receipts. Three of 14 producers and 2 of 16 purchasers anticipated an increase in the use of e-receipts.

Product range

Ten of the 15 responding producers, 4 of 10 importers, 12 of 17 purchasers, and *** responding foreign producers reported significant changes in product ranges or marketing over the period of review. Most of the firms reporting changes (6 producers, 4 importers, 6 purchasers, and *** foreign producers) cited a shift to BPA-free product. Other changes included: phenol free grades; thermal paper was an increased share of business; lighter paper (thinner caliper, lighter basis weight, and switch to 48 GSM); new import sources; production of more lower-sensitivity products; and increased use of printing on the back.

Purchasers were asked to report the share of their purchases in 2013 by paper weight (table II-4). Most reported purchases were of jumbo and slit rolls less than 49.9 g/m^2.

Table II-4
Certain LW thermal paper: Share of purchaser's responses on purchase of certain LWTP, 2013

* * * * * * *

Cost share

Certain LW thermal paper accounts for a large share of the cost of the end-use products in which it is used. Reported cost shares for some end uses were as follows:

- Thermal POS rolls (blank rolls, rolls 2-1/4 inch width and 80 feet in length, and rolls 3-1/8 inches in width) 50 to 98 percent;
- ***;
- Printed rolls-78 to 84 percent;
- ATM rolls-75 to 88 percent; and
- "Specialty" product-75 percent;[23]

These large cost share responses are somewhat misleading. Certain LW thermal paper is typically given by the end users (e.g. store or bank) to its customers in transactions as a receipt either accompanying the purchase of a different product or as a record of a banking or other transaction. As long as certain LW thermal paper is seen as the most cost effective type of receipt, its cost share in the receipt will not matter. In addition, some converters report that they sell slit thermal paper at a discount or give it away for free. In these cases, some or all the cost of the paper is covered by the advertising on the back. Retailers who get slit certain LW

[23] One importer reported that certain LW thermal paper was 55 percent of the cost of ATM receipts, 60 percent of the cost of POS rolls, and 50 percent of the cost of ticket rolls.

thermal paper at a discount or for free may use more paper than they would if they had to pay the full cost of the certain LW thermal paper. [24]

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported certain LW thermal paper depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is moderate-to-high degree of substitutability between domestically produced certain LW thermal paper and certain LW thermal paper imported from subject sources.

Lead times

Certain LW thermal paper is primarily sold from inventory. U.S. coaters sold *** percent, converters sold 52 percent, and importers sold *** percent from their U.S. inventories. The remaining product was produced-to-order.[25] Lead times from inventories were *** days for U.S.-produced jumbo rolls, 2 to 7 days for U.S.-produced slit rolls, and 2 to 20 days for imported certain LW thermal paper. Produced-to-order lead times were *** days for U.S.-produced jumbo rolls, 5 to 30 days for U.S.-produced slit rolls, and *** days for imports.

Knowledge of country sources

Sixteen purchasers indicated they had marketing/pricing knowledge of domestic product, 5 of Chinese product, 9 of German product, and 13 of nonsubject country products. Korea was the most commonly reported nonsubject source; other sources mentioned included Finland, Japan, Mexico, Spain, and Taiwan.

As shown in table II-5, purchasers of jumbo rolls are almost evenly split between those that "always" and "usually" make their purchase decisions based on the coater and the country of the coater and those that "sometimes" or "never" make their purchase decisions based on the coater and the country of the coater. In contrast, most of the purchasers' customers "sometimes" or "never" make purchasing decisions based on the coater or country of the coater. Most slit roll purchasers and their customers "never" make purchases based on the converter or the country of the converters. Reasons reported for "always" or "frequently" preferring a product by a certain producer or country of origin for jumbo rolls included lead times, cost, a country's stability, "material," preferring domestic suppliers, and always "purchasing paper from Hansol in Korea for consistency and quality."

---

[24] Hearing transcript, p. 225 (Endsley). *** that "we sell advertising on the paper and give the paper away to the various grocery stores."

[25] No importers reported product in overseas inventories.

Table II-5
Certain LW thermal paper: U.S. purchasers' decisions on source of purchases

Decision	Always	Usually	Sometimes	Never
Jumbo rolls				
Purchaser makes decision based on coater	6	3	3	4
Purchaser's customers make decision based on coater	0	1	6	6
Purchaser makes decision based on country of coater	5	3	3	5
Purchaser's customers make decision based on country of coater	0	0	5	8
Slit rolls				
Purchaser makes decision based on converter	1	0	0	6
Purchaser's customers make decision based on converter	0	1	2	7
Purchaser makes decision based on country of conversion	0	1	0	5
Purchaser's customers make decision based on country of conversion	0	0	3	5

Source: Compiled from data submitted in response to Commission questionnaires.

Factors affecting purchasing decisions

The most often cited top three factors that firms consider in their purchasing decisions for certain LW thermal paper were price and quality (15 firms) and availability (7 firms), as shown in table II-6. Price was the most frequently cited first-most important factor (cited by 8 firms); quality was the most frequently reported second-most important factor (7 firms); and uninterrupted/consistent supply was the most frequently reported third-most important factor (4 firms).

The majority of purchasers (14 of 17) reported that they either "usually" (7 firms) or "sometimes" (7 firms) purchase the lowest-priced product for their purchases.

Table II-6
Certain LW thermal paper: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by number of reporting firms

Factor	First	Second	Third	Total
Price/value	8	4	3	15
Quality/quality (including certification)	6	7	2	15
Availability	1	3	3	7
Uninterrupted supply/consistency of supply/reliability	0	1	4	5
Credit/payment terms	0	1	2	3
Traditional supplier/relationship	0	0	2	2
Other[1]	1	0	1	2

[1] Other factors include suppliers' product line for the first factor and extension of credit for the third factor.

Source: Compiled from data submitted in response to Commission questionnaires.

When asked if they purchased certain LW thermal paper from one source although a comparable product was available at a lower price from another source, nine purchasers reported reasons for doing so. Reasons reported included: purchasing only domestic; purchasing domestic for lead time and minimum order size; using trusted, well-known,

domestic suppliers that can deliver quantity and quality needed; buying mainly Korean product based on quality and price but also purchasing domestic product; the availability of preferred roll diameter; trim requirements; service; the reliability of supply; payment terms; inventory carrying costs; some sources supplied inferior samples; reputation and reliability; and "don't buy Chinese product unless forced since Chinese imports would have a devastating effect on the market".[26] Two of 14 responding purchasers reported that certain types of certain LW thermal paper were only available from a single source. Single sources were reported to provide two-sided thermal paper from the United States; BPA-free product; and certain basis weights, trim size, chemistry, and quality.[27]

Importance of specified purchase factors

Purchasers were asked to rate the importance of 27 factors in their purchasing decisions (table II-7). The factors rated as "very important" by more than half of responding purchasers were imaging performance, price, product consistency, and reliability of supply (17 each); availability (16); delivery terms, quality meets industry standards, and trim optimization (15 each); delivery time and width of jumbo rolls (14 each); basis weight, paper sensitivity, and yield productivity (13 each); caliper and U.S. transportation costs (12 each); BPA-free and extension of credit (11 each); discounts offered (10); and paper brightness (9). Eleven purchasers reported that the availability of printing on the back was not important, six purchasers reported that acceptability by printer manufacturers was not important, and five reported that minimum quantity requirements were not important.

Responses by purchasers of jumbo rolls (converters) and purchasers of slit rolls differed. Purchasers of slit rolls were more likely to identify printing on the back, imaging performance, packaging, paper brightness, and quality exceeds industry standards as important. Purchases of slit roll placed less importance on width flexibility, width of jumbo rolls, U.S. transportation cost, trim optimization, and acceptability by printer manufacturer.

[26] This purchaser is a converter, and in the original investigation most Chinese imports were of slit rolls.

[27] One purchaser responded "no" but also reported that there were some exceptions. These exceptions are included in this list.

Table II-7
Certain LW thermal paper: Importance of purchasing factors, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very	Somewhat	Not
Acceptability by printer manufactures	3	7	6
Availability	16	1	0
Availability with printing on back	4	1	11
Basis weight	13	4	0
BPA-free	11	2	4
Caliper	12	5	0
Delivery terms	15	2	0
Delivery time	14	3	0
Discounts offered	10	5	0
Extension of credit	11	3	3
Imaging performance	17	0	0
Minimum quantity requirements	5	7	5
Packaging	6	8	3
Paper brightness	9	7	1
Paper sensitivity	13	4	0
Price	17	0	0
Product consistency	17	0	0
Product range	3	11	3
Quality exceeds industry standards	6	9	2
Quality meets industry standards	15	1	1
Reliability of supply	17	0	0
Technical support/service	7	10	0
Trim optimization	15	0	2
U.S. transportation costs	12	2	3
Width of jumbo rolls	14	0	3
Width flexibility	6	8	3
Yield/productivity	13	2	2

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were asked what factors they considered in determining the quality of certain LW thermal paper, and their responses included the following: imaging (dense black image, image stability, image archiveability); performance in use (sensitivity, trouble free use in point of sale applications, how it runs on converting equipment, thermal properties, and mill roll hardness);[28] clean appearance (brightness, whiteness, and minimal curl); size (proper width, length, basis weight, and caliper); product meets industry standards (Epson approved); yield (trim optimization); consistency (roll ID consistency and consistent caliper);[29] BPA-free; paper

[28] Mill roll hardness refers to how uniformly the rolls have been wound (with no soft spots), so that it will not break during high speed cutting.

[29] Roll ID consistency refers to the consistency of the paper within a given roll.

life;[30] ability to track with core ID; back and front side flexo printability; custom-printed 4-color offset; and true 48-gram thermal (not the lighter grades).

Supplier certification

Three of 14 responding jumbo roll purchasers require all of the certain LW thermal paper that they purchase be certified by printer manufacturers.[31] Only one of seven responding slit roll purchasers required certification of their certain LW thermal paper by printer manufacturers.

Three of 13 responding purchasers required that jumbo rolls be certified or qualified in aspects other than being certified by printer manufacturers. These jumbo roll purchasers reported that product must work in all manufacturers' equipment, be FSC (Forest Stewardship Council) certified thermal paper, or the supplier must provide quality, price, reliability and consistency. Two of six responding purchasers required that slit rolls be certified or qualified in aspects other than being certified by the printer manufacturers. Slit roll purchasers qualified producers include: supplies must work in all manufacturers' equipment; test must show that product works on equipment and is of proper quality; and suppliers were checked for financial stability. Only one purchaser reported times to qualify a new supplier: 7 days for jumbo rolls and 120 days for slit rolls. Two of 14 responding purchasers reported that jumbo roll suppliers had failed to qualify or had lost its approved status since 2008. One purchaser reported that a supplier failed based on price and the other reported that Appvion (domestic) and Hansol (Korean) had failed certification but gave no reason. No purchasers reported that slit roll suppliers had failed to qualify or lost its approved status since 2008.

Purchasers were asked to list any printer manufacturers whose approval list they used.[32] Producers and importers were requested to list the five largest printer manufacturers that have approved their product. Two of 14 purchasers, 6 of 8 importers, and 5 of 13 producers listed printer manufacturers; the most commonly listed of these were Epson, IBM, NCR, and Seiko.

Changes in purchasing patterns

Three purchasers reported purchasing Chinese product and 13 purchasers reported purchasing German product before the duty orders were enacted in 2008. All of the firms that purchased Chinese or German product before 2008 reported that they had changed their purchasing patterns. Two reported discontinuing purchases of Chinese product because of the orders and five reported discontinuing purchases of German product because of the orders.

---

[30] Paper life refers to either how long the paper remained usable or the length of time it remains readable. The developer has a limited shelf life.

[31] Printing machine manufacturers IBM, Epson, and Seiko, were named as firms that certified LW thermal paper sources.

[32] In its comments on the Commission's draft questionnaires, Koehler requested that the Commission ask all firms to identify printer manufacturers that had lists of approved paper manufacturers.

Five reported that they reduced purchases from Germany because of the orders.[33] Five reported changes for other reasons including: fluctuating purchases of German material based on price, quality, and availability; inconsistent purchases; being informed by Koehler that Koehler would no longer supply the purchaser (it received its last shipment from Koehler in 2009); the purchase of one container of Chinese slit rolls in 2008; changed supplier because it ***; and its German supplier had discontinued shipping to it.[34]

Purchasers were asked about changes in their purchasing patterns from different sources since 2008 (table II-8). The purchasers' reasons for increasing purchases of U.S. certain LW thermal paper included: the orders (the duties imposed on Koehler in 2012 and duties on China); increased purchases of thermal products; Koehler's decision to no longer supply the purchaser; and "strategic reasons." Reasons purchasers gave for reducing purchases of German certain LW thermal paper included: the orders (Koehler stopped exporting to the United States in January 2013); Koehler's decision to no longer supply the purchaser;[35] and "sources' inconsistent behavior." Reasons purchasers gave for increasing purchases of nonsubject certain LW thermal paper included: "tariff on China;" Koehler exited the U.S. market; "included additional supplier;" purchasing from nonsubject countries became an option as U.S. prices increased; "strategic reasons;" price, quality, and availability; picked up a new Spanish mill (this firm had lost Koehler as a supplier); and preference of Japanese product over German and purchases from Korea.

Table II-8
Certain LW thermal paper: Changes in purchase patterns from U.S., subject and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increase	Constant	Fluctuated
United States	0	2	9	3	3
China	16	0	0	0	0
Germany	5	11	0	0	1
Other	4	0	12	0	2

Source: Compiled from data submitted in response to Commission questionnaires.

Importance of purchasing domestic product

Purchasers reported that a majority of their purchases (97.0 percent) did not have a domestic requirement. However, purchasers reported that 0.3 percent of purchases were required by law to be domestic and 2.7 percent were required by their customers to be domestic product. Reasons cited for preferring domestic product were that 2-sided thermal paper is made only in the United States and customer preference.

[33] One of these reported that it discontinued purchasing from Germany in 2012.

[34] One purchaser reported both discontinuing purchases from Germany because of the orders and changing purchases for other reasons.

[35] *** "2009 was the last time we could buy paper from Koehler, and since then we've been deemed that we're not a good fit for their business. And so, you put two and two together and we were taken out of the market." Hearing transcript, p. 149 (Mosby).

Comparisons of domestic product, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing certain LW thermal paper produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 27 factors, for which they were asked to rate the importance in their purchasing decisions (tables II-9 and II-10). [36]

[36] Not all purchasers reported on all factors.

Table II-9
Certain LW thermal paper: Purchasers' comparisons of domestic and subject imported product

Factor	Number of firms reporting								
	U.S. vs. China			U.S. vs. Germany			China vs. Germany		
	S	C	I	S	C	I	S	C	I
Acceptability by printer manufactures	6	1	1	0	10	1	0	0	6
Availability	6	2	2	2	8	3	0	2	4
Availability with printing on back	4	4	0	1	7	1	0	2	2
Basis weight	2	6	1	0	11	0	0	4	3
BPA-free	6	2	2	1	11	0	0	3	4
Caliper	2	7	0	0	11	1	0	5	1
Delivery terms	6	1	2	2	8	2	0	1	4
Delivery time	7	1	2	6	5	2	0	1	4
Discounts offered	4	4	1	0	10	0	0	3	2
Extension of credit	7	1	1	0	11	0	0	1	5
Imaging performance	6	3	0	0	10	2	0	1	5
Minimum quantity requirements	6	2	1	1	10	1	0	4	2
Packaging	5	4	0	0	11	0	0	3	3
Paper brightness	5	4	0	0	12	0	0	3	2
Paper sensitivity	4	5	0	0	12	0	0	3	3
Price[1]	1	0	8	0	10	1	2	1	1
Product consistency	5	3	1	0	8	3	0	1	5
Product range	5	2	1	4	6	0	0	2	3
Quality exceeds industry standards	6	3	0	0	10	1	0	1	5
Quality meets industry standards	7	3	1	0	12	1	0	2	6
Reliability of supply	7	0	1	2	8	2	0	0	6
Technical support/service	7	2	0	5	7	0	0	1	4
Trim optimization	5	4	0	3	8	0	0	5	2
U.S. transportation costs[1]	7	1	0	3	8	0	0	4	2
Width of jumbo rolls	4	5	1	2	10	1	0	6	1
Width flexibility	7	2	1	3	8	2	0	5	1
Yield/productivity	3	5	0	0	11	1	0	4	1

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note: S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-10
Certain LW thermal paper: Purchasers' comparisons of domestic and subject imported product with nonsubject product

Factor	Number of firms reporting								
	U.S. vs. nonsubject			China vs. nonsubject			Germany vs nonsubject		
	S	C	I	S	C	I	S	C	I
Acceptability by printer manufactures	1	7	1	0	3	4	1	8	0
Availability	2	8	2	0	5	2	1	10	0
Availability with printing on back	1	6	0	0	3	1	0	7	0
Basis weight	2	10	0	0	7	0	1	9	0
BPA-free	2	9	0	0	5	2	1	10	0
Caliper	1	10	1	0	5	2	1	10	0
Delivery terms	3	7	1	0	3	3	1	9	0
Delivery time	5	6	1	0	3	4	2	9	0
Discounts offered	0	10	1	0	4	2	1	9	0
Extension of credit	3	8	0	0	1	5	0	10	0
Imaging performance	1	9	2	0	2	5	0	11	0
Minimum quantity requirements	2	9	1	0	4	3	1	10	0
Packaging	1	11	0	0	5	1	1	10	0
Paper brightness	2	10	0	0	4	3	1	10	0
Paper sensitivity	1	11	0	0	4	3	1	10	0
Price[1]	1	9	2	3	2	0	0	10	0
Product consistency	1	8	3	0	3	4	1	10	0
Product range	5	6	1	0	2	4	1	9	0
Quality exceeds industry standards	1	8	1	0	0	5	1	8	0
Quality meets industry standards	1	10	1	0	3	4	1	10	0
Reliability of supply	3	7	2	0	1	5	2	9	0
Technical support/service	4	7	0	0	1	5	2	7	1
Trim optimization	3	8	0	0	4	3	1	10	0
U.S. transportation costs[1]	3	7	0	0	4	2	1	9	0
Width of jumbo rolls	3	8	1	0	6	1	1	10	0
Width flexibility	2	9	1	0	5	2	1	9	1
Yield/productivity	2	9	1	0	6	0	2	9	0

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note: S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

Source: Compiled from data submitted in response to Commission questionnaires.

Most responding purchasers reported that U.S. product was superior to Chinese product for 19 factors. Most purchasers reported that U.S. and Chinese product were comparable in term of basis weight, caliper, paper sensitivity, and yield/productivity. Most purchasers reported that U.S. product was inferior in terms of price (higher priced). Purchasers were split for availability with printing on back and discounts offered, with four reporting that U.S. product was superior and four reporting U.S. and Chinese product were comparable. For width

of jumbo rolls, half (5 of 10) reported that Chinese and U.S. product were comparable and most of the remaining responding purchasers (4) reported that U.S. product was superior.

Most responding purchasers reported that U.S. and German product were comparable for 26 factors. However, a plurality of purchasers (6 of 13) reported that U.S. product was superior in delivery time, with most of the other purchasers (5) reporting that they were comparable.

Six purchasers compared product from China with that from Germany, although not for all factors. Most responding purchasers reported that product from China was inferior to product from Germany on 13 factors. Most reported that Chinese and German product were comparable in the areas of basis weight, caliper, discounts offered, minimum quantity requirements, paper brightness, trim optimization, U.S. transportation costs, width of jumbo rolls, width flexibility, and yield/productivity. Half (2 of 4) of responding purchasers reported that Chinese product was superior on price (lower priced), and purchasers were evenly divided between Chinese product being inferior and Chinese being comparable with German product for availability with printing on the back, packaging, and paper sensitivity.

Most responding purchasers reported that U.S. and nonsubject product were comparable on 25 factors. For the two remaining factors, delivery time and product range, five firms reported that U.S. product was superior, six firms reported that U.S. and nonsubject product were comparable, and one firm reported U.S. product as inferior.

When comparing Chinese and nonsubject certain LW thermal paper, purchasers reported that they were comparable on 15 factors. Most responding purchasers reported that Chinese product was inferior to nonsubject product for acceptability by printer manufacturers, delivery time, extension of credit, imaging performance, product consistency, product range, quality exceeds industry standard, quality meets industry standards, reliability of supply, and technical support/service. Most responding purchasers reported that China was superior on price. Purchasers were evenly split (3 each) between Chinese product being comparable with nonsubject and Chinese being inferior to nonsubject product on delivery terms.

The majority of responding purchasers reported that German and nonsubject certain LW thermal paper were comparable for all 27 factors.

Comparison of U.S.-produced and imported certain LW thermal paper

In order to determine whether U.S.-produced certain LW thermal paper can generally be used in the same applications as imports from China and Germany, U.S. producers, importers, and purchasers were asked whether the products can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. As shown in table II-11, *** U.S. coaters reported that product from China, Germany, and nonsubject countries can *** be used interchangeably with U.S. product. Most U.S. converters reported that certain LW thermal paper was “always” interchangeable for all country pairs. U.S. importers showed greater variation in their responses, but the majority of responding importers indicated that certain LW thermal paper from all country pairs were either “always” or “frequently” interchangeable. Two U.S. importers reported that U.S. and Chinese product is “never” interchangeable, Chinese and German product is “never” interchangeable, and that Chinese

Table II-11
Certain LW thermal paper: Perceived degree of interchangeability of certain LW thermal paper produced in the United States and in other countries, by country pair

Country pair	U.S. coaters				U.S. converters				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. China	***	***	***	***	5	0	2	0	3	3	0	2	6	0	3	1
United States vs. Germany	***	***	***	***	8	1	1	0	3	4	2	0	11	3	0	0
China vs. Germany	***	***	***	***	5	0	2	0	2	4	0	2	5	0	2	0
China vs. Other	***	***	***	***	5	1	1	0	2	4	0	2	5	0	1	1
Germany vs. Other	***	***	***	***	7	3	0	0	3	3	2	0	6	4	0	0
United States vs. Other	***	***	***	***	7	2	1	0	3	4	3	0	8	5	0	0

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires

and nonsubject country product is "never" interchangeable. Most U.S. purchasers responded that product from all country pairs is "always" interchangeable.

Nine of 16 responding purchasers reported that domestically produced product "always" met minimum quality specifications (table II-12). Half the responding purchasers (3 of 6) reported that the Chinese certain LW thermal paper "rarely or never" met minimum quality specifications. Nine of 12 responding purchasers reported that German certain LW thermal paper "always" met minimum quality specifications. Most of the responses by purchasers (11 of 18) reported that certain LW thermal paper nonsubject countries "always" met minimum quality specifications.[37]

Table II-12
Certain LW thermal paper: Ability to meet minimum quality specifications, by source[1]

Source	Always	Usually	Sometimes	Rarely or Never
United States	9	7	1	0
China	1	1	1	3
Germany	9	3	0	0
Nonsubject countries	11	6	1	0

[1] Purchasers were asked how often domestically produced or imported certain LW thermal paper meets minimum quality specifications for their own or their customers' uses.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. producers, importers, and purchasers were also asked how often differences other than price were important in sales of certain LW thermal paper from the United States, subject, or nonsubject countries. *** U.S. coaters reported that differences other than price were only *** important for all country pairs (table II-13). In contrast, most converters reported that differences other than price were "always" important between U.S. and Chinese certain LW thermal paper, and that differences other than price were "always" or "frequently" important

[37] This number includes multiple responses for different country sources by individual purchasers.

Table II-13
Certain LW thermal paper: Perceived importance of factors other than price between certain LW thermal paper produced in the United States and in other countries, by country pair

Country pair	U.S. coaters				U.S. converters				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. China	***	***	***	***	4	0	2	1	4	1	1	0	4	0	3	2
United States vs. Germany	***	***	***	***	4	2	3	1	3	1	2	1	3	1	6	3
China vs. Germany	***	***	***	***	2	0	4	1	4	1	1	0	1	0	4	2
China vs. Other	***	***	***	***	2	0	4	1	3	2	1	0	2	0	4	1
Germany vs. Other	***	***	***	***	4	1	3	2	2	3	2	0	4	1	2	2
United States vs. Other	***	***	***	***	5	1	3	1	3	2	4	0	3	1	6	2

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

between certain LW thermal paper from the United States and Germany. When comparing U.S. product to other countries' product, half (5 of 10) of U.S. converters reported that differences are "always" significant, and three reported that differences other than price are "sometimes" significant. Most converters (4 of 7) comparing Chinese and nonsubject countries' product responded that there were "sometimes" differences other than price. Converters responses for differences other than price between German and nonsubject countries' product were mixed, the most common response (4 of 10) was that there were "always" differences other than price, three reported there were "sometimes" differences other than price, two that there were "never" differences other than price, and one reported there were "frequently" differences other than price.

Most U.S. importers reported that differences between U.S. and Chinese product and between Chinese and German product was "always" important. Three importers reported that differences between U.S. and Germany product was "always" important, two reported these differences were "sometimes" important, and one firm each reported that differences were "frequently" and "never" important. When comparing U.S. product to nonsubject countries' product, four importers reported that differences were "sometimes" important, three importers reported that differences were "always" important, and two reported that differences were "frequently" important. Most responding importers reported that differences other than price were either "always" or "frequently" important when comparing Chinese and nonsubject countries' product, and German and nonsubject countries' product.

The majority of U.S. purchasers reported factors other than price were "sometimes" or "never" important for U.S. and Chinese, U.S and German, Chinese and German, China and nonsubject countries', and United States and nonsubject countries' product. Most purchasers reported that there were "always" or "frequently" differences other than price between product from Germany and from nonsubject countries.

Differences reported between Chinese product and product from the United States, Germany, and nonsubject countries included: quality (Chinese quality is variable); transportation; delivery time; product range; and Chinese produce slit rolls rather than jumbo rolls. Other differences reported included: U.S. product was superior to product from all other sources on delivery; German product was superior to U.S. product on quality, width offerings,

consistent supply, and service; and United States and "other" differ on quality, availability, and specifications.[38]

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties' comments on these estimates are reported below.

U.S. supply elasticity

The domestic supply elasticity[39] for certain LW thermal paper measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of certain LW thermal paper. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced certain LW thermal paper. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to moderately increase or decrease shipments to the U.S. market; an estimate in the range of 2 to 4 is suggested. Appvion agrees with this estimate of supply elasticity.

U.S. demand elasticity

The U.S. demand elasticity for certain LW thermal paper measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of certain LW thermal paper. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the certain LW thermal paper in the production of any downstream products. Based on the available information, the aggregate demand for certain LW thermal paper is likely to be inelastic; a range of -0.3 to -0.75 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[40] Product differentiation, in turn, depends upon

---

[38] One purchaser that reported there were "always" differences other than price for all country pairs reported the differences were availability and quality.

[39] A supply function is not defined in the case of a non-competitive market.

[40] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced certain LW thermal paper and imported certain LW thermal paper is likely to be in the range of 3 to 5.

Appvion reports that U.S. and German product are more interchangeable in 2014 than they were in the original investigation. In 2007, most U.S product was 55 grams and most German product that was sold in the United States was 48 grams.[41] In contrast, both U.S. and German product is now sold mainly as 48 gram paper and they are thus more comparable. As a result, Appvion suggests a substitution elasticity of 5 to 7. Koehler reports that the substantial price difference between U.S. and German certain LW thermal paper indicate that the elasticity of substitution is lower than 3 to 5. As a result, Koehler suggests the substitution elasticity is in the range of 0.5 to 2 percent.[42]

[41] Hearing transcript, pp. 137-139 (Dorn, Hausman, and Kaplan) and Appvion's post hearing brief answers to Commission questions p. 3.

[42] Hearing transcript, pp. 179-180 (Dougan) and Kohler's posthearing brief, answers to Commission question p. 13.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The information in this section of the report was compiled from responses to the Commission's questionnaires. Questionnaire responses were received from three firms, which are believed to account for all U.S. production of coated jumbo rolls of certain LW thermal paper during the period for which data were collected, and 11 U.S. converters, which are estimated to account for approximately 70 percent of U.S. conversion activities in 2013.[1] [2] Appvion, is the largest U.S. coater, accounting for *** percent of U.S. production of jumbo rolls during January 2008 – June 2014. The largest U.S. converter was NCR followed by Nashua, accounting for *** and *** percent, respectively, of U.S. production of slit rolls during January 2008 – June 2014.

Table III-1 summarizes important industry events that have taken place in the U.S. industry since January 1, 2008.

Table III-1
Certain LW thermal paper: Important industry events since January 1, 2008

Period	Firm	Event
February 23, 2012	Appvion	Appleton enters into a 15-year supply agreement with Domtar Corporation in which Domtar supplies Appleton with most of the uncoated base paper the company needs to produce its thermal, carbonless, and other specialty paper products. Papermaking operations are discontinued at Appleton's West Carrollton, OH mill, but coating operations at the mill continue.
May 13, 2012	Appvion	Appleton changes its corporate name to Appvion, Inc.

Source: Compiled from information obtained from various news articles and company websites.

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, closings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or

[1] Assuming that, in 2013, U.S. converters converted all the domestic and imported jumbo rolls in the U.S. market, then the volume of jumbo rolls to be converted numbered *** short tons (U.S. commercial shipments of U.S. coaters (*** short tons) plus U.S. imports of from all sources except China *** and imports of slit rolls (by ***) (*** short tons). The Commission received U.S. producers' questionnaires from U.S. converters reporting a total of *** short tons of conversion production in 2013, or approximately 70 percent of estimated total U.S. conversion production.

[2] *** reported that it also produced slit rolls ***. *** stated that it primarily uses certain LW thermal paper to manufacture for ***. *** did not provide detailed data on its conversion operations, and so is not included as a converter in this report.

any other change in the character of their operations or organization relating to the production of certain LW thermal paper since January 1, 2008. Twelve of the thirteen domestic producers (which provided responses in these reviews) indicated that they had experienced such changes; their responses are presented in table III-2.

Table III-2
Certain LW thermal paper: Changes in the character of U.S. operations since January 1, 2008

* * * * * * *

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of certain LW thermal paper. Their responses appear in table III-3.

Table III-3
Certain LW thermal paper: Anticipated changes in the character of U.S. operations

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

U.S. coaters

Table III-4 and figure III-1 presents U.S. coaters' production, capacity, and capacity utilization. Total U.S. coating capacity increased *** short tons or *** percent between 2008 and 2013, and was *** percent lower in January-June 2014 compared to January-June 2013. ***, which accounted for the majority of the increase in capacity, reported ***. *** accounted for the majority of the *** percent increase in certain LW thermal paper production during 2008-13. ***. *** production declined between 2008 and 2011 reportedly as a result of ***.[3] *** production increased between 2008 and 2013, during which the firm ***. U.S. coaters' production was *** percent lower in January-June 2014 compared to January-June 2013. Appvion stated that it increased production and built up inventories in anticipation of diminished imports from Germany by Koehler Germany after Commerce's adverse finding in April 2013.[4] Appvion ***.

U.S. coaters' capacity utilization fluctuated over the period of review, ranging from a high of *** percent in January-June 2013 to a low of *** percent in 2009.

[3] Email from ***, September 19, 2014.
[4] Hearing transcript, p. 56 (Downey).

Table III-4
Certain LW thermal paper: U.S. coaters' production, capacity, and capacity utilization, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

Figure III-1
Certain LW thermal paper: U.S. coaters' production, capacity, and capacity utilization, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

*** reported producing other products using the same equipment and machinery used to produce certain LW thermal paper. ***. Aggregate data are shown in table III-5.

Table III-5
Certain LW thermal paper: U.S. coaters' production, capacity, and capacity utilization for alternative products, 2008-13 and January-June 2014

* * * * * * *

U.S. converters

Table III-6 and figure III-2 presents U.S. converters' production, capacity, and capacity utilization. U.S. converters' capacity increased 6.6 percent during 2008-13, and was 2.7 percent lower in January-June 2014 compared to January-June 2013. *** had the largest decline (*** percent) and the largest fluctuations in capacity during 2008-2013. *** reported that its capacity varies as ***. This decline was offset by increases in capacity at other U.S. converters, largest of which were at ***. ***.

U.S. converters' production of certain LW thermal paper increased 9.5 percent between 2008 and 2013, and was 0.8 percent higher in interim 2014 than in interim 2013. Three U.S. converters, *** reported net declines in production between 2008 and 2013. Among the other U.S. converters, *** had the largest increases in the quantity of certain LW thermal paper production between 2008 and 2013. All U.S. converters used U.S. produced jumbo rolls in their production, all but one U.S. converter (***) used jumbo rolls imported from subject sources, and eight used jumbo rolls imported from nonsubject sources over the period of review. The share of U.S. produced jumbo rolls and nonsubject source jumbo rolls converters used increased between 2008 and 2013, particularly in 2013. In contrast, the share of subject source jumbo rolls declined over the same period, with *** percentage point decline in 2013.

Table III-6
Certain LW thermal paper: U.S. converters' production, capacity, and capacity utilization, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

Figure III-2
Certain LW thermal paper: U.S. converters' production, capacity, and capacity utilization, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

All U.S. converters reported producing other products using the same equipment and machinery used to produce certain LW thermal paper (table III-7). Certain LW thermal paper's share of production ranged from a low of 77.3 percent in 2009 to a high of 83.5 percent in 2013, with all U.S. converters reporting its share as over 50 percent in any period.

Table III-7
Certain LW thermal paper: U.S. converters' production, capacity, and capacity utilization for alternative products, 2008-13 and January-June 2014

* * * * * * *

Table III-8 presents U.S. converters' purchases, other than direct imports of certain LW thermal paper. Over the period of review, eight U.S. converters purchased jumbo rolls from Germany; nine purchased jumbo rolls from all other country sources (three of which did so only in 2013), ten purchased jumbo rolls from U.S. producers, and one purchased from other sources. Two U.S. converters (***) purchased slit rolls from domestic producers ***. All of the eight U.S. converters that purchased jumbo rolls from Germany prior to 2013 decreased these purchases in 2013. One of these U.S. converters increased purchases from U.S. producers, two increased purchases from all other country sources (and had lower purchases from domestic producers), and four increased purchases from both U.S. producers and all other country sources.

Table III-8
Certain LW thermal paper: U.S. converters' purchases, 2008-13

* * * * * * *

Constraints on capacity

Nine of the thirteen responding U.S. producers reported constraints in the manufacturing process. The majority listed the number of slitters or equipment limitations, while other constraints were the physical limitation of existing facilities and employee training.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

U.S. coaters

Table III-9 presents U.S. coaters' U.S. shipments, export shipments, and total shipments. U.S. coaters' commercial U.S. shipments increased *** percent during 2008-13, but were *** percent lower in January-June 2014 compared with January-June 2013. This increase was largely due to *** which increased U.S. commercial shipments by *** percent between 2008 and 2013, ending in 2013 at the firm's highest level. This increase was partially offset by decreases in export shipments by ***. *** reported exports to Canada and Mexico, and ***. *** reported internal consumption or transfers to related firms, which ***.[5]

Table III-9
Certain LW thermal paper: U.S. coaters' U.S. shipments, exports shipments, and total shipments of jumbo rolls, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

U.S. converters

Table III-10 presents U.S. converters' U.S. shipments, export shipments, and total shipments.[6] U.S. converters' U.S. shipments increased *** percent during 2008-13, and were *** percent higher in January-June 2014 compared with January-June 2013. One U.S. converter, *** had export shipments to Canada and the Caribbean region during the period of review.

[5] *** did not provide value of internal consumption, so Staff used the unit value of the firm's commercial U.S. shipments as an estimate.

[6] One U.S. converter (***) did not provide complete U.S. shipment data. Staff used *** shipment data reported for total U.S. shipments by BPA content as an estimate.

Table III-10
Certain LW thermal paper: U.S. converters' U.S. shipments, exports shipments, and total shipments of slit rolls, 2008-13, January-June 2013, and January-June 2014

Item	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
	Quantity (short tons)							
U.S. shipments	***	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***	***
Total shipments	109,618	109,642	111,287	107,056	118,335	120,463	58,649	59,132
Value (1,000 dollars)								
U.S. shipments	***	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***	***
Total shipments	275,287	280,222	264,808	258,992	290,459	325,636	155,294	155,921
Unit value (dollars per short tons)								
U.S. shipments	***	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***	***
Total shipments	2,511	2,556	2,380	2,419	2,455	2,703	2,648	2,637
Share of quantity (percent)								
U.S. shipments	***	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)								
U.S. shipments	***	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Certain LW thermal paper by basis weight

Table III-11 presents U.S. coaters' commercial U.S. shipments of jumbo rolls, by basis weight. The share of U.S. coaters' commercial shipments represented by basis weight of 49.9 g/m^2 to 60 g/m^2, which started the period as the majority, declined between 2008 and 2013, ending in 2013 *** percentage points lower than in 2008. U.S. coaters' commercial U.S. shipments of less than 49.9 g/m^2 were *** percentage points higher in 2013 than in 2008. While *** had commercial U.S. shipments of over 60 g/m^2 to 70 g/m^2 in each period, it represented the smallest share of commercial U.S. shipments.[7]

Table III-12 presents U.S. converters' commercial U.S. shipments of slit rolls, by basis weight.[8] U.S. converters U.S. shipments of less than 49.9 g/m^2 share of total commercial U.S. shipments increased in every year during 2008-13, ending in 2013 *** percentage points higher than in 2008.

[7] *** reported commercial U.S. shipments of over 60 g/m^2 to 70 g/m^2.

[8] One U.S. converter (***) did not provide weight basis U.S. shipment data.

Table III-11
Certain LW thermal paper: U.S. coaters' commercial U.S. shipments of jumbo rolls, by basis weight, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

Table III-12
Certain LW thermal paper: U.S. converters' commercial U.S. shipments of slit rolls, by basis weight, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

Certain LW thermal paper by BPA content

Table III-13 presents U.S. coaters' commercial U.S. shipments of jumbo rolls by BPA content. The share of BPA-free certain LW thermal paper of U.S. coaters' commercial U.S. shipments increased between 2008 and 2013, ending in 2013 *** percentage points higher than in 2008. Appvion, ***, reported that it has produced only BPA-free certain LW thermal paper since 2006, while for Kanzaki *** and the firm switched its coating to entirely BPA-free in the beginning of 2014. ***.[9]

Table III-13
Certain LW thermal paper: U.S. coaters' commercial U.S. shipments of jumbo rolls, by BPA content, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

Table III-14 presents U.S. converters' commercial U.S. shipments of slit rolls by BPA content. The share of BPA-free certain LW thermal paper of U.S. converters' commercial U.S. shipments increased in each year between 2008 and 2013, ending in 2013 *** percentage points higher than in 2008.

[9] Hearing transcript, p. 51 (Downy).

Table III-14
Certain LW thermal paper: U.S. converters' commercial U.S. shipments of slit rolls, by BPA content, 2008-13, January-June 2013, and January-June 2014

Item	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
	Quantity (short tons)							
Commercial U.S. shipments of.--Containing BPA	85,102	76,578	62,238	45,020	39,112	27,097	14,034	2,004
BPA-free	24,394	32,942	48,937	61,927	79,082	93,070	44,469	56,975
Total, commercial U.S. shipments	109,496	109,520	111,175	106,947	118,194	120,167	58,503	58,979
	Value (1,000 dollars)							
Commercial U.S. shipments of.--Containing BPA	215,700	194,148	151,581	114,273	102,263	77,748	38,733	6,538
BPA-free	59,216	85,713	112,917	144,412	187,817	247,455	116,351	149,166
Total, commercial U.S. shipments	274,916	279,861	264,498	258,685	290,080	325,203	155,084	155,704
	Unit value (dollars per short tons)							
Commercial U.S. shipments of.--Containing BPA	2,535	2,535	2,436	2,538	2,615	2,869	2,760	3,262
BPA-free	2,427	2,602	2,307	2,332	2,375	2,659	2,616	2,618
Total, commercial U.S. shipments	2,511	2,555	2,379	2,419	2,454	2,706	2,651	2,640
	Share of quantity (percent)							
Commercial U.S. shipments of.--Containing BPA	77.7	69.9	56.0	42.1	33.1	22.5	24.0	3.4
BPA-free	22.3	30.1	44.0	57.9	66.9	77.5	76.0	96.6
Total, commercial U.S. shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)							
Commercial U.S. shipments of.--Containing BPA	78.5	69.4	57.3	44.2	35.3	23.9	25.0	4.2
BPA-free	21.5	30.6	42.7	55.8	64.7	76.1	75.0	95.8
Total, commercial U.S. shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' INVENTORIES

U.S. coaters

Table III-15 presents U.S. coaters' end-of-period inventories and the ratio of these inventories to U.S. coaters' production, U.S. shipments, and total shipments over the period examined**.**

Table III-15
Certain LW thermal paper: U.S. coaters' inventories, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

U.S. converters

Table III-16 presents U.S. converters' end-of-period inventories and the ratio of these inventories to U.S. converters' production, U.S. shipments, and total shipments over the period examined**.**

Table III-16
Certain LW thermal paper: U.S. converters' inventories, 2008-13, January-June 2013, and January-June 2014

Item	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
	Quantity (short tons)							
U.S. producers' end-of-period inventories	12,675	11,491	13,443	16,420	19,682	21,741	13,735	13,256
	Ratio (percent)							
Ratio of inventories to.--								
U.S. production	11.6	10.5	12.0	15.2	16.4	18.2	11.7	11.2
U.S. shipments	***	***	***	***	***	***	***	***
Total shipments	11.6	10.5	12.1	15.3	16.6	18.0	11.7	11.2

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-17 presents data on individual U.S. producers' U.S. production and U.S imports of certain LW thermal paper from nonsubject sources over the period examined. Two U.S. coaters imported jumbo rolls of certain LW thermal paper and one U.S. converter imported slit rolls of certain thermal paper. U.S. coater *** imported ***. U.S. coater *** imported ***. U.S. converter *** stated that it imported from *** due to ***.

As noted earlier in table III-6, U.S. converters purchased jumbo rolls from a variety of sources, largely from U.S. coaters and importers of German jumbo rolls, in the production of slit rolls of certain LW thermal paper.

Table III-17
Certain LW thermal paper: U.S. producers' U.S. production, imports, and import ratios to U.S. production, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. coaters

Table III-18 shows U.S. coaters' employment-related data during the period examined. While overall U.S. coater's production related workers ("PRWs") increased by *** PRWs between 2008 and 2013, ***.[10]

Table III-18
Certain LW thermal paper: U.S. coaters' average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

U.S. converters

Table III-19 shows U.S. converters' employment-related data during the period examined. U.S. converters' number of PRWs declined by 109 between 2008 and 2013, largely due to a decline of ***.

Table III-19
Certain LW thermal paper: U.S. converters' average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

[10] *** reported higher unit labor costs than ***. Excluding ***.

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Two U.S. coaters (Appvion and Kanzaki) and nine U.S. converters provided usable financial data on their operations on certain LW thermal paper.[11] These data are believed to account for the large majority of U.S. production and conversion of certain LW thermal paper in 2013. None of these firms reported internal consumption, transfers to related firms, or toll production.

OPERATIONS ON CERTAIN LW THERMAL PAPER

Income-and-loss data for U.S. coaters of certain LW thermal paper are presented in table III-20, income-and-loss data for U.S. converters of certain LW thermal paper are presented in table III-21, and income-and-loss data on the combined operations of U.S. coaters and converters are presented in table III-22. Selected company-specific financial data for U.S. coaters are presented in table III-23. The reported net sales quantities and values for both U.S. coaters and converters increased from 2008 to 2013; however, the magnitude of increase was more moderate for converters. Between the comparable interim periods, U.S. coaters experienced a decline in net sales quantity and value, while converters experienced a more moderate decline in net sales quantity and a small increase in net sales value.

Table III-20
Certain LW thermal paper: Results of operations of U.S. coaters, 2008-13, January-June 2013, and January-June 2014.

* * * * * * *

Table III-21
Certain LW thermal paper: Results of operations of U.S. converters, 2008-13, January-June 2013, and January-June 2014.

* * * * * * *

Table III-22
Certain LW thermal paper: Results of combined operations of U.S. coaters and converters, 2008-13, January-June 2013, and January-June 2014.

* * * * * * *

[11] The firms and their fiscal year ends if other than December 31 are: Appvion, Greenleaf, Kanzaki, Liberty, Nashua, NCR, National Checking (March 31), PM Company, RiteMade, Specialty Roll (September 30), and Tufco (September 30). All firms reported financial data on a calendar year basis.

Table III-23
Certain LW thermal paper: Selected results of operations of U.S. coaters, by firm, and converters, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

U.S. coaters experienced ***. In contrast, U.S. converters experienced ***.

For U.S. coaters, per-unit net sales values increased by *** from 2008-11, while combined per-unit cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses declined by *** during this time frame, which ***. From 2011-13, the per-unit net sales value increased by ***, while per-unit operating costs and expenses declined by ***, which resulted in ***. Between the comparable interim periods, the per-unit net sales value declined by ***, while operating costs and expenses declined by ***, which ***.

For U.S. converters, per-unit net sales values increased by *** from 2008-13, while operating costs increased by *** during this time frame, which ***. Between the comparable interim periods, the per-unit net sales value increased by ***, while operating costs and expenses increased by ***, which *** in January-June 2014 as compared to January-June 2013.[12]

For both U.S. coaters and converters, raw material costs represented the largest component of COGS and averaged *** percent, respectively, of total COGS during the period of review. For U.S. coaters, raw material costs generally declined from 2008-12 as a percentage of sales and on a per-unit basis. In 2013, per-unit raw material costs increased, but such costs as a percentage of sales declined as prices increased. Between the comparable interim periods, raw material costs increased on a per-unit basis and as a percentage of sales. For U.S. converters, raw material costs generally increased from 2008-13 on a per-unit basis and as a percentage of sales. Between the comparable interim periods, such costs somewhat increased on a per-unit basis and somewhat declined as a percentage of sales.[13]

SG&A expenses for both U.S. coaters and converters generally declined on a per-unit basis and as a percentage of sales from 2008-13, but somewhat increased between the comparable interim periods. Such expenses represented an average *** percent, respectively, of total operating costs and expenses during the period of review.[14]

According to Appvion, the firm's reported financial performance during the period of review reflects several factors. ***.[15]

---

[12] Converters are able to achieve relatively stable profit margins due to their ability to pass along the base paper costs to their customers, as well as their relatively low fixed costs as compared to U.S. coaters. Hearing transcript (Dorn), p. 101.

[13] ***.

[14] The value added by U.S. converters as a share of total processing costs was calculated as two ratios: (a) a ratio of reported raw materials other than jumbo rolls (such as cores and cartons) and conversion costs (costs other than raw material costs, primarily labor and overhead) to reported total costs excluding SG&A expenses; and (b) a ratio of reported raw materials other than jumbo rolls and conversion costs to reported total costs including SG&A expenses. Based on the data provided by the nine reporting U.S. converters, average value added for 2013 was ***.

[15] Email from ***, September 24, 2014.

According to Kanzaki, the firm's reported financial performance during the period of review reflects the negative effects of the global recession in the early part of the period, followed by stronger demand and financial performance from 2011 to 2013 as the economy improved.[16]

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND TOTAL ASSETS

The responding firms' aggregate data on capital expenditures, research and development ("R&D") expenses, and total assets are shown in table III-24. Aggregate capital expenditures declined sharply from 2008 to 2011, then increased in 2012 before decreasing once again in 2013. In January-June 2014, capital expenditures were lower than in January-June 2013. Aggregate R&D expenses irregularly increased from 2008 to 2013, but were lower in January-June 2014 as compared to January-June 2013. The relatively large capital expenditures in 2008 primarily reflect ***.[17] According to Kanzaki, the firm's capital expenditures primarily reflect ***. [18]

NCR and RiteMade reported ***. NCR reported that the firm's capital expenditures primarily reflect ***.[19] RiteMade reported that the firm's capital expenditures primarily reflect ***.[20] In total, eight firms reported capital expenditures and four firms reported R&D expenses.

The total assets utilized in the production, warehousing, and sales of certain LW thermal paper increased from $*** million in 2008 to $*** million in 2013.

Table III-24
Certain LW thermal paper: Capital expenditures, research and development expenses, and total assets of U.S. coaters and converters, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

[16] Hearing transcript (Hefner), p. 63.
[17] Email from ***, September 15, 2014.
[18] Email from ***, September 17, 2014.
[19] Email from ***, September 22, 2014.
[20] Email from ***, September 22, 2014.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission issued questionnaires to 89 firms believed to have imported certain LW thermal paper between 2008 to June 2014. Eleven firms provided data and information in response to the questionnaires,[1] while 11 firms indicated that they had not imported product during the period for which data were collected.[2] Based on official Commerce imports statistics, importers' questionnaire data accounted for 83.6 percent of total U.S. imports in 2013 (by value) and virtually all total subject imports in 2013 (by value). Firms responding to the Commission's questionnaire accounted for the following shares of individual subject country's U.S. imports (as a share of official import statistics, by value) during 2009-13.[3]

- All or virtually all the subject U.S. imports from Germany;
- None of the subject U.S. imports from China;
- Approximately 61 percent of the nonsubject U.S. imports from all other sources.

In light of the data coverage by the Commission's questionnaires and the apparent understatement of official import statistics in 2013, import data in this report are based on questionnaire responses supplemented by official Commerce statistics for those importers that did not respond to the Commission's questionnaire.[4] [5]

Imports from subject and nonsubject countries

Table IV-1 and figure IV-1 present information on U.S. imports of certain LW thermal paper from Germany, China, and all other sources over the period examined. Prior to January 2009, imports of certain LW thermal paper were primarily classifiable under HTS statistical reporting numbers 4811.90.8040 and 4811.90.9090, basket categories which included paper

---

[1] One additional firm, ***, imported ***.

[2] One firm (***) reported using a foreign trade zone and one firm (***) reported using bonded warehouses for certain LW thermal paper.

[3] Prior to January 2009, imports of certain LW thermal paper were primarily classifiable under HTS statistical reporting numbers 4811.90.8040 and 4811.90.9090, basket categories which included paper other than certain LW thermal paper.

[4] Import data for 2008 are based on official Commerce statistics for statistical reporting numbers 4811.90.8040 and 4811.90.9090 (basket categories), and import data for 2009-June 2014 are based on statistical reporting numbers 4811.90.8030 and 4811.90.9030.

[5] Staff supplemented the questionnaire responses with proprietary Customs data for HTS statistical reporting numbers 4811.90.8030 and 4811.90.9030 for U.S. importers of certain LW thermal paper that did not respond to the Commission's questionnaire.

other than certain LW thermal paper.[6] Due to this, the imports from sources other than Germany in 2008 are believed to be overstated.

Table IV-1
Certain LW thermal paper: U.S. imports by source, 2008-13, January to June 2013, and January to June 2014

Item	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
Quantity (short tons)								
U.S. imports from.--								
China	16,016	86	145	150	59	120	99	57
Germany	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***
Nonsubject sources	59,101	11,395	15,269	21,290	27,897	68,307	28,244	44,054
All sources	***	***	***	***	***	***	***	***
Value (1,000 dollars)								
U.S. imports from.--								
China	50,067	185	214	272	221	519	363	278
Germany	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***
Nonsubject sources	149,835	23,368	33,143	46,819	63,648	152,014	63,591	91,949
All sources	***	***	***	***	***	***	***	***
Unit value (dollars per short tons)								
U.S. imports from.--								
China	3,126	2,162	1,478	1,811	3,740	4,313	3,658	4,829
Germany	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***
Nonsubject sources	2,535	2,051	2,171	2,199	2,282	2,225	2,251	2,087
All sources	***	***	***	***	***	***	***	***

Table continued on next page.

[6] In the final investigations Chinese imports accounted for *** short tons in 2007, and *** short tons in January-June 2008, while imports from all other sources were *** short tons and *** short tons, during the same periods, respectively.

Table IV-1-*Continued*
Certain LW thermal paper: U.S. imports by source, 2008-13, January to June 2013, and January to June 2014

Share of quantity (percent)								
U.S. imports from.-- China	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***
All sources	***	***	***	***	***	***	***	***
Share of value (percent)								
U.S. imports from.-- China	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***
All sources	***	***	***	***	***	***	***	***

Note.--Between 2008 and 2009 two new HTS statistical reporting numbers were created expressly for reporting the merchandise covered by these orders. The decline in import volumes and AUVs between 2008 and 2009 therefore relates, at least partially, to both (1) the imposition of the orders and the reduction in imports of subject merchandise, and (2) the more narrowly defined HTS numbers.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics under statistical reporting numbers 4811.90.8040 and 4811.90.9030 (2008) and 4811.90.8030 and 4811.90.9090 (January 2008 – June 2014) for all firms not responding to Commission questionnaires.

Figure IV-1
Certain LW thermal paper: U.S. imports by source, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

Subject imports, mostly from Germany, increased *** percent between 2009 and 2012, and then declined *** percent in 2013, ending in 2013 *** percent lower than in 2008. The majority of U.S. imports from Germany were reported by ***, except in January-June 2014, when ***, leaving *** as the only importer of certain LW thermal paper from Germany. Koehler Germany stated that in 2013, it discontinued importing certain LW thermal paper from Germany due to a prohibitively high adverse facts available antidumping duty finding by Commerce in its third administrative review in April 2013.[7] Following the zero margin in Commerce's next administrative review in June 2014,[8] Koehler Germany recommenced imports from Germany, albeit at lower quantities than prior to 2013, as several of their customers had

[7] Hearing transcript, p. 164 (Frede) and *Lightweight Thermal Paper From Germany: Final Results of Antidumping Duty Administrative Review*, 2010–2011, 78 FR 23220, April 18, 2013.

[8] *Lightweight Thermal Paper From Germany: Final Results of Antidumping Duty Administrative Review*, 2011–2012, 79 FR 34719, June 18, 2014.

switched to nonsubject sources and Koehler Germany was reportedly at full capacity and serving markets outside of the United States.[9] Between 2012 and 2013, the share of U.S. imports from Germany dropped from *** percent to *** percent, while U.S. imports from nonsubject sources rose from *** percent to *** percent. The volume of U.S. imports from nonsubject countries increased 144.8 percent from 2009 to 2012, then increased 144.9 percent from 2012 to 2013, ending almost six times higher than in 2009. U.S. imports from nonsubject sources were 56.0 percent higher in January-June 2014 compared to January-June 2013.[10] U.S. importer ***, which ***, accounted for the majority of the increase in nonsubject imports between 2012 and 2013, and in January-June 2014 compared to January-June 2013. *** reported that this increase was largely due to ***.[11]

Certain LW thermal paper by type

Table IV-2 presents reported U.S. commercial shipments of imports by type and source. All U.S. shipments of U.S. imports from Germany were of jumbo rolls, [12] while the majority of U.S. shipments of U.S. imports from nonsubject sources were of slit rolls, except in 2013. Six of the nine responding importers reported U.S. shipments of imports of jumbo rolls from nonsubject sources. The 2013 increase in U.S. shipments of jumbo rolls was largely result of increased shipments by three firms ***. *** reported that this increase was due to ***.[13] *** reported that this increase ***. Two firms, ***, reported U.S. shipments of imports of slit rolls from nonsubject sources (***).

Table IV-2
Certain LW thermal paper: U.S. importers' U.S. shipments of imports, by type and by source, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

Certain LW thermal paper by basis weight

Tables IV-3 and IV-4 present U.S. commercial shipments of imports of jumbo rolls and of slit rolls, respectively, by basis weight, and source. The vast majority of commercial U.S. shipments of imports of jumbo rolls from Germany were less than 49.9 g/m^2 basis weight, and

[9] Hearing transcript, pp. 164-165 (Frede).
[10] ***. Email from ***, October 2, 2014.
[11] Email from ***, August 26, 2014.
[12] During the original investigations, all subject U.S. imports from China were slit rolls. *Certain Lightweight Thermal Paper from China and Germany*, *Inv. Nos. 701-TA-451 and 731-TA-1126-1127 (Final)*, USITC Publication 4043, November 2008, p. IV-1.
[13] Email from ***, October 2, 2014.

the majority of commercial U.S. shipments of imports of both jumbo rolls and slit rolls from all other sources were also less than 49.9 g/m^2 basis weight.[14] [15]

Table IV-3
Certain LW thermal paper: U.S. importers' U.S. shipments of imports of jumbo rolls, by basis weight, type, and source, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

Table IV-4
Certain LW thermal paper: U.S. importers' U.S. shipments of imports of slit rolls, by basis weight, type, and source, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

Certain LW thermal paper by BPA content

Tables IV-5 and IV-6 present U.S. commercial shipments of imports of jumbo rolls and slit rolls, respectively, by BPA content, type, and source. The vast majority of commercial U.S. shipments of imports of jumbo rolls from Germany contained BPA.[16] The majority of U.S. commercial shipments of imports of jumbo rolls from nonsubject sources contained BPA as well, except in 2013 and interim periods, largely as a result of increased imports by ***. The U.S. commercial shipments of imports of slit rolls from nonsubject sources were divided between BPA and BPA-free.[17] [18]

Table IV-5
Certain LW thermal paper: U.S. importers' U.S. shipments of imports of jumbo rolls, by BPA content, type, and source, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

[14] There were no reported imports of certain LW thermal paper from China.

[15] Appendix G presents further detail on U.S. commercial shipments of imports by period, basis weight, and source.

[16] There were no reported imports of certain LW thermal paper from China. China reportedly produces both BPA and BPA-free certain LW thermal paper. Hearing transcript, p. 66 (Mosby).

[17] Three of the eight importers of jumbo rolls from nonsubject sources report all or virtually all commercial U.S. shipments of certain LW thermal paper containing BPA, two reported all commercial U.S. shipments of BPA-free, and three reported commercial shipments of both BPA and BPA-free certain LW thermal paper from nonsubject sources.

[18] Appendix H presents further detail on U.S. commercial shipments of imports by period, BPA content, and source.

Table IV-6
Certain LW thermal paper: U.S. importers' U.S. shipments of imports of slit rolls, by BPA content, type, and source, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2014

The Commission requested importers to indicate whether they had imported or arranged for the importation of certain LW thermal paper from Germany, China, and other sources for delivery after June 30, 2014. Two firms (***) indicated they had arranged for imports after this date from Germany, no importers arranged for imports from China, and eight firms (***) arranged for imports from all other sources. Table IV-7 presents U.S. importers' orders for the four quarters subsequent to June 30, 2014.

Table IV-7
Certain LW thermal paper: U.S. importers' orders for subsequent to June 30, 2014

* * * * * * *

U.S. IMPORTERS' INVENTORIES

Table IV-8 presents data for end-of-period inventories of U.S. imports of certain LW thermal paper from China, Germany, and all other sources held in the United States. The data on China reflect the lack of response of any importers of certain LW thermal paper from China but also the low levels of imports from China since 2008. The majority of the inventories of imports from Germany (in the form of jumbo rolls) were reported by ***. *** reported a *** percent decline in inventories in 2013, after the firm ***. Similarly, the other importer (***) which reported inventories of imports of jumbo rolls from Germany ceased importing from Germany in 2014. *** accounted for less than *** percent of inventories of imports from Germany over the period of review, except in 2013 when it accounted for *** percent. *** reported inventories of jumbo rolls imported from all other sources. *** importers reported inventories of slit rolls imported from all other sources. Many U.S. converters, which purchased U.S. imports of jumbo rolls, did report inventories for the period of review (*see* table III-15)

Table IV-8
Certain LW thermal paper: U.S. importers' end-of-period inventories of imports, by source, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. Additional information concerning geographical markets and simultaneous presence in the market is presented below.

Both domestic and respondent interested parties contend that that China and Germany should not be cumulated.[19]

Presence in the market

U.S. imports from Germany and all other sources were present in every month of the period for which data were collected, while U.S. imports from China were in the majority of months (albeit at much lower quantities). Table IV-9 and figure IV-2 present data on monthly entries of U.S. imports of certain LW thermal paper, by source, during January 2008 – June 2014.

Table IV-9
Certain LW thermal paper: U.S. imports, monthly entries into the United States, by sources, January 2008-June 2014

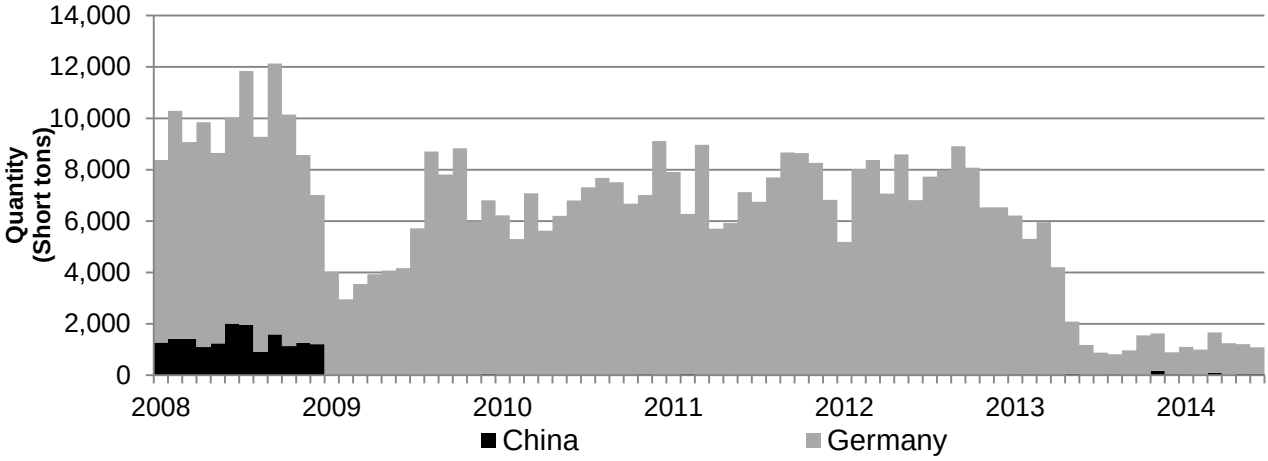
Year	China	Germany	Subject	All other sources	All sources
	Number of months				
2008	12	12	12	12	12
2009	9	12	12	12	12
2010	11	12	12	12	12
2011	10	12	12	12	12
2012	10	12	12	12	12
2013	12	12	12	12	12
Jan-Jun 2014	6	6	6	6	6

Note.--While there were continual small quantities imported from China since 2008 (as indicated in this table), the absolute quantities were very minimal.

Source: Official U.S. import statistics under statistical reporting numbers 4811.90.8030, 4811.90.8040, 4811.90.9030, and 4811.90.9090.

[19] Appvion's prehearing brief, p. 1, Koehler's prehearing brief, p. 3, and Mitsubishi's prehearing brief, pp. 2-3.

Figure IV-2
Certain LW thermal paper: U.S. imports from subject sources, by month, January 2008-June 2014



Source: Official U.S. import statistics under statistical reporting numbers 4811.90.8030, 4811.90.8040, 4811.90.9030, and 4811.90.9090.

Geographical markets

As previously noted in this report, certain LW thermal paper is shipped throughout the United States. During January 2008-June 2014, the top Customs districts for imports were as follows:

- China: Los Angeles, CA, Great Falls, MT,and New York, NY;
- Germany: Charleston, SC, Houston-Galveston, TX, and New York, NY;
- All other sources: Los Angeles, CA, Nogales, AZ, and Savannah, GA.

SUBJECT COUNTRY PRODUCERS

Both China and Germany are major producers of thermal papers and of the subject product. Europe accounts for 33 percent of the world production capacity for thermal paper and Germany is the largest producer in Europe.[20] China accounts for 23 percent of world production capacity, followed by the United States at 17 percent, and South Korea at 12 percent.[21] Europe as a whole is a large net exporter of thermal paper as is China.[22] During the original investigations, the Chinese presence in the U.S. market was comprised entirely of slit rolls while the German presence was in jumbo rolls. In these reviews, all German imports of subject product were reported as jumbo rolls.

[20] Laves Chemie Consulting, p. 15.
[21] Ibid., p. 15.
[22] Ibid., p. 20.

THE INDUSTRY IN CHINA

Overview

Since 2001, China's total paper and paperboard production has increased at a compound annual growth rate of 9 percent.[23] In 2009, China surpassed the United States as the world's largest paper and paperboard producer, producing an estimated 112 million short tons in 2013 (compared to the U.S. production of 82 million tons).[24] In recent years, large, modern production facilities have replaced many older, smaller paper mills. While thermal paper production represents a relatively small share of total Chinese paper production, there are reportedly at least 12 thermal paper manufacturers (i.e., of coated base paper) in China with a combined capacity of 473,989 short tons.[25] [26] Chinese production of thermal paper in 2013 was estimated to be 220,462 short tons.[27] China reportedly exported 33,069 short tons (or 15 percent) of its 2013 thermal paper production (i.e., coated base paper production, not slit rolls) while importing 22,046 short tons.[28] Information specific to Chinese capacity, production, and exports of certain LW thermal paper is not available. Information specific to Chinese capacity and production of jumbo rolls and slit rolls is also not available. Chinese manufacturers have reportedly added "substantial production capacities" during the past two years.[29]

Operations on certain LW thermal paper

During the original investigations, the Commission requested data from 14 Chinese firms and received questionnaire responses from two firms. The two responding Chinese firms were Shanghai Hanhong Paper Co., Ltd. ("Hanhong") and ***. Hanhong claimed to account for approximately *** percent of Chinese production of certain LW thermal paper and *** percent of exports to the United States in 2007, and *** claimed to account for *** percent of Chinese

---

[23] When reported in metric tons by cited sources, statistics in this section were converted using 1.1023 short tons per metric ton.

[24] FAOSTAT, Food and Agriculture Organization of the United States ("FAOSTAT"), http://faostat.fao.org/site/626/default.aspx#ancor, accessed September 18, 2014. Includes all types of paper and paperboard including newsprint.

[25] Laves Chemie Consulting, p. 18. Smithers Pira estimated Chinese thermal paper capacity in 2012 to be *** tons. Smithers Pira, "The Future of Thermal Paper Markets to 2018," October 7, 2013, Koehler's prehearing brief, exhibit 17, p. 66.

[26] Appvion claims that Chinese LW thermal paper producers have increased thermal paper capacity by at least 648,159 short tons since 2008. Appvion's prehearing brief, p. 49 and exhibit 21. The Chinese firms about which Appvion provided publicly available information are: Guangdong Guanhao High-tech Co., Shandong Chenming Paper Group Co., Ltd., Shandong Sun Paper Industry Joint Stock Co., Ltd., Hongfeng Forest & Paper Co., Ltd., Huizhou Wintel Industrial Co., Ltd, Guandong Huisheng Paper Co., Ltd., Hailixin Specialty Paper Co., Ltd., Fujian Lufu Paper Co., Ltd., and Hunan Changsha Henghan Paper Co., Ltd.

[27] Laves Chemie Consulting, p. 4.

[28] Ibid., p. 21.

[29] Ibid., p. 13.

production and *** of exports to the United States in 2007. The two responding Chinese firms produced *** tons of certain LW thermal paper and exported *** short tons to the United States in 2007. *** percent of responding Chinese firms' certain LW thermal paper exports to the United States was in the form of converted slit rolls.[30] [31]

In these reviews, the Commission did not receive any responses to the notice of institution from Chinese producers or exporters. The Commission issued foreign producer questionnaires to 31 Chinese firms believed to be producers of certain LW thermal paper and received no responses.

Global Trade Atlas ("GTA") statistics for exports of paper from China under HTS subheading 4811.90 are presented in table IV-10. These statistics are overstated as they contain products outside the scope of the orders. Between 2008 and 2013, China exported paper products that included certain LW thermal paper to over 180 countries. In 2013, the top five export destinations by quantity for Chinese paper products that included certain LW thermal paper were the United States (12 percent of total Chinese exports), India (7 percent), Malaysia (6 percent), Pakistan (6 percent), and Vietnam (6 percent).

Table IV-10
Other paper and paperboard: China's exports by quantity and value, 2008-13, January to June 2013, and January to June 2014

Country	Calendar year						Jan-June	
	2008	2009	2010	2011	2012	2013	2013	2014
	Quantity (short tons)							
United States	14,426	11,297	13,166	16,564	25,080	22,649	6,586	5,969
India	3,909	4,956	6,687	11,889	15,931	12,986	6,608	7,721
Malaysia	3,849	3,732	8,936	6,315	9,625	11,970	6,216	3,840
Pakistan	1,881	3,323	4,839	7,199	10,510	11,787	5,565	7,224
Vietnam	4,474	4,234	5,588	7,162	8,432	11,391	4,995	4,619
Taiwan	11,066	12,964	8,866	6,885	9,978	10,049	6,204	3,578
All Other	56,542	58,629	87,246	93,286	101,168	109,669	50,134	53,201
Total	96,147	99,135	135,328	149,301	180,724	190,501	86,308	86,153
	Value ($1,000)							
United States	28,421	22,385	24,669	32,417	64,273	60,382	21,506	11,876
India	5,518	5,894	8,745	17,845	28,119	25,530	12,556	14,541
Malaysia	7,844	7,480	19,928	13,920	20,917	25,342	13,042	8,417
Pakistan	2,126	4,226	7,518	13,774	18,994	22,119	10,569	12,421
Vietnam	6,124	8,523	9,037	9,485	14,234	15,332	7,116	6,780
Taiwan	18,886	22,637	18,562	12,434	19,598	19,726	11,410	7,961
All Other	106,638	115,355	169,543	183,040	221,008	244,924	115,423	114,860
Total	175,558	186,501	258,002	282,916	387,142	413,356	191,622	176,856

Source: Global Trade Atlas (HTS 4811.90).

[30] ***. *Investigation Nos. 701-TA-451 and 731-TA-1126-1127 (Final): Certain Lightweight Thermal Paper from China and Germany- Staff Report*, ITC Memo INV-FF-130, pp. VII-2-3.

[31] The domestic interested party argues that China continues to produce and export largely slit rolls, while exporting some jumbo rolls to other Asian markets. They surmise that due to lower manufacturing quality, Chinese manufacturers need to cull out defects prior to converting to slit rolls. Hearing transcript, p. 134 (Hefner).

THE INDUSTRY IN GERMANY

Overview

Germany is the world's fourth largest paper and paperboard producer, behind China, the United States, and Japan.[32] Total German paper and paperboard production in 2013 was 24.7 million short tons.[33] Although production declined slightly in 2013 from 2012, German paper and paperboard production has increased at a 2 percent compounded annual growth rate since 2001.[34] Thermal paper production represents a small share of total paper and paperboard production, but Germany is the world's largest thermal paper producer. German thermal paper production capacity (i.e., of coated base paper) in 2014 was estimated to be 490,523 short tons, representing 73 percent of Europe's total 2014 thermal paper production capacity, and 24 percent of global capacity.[35]

During the original investigations, the Commission requested data from the three firms believed to be producers and exporters of certain LW thermal paper. The Commission received responses from all three. The largest producer in Germany, Koehler Germany, claimed to account for approximately *** percent of German production of certain LW thermal paper and together with German producer, Mitsubishi Germany accounted for all the exports to the United States during the period of investigation. The third producer, ***, reported that it did not export the subject product to the United States during the period of investigation.[36]

In these reviews, the Commission issued foreign producer questionnaires to the same three German firms and received responses from all three. *** indicated that it had not produced subject product since January 1, 2008. Koehler Germany and Mitsubishi Germany are the two responding producers of certain LW thermal paper in Germany and indicated that they accounted for *** percent and *** percent, respectively, of German exports of certain LW thermal paper to the United States during the period of review (see table IV-9). During the original investigations, Koehler Germany stated that it was planning to build a new coating

[32] When reported in metric tons by cited sources, statistics in this section were converted using 1.1023 short tons per metric ton.

[33] FAOSTAT. Includes all types of paper and paperboard including newsprint.

[34] FAOSTAT. This contrasts with the United States where the compound annual growth rate for paper and paperboard production during the same period was negative 1 percent.

[35] Laves Chemie Consulting, pp. 16-17. Laves Chemie Consulting estimated global capacity to be slightly over 2 million tons in 2014.

[36] *Certain Lightweight Thermal Paper from China and Germany*, *Inv. Nos. 701-TA-451 and 731-TA-1126-1127 (Final)*, USITC Publication 4043, November 2008, p. VII-3.

facility in the United States to produce certain LW thermal paper for the U.S. market.[37] However, Koehler Germany abandoned plans for the U.S. coating facility in 2010.[38]

Operations on certain LW thermal paper

In these reviews, the largest producer in Germany, Koehler Germany, claimed to account for around *** percent of total 2013 production of certain LW thermal paper in Germany, and along with the other Germany producer, Mitsubishi Germany accounted for *** of the exports to the United States during the period of review.[39] Mitsubishi Germany estimated that it accounted for *** percent of total 2013 production of certain LW thermal paper in Germany. Both firms reported only producing jumbo rolls of certain LW thermal paper during the period of review.[40]

Table IV-11 presents summary data of the responding Germany producers' during the period of review.

Table IV-11
Certain LW thermal paper: German producers' summary data, January 2008-June 2014

Firm	Production (short tons)	Share of reported production (percent)	Exports to the United States (short tons)	Share of reported exports to the United States (percent)	Total shipments (short tons)	Share of firm's total shipments exported to the United States (percent)
Papierfabrik August Koehler SE	***	***	***	***	***	***
Mitsubishi HiTec Paper Europe GmbH	***	***	***	***	***	***
Total	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Overall German jumbo roll production capacity fluctuated between 2008 and 2013 ending *** percent lower in 2013 than in 2008, and was *** higher in January-June 2014 compared with January-June 2014. Overall German jumbo roll production increased *** percent between 2008 and 2013, and was *** percent higher in January-June 2014 compared with January-June 2013. Capacity utilization ranged from a high of *** percent in 2012 to a low

[37] *Certain Lightweight Thermal Paper from China and Germany*, *Inv. Nos. 701-TA-451 and 731-TA-1126-1127 (Final)*, USITC Publication 4043, November 2008, p. 37 and p. VII-3

[38] Appvion, Inc. response to the notice of institution, November 18, 2013, p. 24, and PPI Pulp & Paper Week, December 17, 2010, pp. 5-6, found at http://www.greys.ca/pdf/pulp_and_paper_week_p7.pdf, accessed on September 30, 2014. Koehler determined that an investment in the United States would not be profitable. Hearing, pp. 209-210 (Lendowski).

[39] Koehler Germany comments on adequacy of responses to notice of institution, January 2, 2014, pp. 10-11, and email from ***, October21, 2014.

[40] Koehler Germany stated that it only produces jumbo rolls because split rolls require more personnel, shipping costs are higher, and producing slit rolls would lead to direct competition with the firm's customers. Hearing transcript, p. 200 (Lendowski).

of *** percent in 2009. Both producers exported the majority of their certain LW thermal paper during the period of review.

Koehler Germany reported that *** percent of its total sales in the most recent fiscal year were sales of certain LW thermal paper. In 2013, *** percent of Koehler Germany's total shipments of certain LW thermal paper were exported to the United States, *** percent of its shipments were to its home market, *** percent to other European Union countries, *** percent to Asian countries, and *** percent to all other markets (principally ***). Koehler Germany stated that in 2013, it discontinued exporting certain LW thermal paper to the United States due to a prohibitively high adverse facts available antidumping duty finding by Commerce, shifting exports to other markets, such as Europe and Latin America.[41] Prior to this *** had been importing a larger share to the U.S. market, between *** percent and *** percent of its total shipments. Following the zero margin in Commerce's next administrative review in June 2014, Koehler Germany recommenced exports to the United States in August 2014, albeit at lower levels than prior to 2013, as several customers had switched to other nonsubject foreign producers.[42] Between 2008 and 2012, Koehler Germany's exports to United States were an average of *** percent of its total shipments, ending in 2012 *** percentage points lower than in 2008. Koehler Germany stated that exports to the United States declined in 2009 and 2010 due to the recession, but increased in 2011 and 2012 as demand picked up.[43] The share of total shipments represented by the firm's exports to Asia and all other markets were also lower in 2012 compared to 2008, by *** and *** percentage points, respectively. The percentage of the firm's total shipments to the European Union and its home market increased between 2008 and 2012 by *** and *** percentage points, respectively. Koehler Germany's reported capacity remained unchanged over the period of review, while its production declined by *** percent between 2008 and 2013, and was *** percent higher in January-June 2014 compared with January-June 2013.[44] The firm reported that it had no plans to add to its production capacity for certain LW thermal paper. Koehler Germany's capacity utilization ranged from a high of *** percent in 2012 to a low of *** percent in 2009.[45]

Mitsubishi Germany, which represented approximately *** of reported production of certain LW thermal paper in Germany throughout the period of review, reported that *** percent of its total sales in the most recent year were of certain LW thermal paper. In 2013, *** percent of Mitsubishi Germany's total shipments of certain LW thermal paper were exported to the United States, *** percent of its shipments were to its home market, *** percent to other European Union countries, *** percent to Asian countries, and *** percent to all other markets

[41] Hearing transcript, pp. 164-166 (Frede).
[42] Hearing transcript, pp. 164-165 (Frede).
[43] Hearing transcript, p. 164 (Frede).
[44] Hearing transcript, p. 159 (Muller).
[45] Koehler Germany's certain LW thermal paper production capacity is based on ***. The firm noted that there are instances when actual production was greater than the effective capacity, such as in 2012 when it ran the machines more days of the year than is typical. The firm pointed out this required it defer machine maintenance, a practice unsustainable in the long term. Hearing transcript, pp. 159-160 (Muller).

(principally ***). The share of shipments to all markets except to *** was *** in 2013 than in 2008, while exports to *** accounted for a somewhat smaller share of total shipments in January-June 2014 than in January-June 2013. Mitsubishi Germany's capacity and production fluctuated over the period of review, increasing *** percent and *** percent, respectively, between 2008 and 2013. Mitsubishi Germany's capacity utilization ranged from a high of *** percent in 2011 to a low of *** percent in 2010.[46]

Koehler Germany reported that it currently offers jumbo rolls in widths ranging from *** mm to *** mm, with the most common being *** mm. Mitsubishi Germany reported that it sold certain LW thermal paper in the United States in the first half 2014 in *** widths, the majority of which was *** mm.

Both firms reported no barriers in any country other than the United States, other than normal *ad valorem* tariffs.

Table IV-12 presents data for reported production and shipments of certain LW thermal paper for Germany.

Table IV-12
Certain LW thermal paper: German capacity, production, shipments, and inventories, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

Alternative products

As shown in table IV-13, *** produce other products on the same equipment and machinery used in the production of certain LW thermal paper. These other products include ***. Koehler Germany stated that only a small share of capacity is devoted to nonsubject product, and it is costly and inefficient to switch between products. However, due to technical requirements some capacity must be devoted to nonsubject carbonless paper.[47]

Table IV-13
Certain LW thermal paper: German producers' total plant capacity and production, 2008-13

* * * * * * *

Certain LW thermal paper by basis weight

Table IV-14 presents German coaters' total shipments by basis weight. For each period, except in ***, shipments of *** certain LW thermal paper represented the largest share of total shipments for each firm.

[46] *** stated that its capacity is ***. Email from ***, September 23, 2014.

[47] Hearing transcript, pp. 159-160 (Muller).

Table IV-14
Certain LW thermal paper: German coaters' total shipments by basis weight, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

Certain LW thermal paper by BPA content

Table IV-15 presents German coaters' total shipments by BPA content. While *** of each producer's total shipments were certain LW thermal paper ***, the share of total shipments *** declined between 2008 and 2013, although it was still over *** percent for both firms in January-June 2014.

Table IV-15
Certain LW thermal paper: German coaters' total shipments by BPA content, 2008-13, January to June 2013, and January to June 2014

* * * * * * *

GLOBAL MARKET[48]

Thermal paper is a type of specialty paper that represents a small share of total paper production. Thermal paper is produced in a number of countries in addition to the United States, China, and Germany. Other major producers include Japan and Korea; smaller producers include Finland, France, Spain, and Thailand. [49] Some thermal paper producers own facilities in multiple countries. For example, certain LW thermal paper U.S. producer Kanzaki is a subsidiary of Oji Paper,[50] a Japanese paper company with thermal paper operations in Japan, Germany, Thailand and Brazil, in addition to the United States.[51] German certain LW thermal paper producer Mitsubishi's parent company produces thermal paper in Japan.[52] Japanese company, Ricoh, has thermal paper facilities in the United States, France, and China, in addition to Japan.[53] South Korean company, Hansol, recently purchased German converter, Schades, a company with multiple European locations.[54] [55]

---

[48] There are no known trade remedy actions in third-country markets covering certain LW thermal paper.

[49] Laves Chemie Consulting, pp. 20-21.

[50] Hearing transcript, p. 128 (Hefner).

[51] Laves Chemie Consulting, p.15.

[52] Ibid., p. 15.

[53] Laves Chemie Consulting, p. 15.

[54] Hansol purchased Schades in September, 2013. Appvion's posthearing brief, p. 4, p. 19, and exh. 9-10; hearing transcript, pp. 54-55 (Downey).

Laves Chemie Consulting estimates that global production of thermal paper (by integrated paper producers and coaters) was 1.43 million tons in 2013, having increased by 182,000 tons or 15 percent over 2011.[56] Figure IV-3 shows global production and consumption of all thermal paper (subject and nonsubject) by country/region. Collectively, Europe accounted for 41 percent of global production and 29 percent of consumption in 2013. The United States reportedly accounted for 20 percent of global production while North America accounted for 25 percent of global consumption.[57]

The global thermal paper market is differentiated between jumbo rolls (i.e., base paper) and converted products (i.e., slit rolls) and is typically sold to end-users in slit roll form. Laves Chemie Consulting estimated that 48-55 g/m^2 applications accounted for 63 percent of global consumption of thermal paper in 2013.[58] Global demand for thermal paper is projected to increase at a 4 percent annual rate during the next five years.[59] However, demand growth in the United States and Europe may be limited by a number of factors including the increased use of electronic receipts and electronic couponing.[60] Based on interviews with suppliers and end users, consultant Smithers Pira reports a consensus view that thermal paper markets are static or experiencing only limited growth in developed economies.[61]

Table IV-16 presents responding firms perceptions regarding demand for certain LW thermal paper since January 2008. The majority (12 of 19) of responding firms reported an increase in demand outside the United States, and 15 of 24 responding firms anticipated demand outside of the United States to increase.

(…*continued*)

[55] Hansol notes that ***. Email from ***, August 26, 2014.

[56] Laves Chemie Consulting, p. 20.

[57] Laves Chemie Consulting, p. 22.

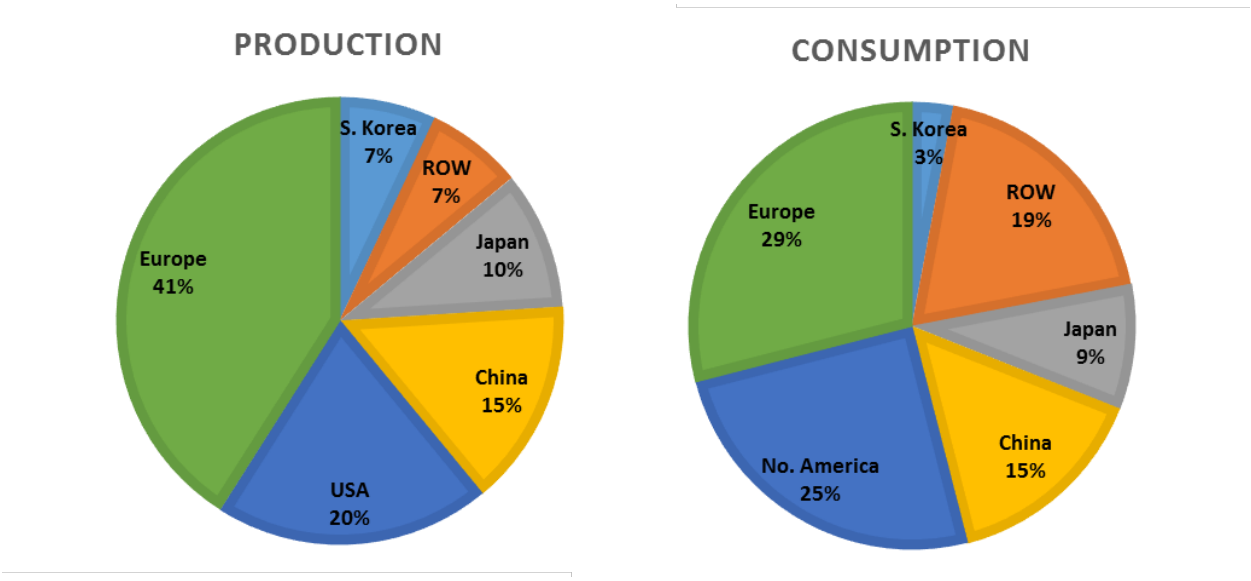
[58] Laves Chemie Consulting, p. 25.

[59] Laves Chemie Consulting, p. 3.

[60] ***, p.8. ***'s U.S. producer questionnaire response, Attachment 1. Hearing transcript, p. 53 (Downey). An example of electronic couponing is scanning coupons using a smart phone instead of using a printed coupon.

[61] Smithers Pira, "The Future of Thermal Paper Markets to 2018," October 7, 2013, Koehler's prehearing brief, exhibit 17, p. v.

Figure IV-3
Global production of thermal paper, by region/country, 2013



Source: Laves Chemie Consulting, "Worldwide Market Study: Thermal Paper 2013–2018,"p. 22.

Table IV-16
Certain LW thermal paper: Firms' perceptions regarding foreign demand, since January 2008

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand outside the United States: U.S. coaters	***	***	***	***
U.S. converters	1	1	0	1
Importers	3	1	1	1
Purchasers	2	1	0	1
Foreign producers (home market)	***	0	0	0
Foreign producers (third-country markets)	***	***	***	***
Anticipated demand outside the United States: U.S. coaters	***	***	***	***
U.S. converters	3	1	1	0
Importers	3	1	2	0
Purchasers	3	2	1	0
Foreign producers (home market)	***	***	***	***
Foreign producers (third-country markets)	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

The reported costs of raw materials used to produce certain LW thermal paper accounts for *** percent of U.S. producers' total cost of goods sold for coaters and *** percent for converters. U.S. coaters' raw materials include paper and chemicals used in coating; converters' raw material is the jumbo rolls. Further information on raw material costs over the period of review is provided in *Part III*.

Transportation costs to the U.S. market

Foreign producers/exporters were asked if they arranged international transportation for their exports. Firms that arranged international transportation were asked to estimate the average cost per short ton of shipping certain LW thermal paper to the United States. Reported export costs ranged from $*** per short ton.

U.S. inland transportation costs

*** responding U.S. producers (*** coaters and 11 converters), and four of the five responding importers reported that they typically arrange transportation for their customers. U.S. producers reported that their U.S. inland transportation costs ranged from *** to 10 percent (ranged from *** percent for those selling jumbo rolls and from 4 to 10 percent for those selling slit rolls), while importers reported transportation costs range from 1 to 3 percent for jumbo rolls.

PRICING PRACTICES

Pricing methods

U.S. coaters, U.S. converters, and importers reported using a variety of price setting methods. As presented in table V-1, U.S. coaters primarily sell using ***; U.S. converters reported the use of transaction-by-transaction negotiations, price lists, and contracts almost equally often; and importers reported selling primarily on a transaction-by-transaction basis.

Table V-1
Certain LW thermal paper: U.S. coaters', U.S. converters', and U.S. importers' reported price setting methods, 2013[1]

Method	U.S. coaters	U.S. converters	U.S. importers
Transaction-by-transaction	***	9	9
Contract	***	7	5
Set price list	***	8	2
Other	***	1	0

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

*** responding U.S. coaters reported selling the majority of their product using long term contracts in 2013. Five of 10 responding U.S. converters and 2 of 3 responding importers reported that most of their sales were under short-term contracts. In addition, 9 of 16 responding purchasers reported that most of their purchases were under short-term contract in 2013. Firms were asked to report their shares of sales by contracts in 2012 and 2013.[1] As shown in table V-2, U.S. coaters, U.S. converters, and importers reported their 2012 and 2013 U.S. commercial shipments of LW thermal paper by type of sale. Purchasers and foreign producers reported their purchases by type of sale for only 2013.[2] A number of U.S. producers, primarily converters, reported relatively small year-to-year changes in their sales methods. Major changes were reported by *** and ***. One converter reported that long term contracts in 2013 were an aberration caused by Koehler leaving the U.S. market.[3]

[1] Koehler reported that the much higher duties imposed on its LW thermal paper in 2013 resulted in U.S. producers increasing their use of contracts in the U.S. market.

[2] Purchasers reported the quantity of their purchases only for 2013 so weighted shares of purchases by type of purchase were possible only in 2013. Purchasers reported types of purchases in 2012. Only 3 of the 16 responding purchasers reported different purchase patterns in 2013 than in 2012. In 2012, 11 purchasers reported purchasing 85 percent or more of their LW thermal paper using short term contracts. Two of these changed their purchase pattern in 2013, one shifted 5 percent of purchases to spot purchases and one shifted half its purchases to long term contracts. In 2012, two purchasers made all purchases in the spot market, but in 2013, one switched to long term contracts. The three purchasers used long term contracts for all their LW thermal paper purchases in both 2012 and 2013.

[3] Hearing transcript, pp. 201-202 (Endsley).

Table V-2
LW thermal paper: U.S. producers', importers', purchasers', and foreign producers' shares of reported use of contracts and spot sales, 2013

	Share of commercial U.S. shipments (percent)							
	U.S. coaters		U.S. converters		U.S. importers		U.S. Purchasers	Foreign producers
Type of sale	2012	2013	2012	2013	2012	2013	2013	2013
Long-term contracts	***	***	18.0	19.2	0.0	0.0	41.5	***
Short-term contracts	***	***	49.4	49.1	1.5	20.2	52.1	***
Spot sales	***	***	32.7	31.7	97.6	79.8	6.4	***

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires

Two purchasers reported that they purchase LW thermal paper daily, seven purchase weekly, and six purchase monthly.[4] Fourteen of 17 responding purchasers reported that their purchase patterns had not changed since 2008 and that they did not expect their purchasing patterns to change in the next two years. Two reported that their purchase frequency had increased and they expected to purchase more frequently in the next two years.[5] Most purchasers (13 of 14) contact 1 to 5 suppliers before making a purchase, eight of these contact 3 or fewer suppliers.

Sales terms and discounts

***, U.S. converters, and importers typically quote prices on a delivered basis. *** U.S. coaters and 4 of 10 responding U.S. converters reported no discounts, 5 responding U.S. converters reported offering quantity discounts, and 2 reported other discounts.[6] Five of the nine responding importers reported that they do not offer discounts, four reported quantity discounts,[7] and one reported other discounts. Other discounts reported by U.S. producers and importers include prompt payment discounts, and discounts in response to competition.[8] U.S. coaters reported payment terms of ***. Most U.S. converters (9 of 11) reported sales at net 30, three reported 2/10 net 30, and one reported net 45.[9] Some U.S. converters reported that they offered discounts or gave away slit LW thermal paper with advertising on the back for free; with much or all of their income coming from the advertising.[10]

---

[4] One purchaser reported purchasing quarterly and one reported purchasing as needed.

[5] One reported changing its purchase patterns because Koehler was going to stop shipping to the United States. It reported that it was now back to weekly purchases.

[6] Two converters reported both quantity and total volume discounts and one of the converters that reported "other" discounts also reported quantity discounts.

[7] Three of the four reporting quantity discounts also reported total volume discounts.

[8] Two importers reported both quantity and total volume discounts.

[9] Four offered multiple terms.

[10] Hearing transcript, p. 225 (Endsley). *** reported that "we sell advertising on the paper and give the paper away to the various grocery stores."

Price leadership

U.S. purchasers were asked to identify firms that they consider to be price leaders in the certain LW thermal paper market. Purchasers most often listed *** and ***. Also listed were ***. When asked how these firms were price leaders, numerous firms responded that *** are the first to act on price changes. Many firms stated, however, that *** is no longer a price leader since it is no longer in the market.

Price comparisons

Purchasers were requested to compare prices for certain LW thermal paper in the U.S. and non-U.S. markets. All seven responding purchasers reported that the price of Chinese product was lower than the price of U.S. product, three purchasers reported that German product was lower priced than U.S. product, and three reported that German product was higher priced.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and delivered value of the following certain LW thermal paper products shipped to unrelated U.S. customers during January 2008 –June 2014.

Product 1.-- Thermal paper in jumbo rolls, made with Bisphenol A (BPA), with a target caliper of 2.2 to 2.5 mils (55.9 to 63.5 microns), with a target basis weight of at least 49.9 g/m^2 and up to 60 g/m^2, not top-coated, white/non-colored paper, black image color, not printed on the non-thermal coated side, standard sensitivity.

Product 2.-- Thermal paper in jumbo rolls, made free of BPA, with a target caliper of 2.2 to 2.5 mils (55.9 to 63.5 microns), with a target basis weight of at least 49.9 g/m^2 and up to 60 g/m^2, not top-coated, white/non-colored paper, black image color, not printed on the non-thermal coated side, standard sensitivity.

Product 3.-- Thermal paper in jumbo rolls, made with BPA, with a target caliper of less than 2.2 (less than 55.9 microns), with a target basis weight of less than 49.9 g/m^2, not top-coated, white/non-colored paper, black image color, not printed on the non-thermal coated side, standard sensitivity.

Product 4.— Thermal paper in jumbo rolls, made free of BPA, with a target caliper of less than 2.2 (less than 55.9 microns), with a target basis weight of less than 49.9 g/m^2, not top-coated, white/non-colored paper, black image color, not printed on the non-thermal coated side, standard sensitivity.

Product 5.-- Thermal paper in slit rolls, made with BPA, with a target caliper of 2.2 to 2.5 mils (55.9 to 63.5 microns), with a target basis weight of at least 49.9 g/m^2 and up to g/m^2, not top-coated, white/non-colored paper, black image color, standard sensitivity, measuring 3-1/8 (+/- 1/16) inch by 230 (+/- 10) feet, without printing on the non-thermal coated side.

Product 6.-- Thermal paper in slit rolls, made free of BPA, with a target caliper of 2.2 to 2.5 mils (55.9 to 63.5 microns), with a target basis weight of at least 49.9 g/m^2 and up to 60 g/m^2, not top-coated, white/non-colored paper, black image color, standard sensitivity, measuring 3-1/8 (+/- 1/16) inch by 230 (+/- 10) feet, without printing on the non-thermal coated side.

Product 7.-- Thermal paper in slit rolls, made with BPA, with a target caliper of less than 2.2 (less than 55.9 microns), with a target basis weight of less than 49.9 g/m^2, not top-coated, white/non-colored paper, black image color, standard sensitivity, measuring 3-1/8 (+/- 1/16) inch by 230 (+/- 10) feet, without printing on the non-thermal coated side.

Product 8.— Thermal paper in slit rolls, made free of BPA, with a target caliper of less than 2.2 (less than 55.9 microns), with a target basis weight of less than 49.9 g/m^2, not top-coated, white/non-colored paper, black image color, standard sensitivity, measuring 3-1/8 (+/- 1/16) inch by 230 (+/- 10) feet, without printing on the non-thermal coated side.

Ten U.S. producers (*** coaters and 8 converters) and three importers provided usable pricing data for sales of the requested products,[11] although not all firms reported pricing for all products for all quarters. While shipment data were collected in tons, pricing data were collected in MSF (1,000 square feet). It is, therefore, difficult to calculate coverage estimates based on quantity. As a result, coverage is estimated based on the value of reported pricing data compared to the value of reported shipments.[12] Pricing data, by value, reported by U.S. coaters of jumbo rolls, accounted for approximately *** percent in 2012 and *** percent of total U.S shipments in 2013. Pricing data, by value, reported by U.S. converters of slit rolls, accounted for approximately 36.7 percent in 2012 and 37.7 percent of shipments in 2013. For 2012 and 2013, the reported value of pricing products from Germany exceeds the reported value of total shipments of subject product from Germany, resulting in coverage exceeding 100

[11] U.S. coaters (***), U.S. converters (***), and importers (***) provided usable price data.

[12] These shares overestimate pricing coverage because reported price data was for *delivered* certain LW thermal paper, whereas reported shipments does not include U.S. delivery. Estimated U.S. inland transportation costs ranged from *** percent for jumbo rolls and from 4 to 10 percent for slit rolls.

percent.[13] Consequently, accurate coverage estimates are not possible. All reported German price data were for jumbo rolls. No importer submitted pricing data for certain LW paper from China.

Price data for products 1-8 are presented in tables V-3 to V-7 and figures V-1 to V-8. Only U.S. price data was provided for certain LW thermal paper products 2, 5, 6, 7, and 8.

Table V-3
Certain LW thermal paper: Weighted-average delivered prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2008-June 2014

* * * * * * *

Table V-4
Certain LW thermal paper: Weighted-average delivered prices and quantities of domestic product 2[1], by quarters, January 2008-June 2014

* * * * * * *

Table V-5
Certain LW thermal paper: Weighted-average delivered prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2008-June 2014

* * * * * * *

Table V-6
Certain LW thermal paper: Weighted-average delivered prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2008-June 2014

* * * * * * *

[13] The value of the material reported in the pricing data was 103.4 percent in 2012 and 142.4 percent of the value of imports in 2013. One reason that the value of the pricing data's share of the value of imports was higher in 2013, was that German imports were much lower in 2013, this led importers to reduce their inventories (see Part IV). With the small import base in 2013, the reduction in inventories would make up a relatively large share of German 2013 sales.

Table V-7
Certain LW thermal paper: Weighted-average delivered prices and quantities of domestic product 5 through 8[1], by quarters, January 2008-June 2014

	Product 5		Product 6		Product 7		Product 8	
Period	Price *(per MSF)*	Quantity *(MSF)*	Price *(per MSF)*	Quantity *(MSF)*	Price *(per MSF)*	Quantity *(MSF)*	Price *(per MSF)*	Quantity *(MSF)*
2008:								
Jan.-Mar.	12.92	350,914	***	***	12.59	1,167,658	16.16	116,513
Apr.-June	13.03	356,341	***	***	12.68	1,286,138	16.09	119,391
July-Sept.	13.13	339,826	***	***	12.78	1,376,378	16.23	127,822
Oct.-Dec.	13.16	297,056	***	***	12.77	1,279,235	16.37	125,637
2009:								
Jan.-Mar.	***	***	***	***	12.34	1,293,925	13.94	167,180
Apr.-June	***	***	***	***	12.31	1,307,099	14.09	166,828
July-Sept.	***	***	***	***	12.37	1,346,599	13.92	165,151
Oct.-Dec.	***	***	***	***	12.32	1,239,981	14.18	167,945
2010:								
Jan.-Mar.	***	***	***	***	11.90	1,071,450	13.79	320,740
Apr.-June	***	***	***	***	11.91	1,110,131	13.95	344,014
July-Sept.	***	***	***	***	11.92	1,155,408	13.98	353,142
Oct.-Dec.	***	***	16.95	74,728	11.94	1,118,978	14.17	379,804
2011:								
Jan.-Mar.	***	***	15.14	96,208	12.74	691,002	13.00	786,861
Apr.-June	***	***	15.47	105,490	12.74	764,232	13.14	805,103
July-Sept.	***	***	16.04	102,110	12.73	794,749	13.29	802,691
Oct.-Dec.	***	***	15.49	106,315	12.85	783,266	13.11	838,759
2012:								
Jan.-Mar.	***	***	14.58	126,798	13.08	674,037	13.16	1,001,328
Apr.-June	***	***	14.92	134,682	13.10	781,082	13.35	1,082,184
July-Sept.	***	***	15.16	132,204	13.20	782,090	13.45	1,063,276
Oct.-Dec.	***	***	15.08	124,673	13.17	722,554	13.55	988,759
2013:								
Jan.-Mar.	17.51	30,731	15.06	151,619	14.65	342,665	13.93	1,585,902
Apr.-June	16.70	30,016	15.15	149,868	15.11	317,564	14.13	1,558,954
July-Sept.	17.50	31,771	15.22	163,427	15.43	312,299	14.16	1,703,444
Oct.-Dec.	17.62	26,584	15.03	154,849	15.59	313,870	14.07	1,653,685
2014:								
Jan.-Mar.	***	***	14.81	244,032	***	***	14.23	1,555,983
Apr.-June	***	***	14.62	279,532	***	***	14.14	1,736,291

Table continued on next page.

[1] Product 5: Thermal paper in slit rolls, made with BPA, with a target caliper of 2.2 to 2.5 mils (55.9 to 63.5 microns), with a target basis weight of at least 49.9 g/m^2 and up to 60 g/m^2, not top-coated, white/non-colored paper, black image color, standard sensitivity, measuring 3-1/8 (+/- 1/16) inch by 230 (+/- 10) feet, without printing on the non-thermal coated side. Product 6: Thermal paper in slit rolls, made free of BPA, with a target caliper of 2.2 to 2.5 mils (55.9 to 63.5 microns), with a target basis weight of at least 49.9 g/m^2 and up to 60 g/m^2, not top-coated, white/non-colored paper, black image color, standard sensitivity, measuring 3-1/8 (+/- 1/16) inch by 230 (+/- 10) feet, without printing on the non-thermal coated side. Product 7: Thermal paper in slit rolls, made with BPA, with a target caliper of less than 2.2 (less than 55.9 microns), with a target basis weight of less than 49.9 g/m^2, not top-coated, white/non-colored paper, black image color, standard sensitivity, measuring 3-1/8 (+/- 1/16) inch by 230 (+/- 10) feet, without printing on the non-thermal coated side. Product 8: Thermal paper in slit rolls, made free of BPA, with a target caliper of less than 2.2 (less than 55.9 microns), with a target basis weight of less than 49.9 g/m^2, not top-coated, white/non-colored paper, black image color, standard sensitivity, measuring 3-1/8 (+/- 1/16) inch by 230 (+/- 10) feet, without printing on the non-thermal coated side.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-1

Certain LW thermal paper: Weighted-average prices and quantities of domestic and imported product 1[1], by quarters, January 2008-June 2014

* * * * * * *

Figure V-2

Certain LW thermal paper: Weighted-average prices and quantities of domestic product 2[1], by quarters, January 2008-June 2014

* * * * * * *

Figure V-3

Certain LW thermal paper: Weighted-average prices and quantities of domestic and imported product 3[1], by quarters, January 2008-June 2014

* * * * * * *

Figure V-4

Certain LW thermal paper: Weighted-average prices and quantities of domestic and imported product 4[1], by quarters, January 2008-June 2014

* * * * * * *

Figure V-5

Certain LW thermal paper: Weighted-average prices and quantities of domestic product 5[1], by quarters, January 2008-June 2014

* * * * * * *

Figure V-6

Certain LW thermal paper: Weighted-average prices and quantities of domestic product 6[1], by quarters, January 2008-June 2014

* * * * * * *

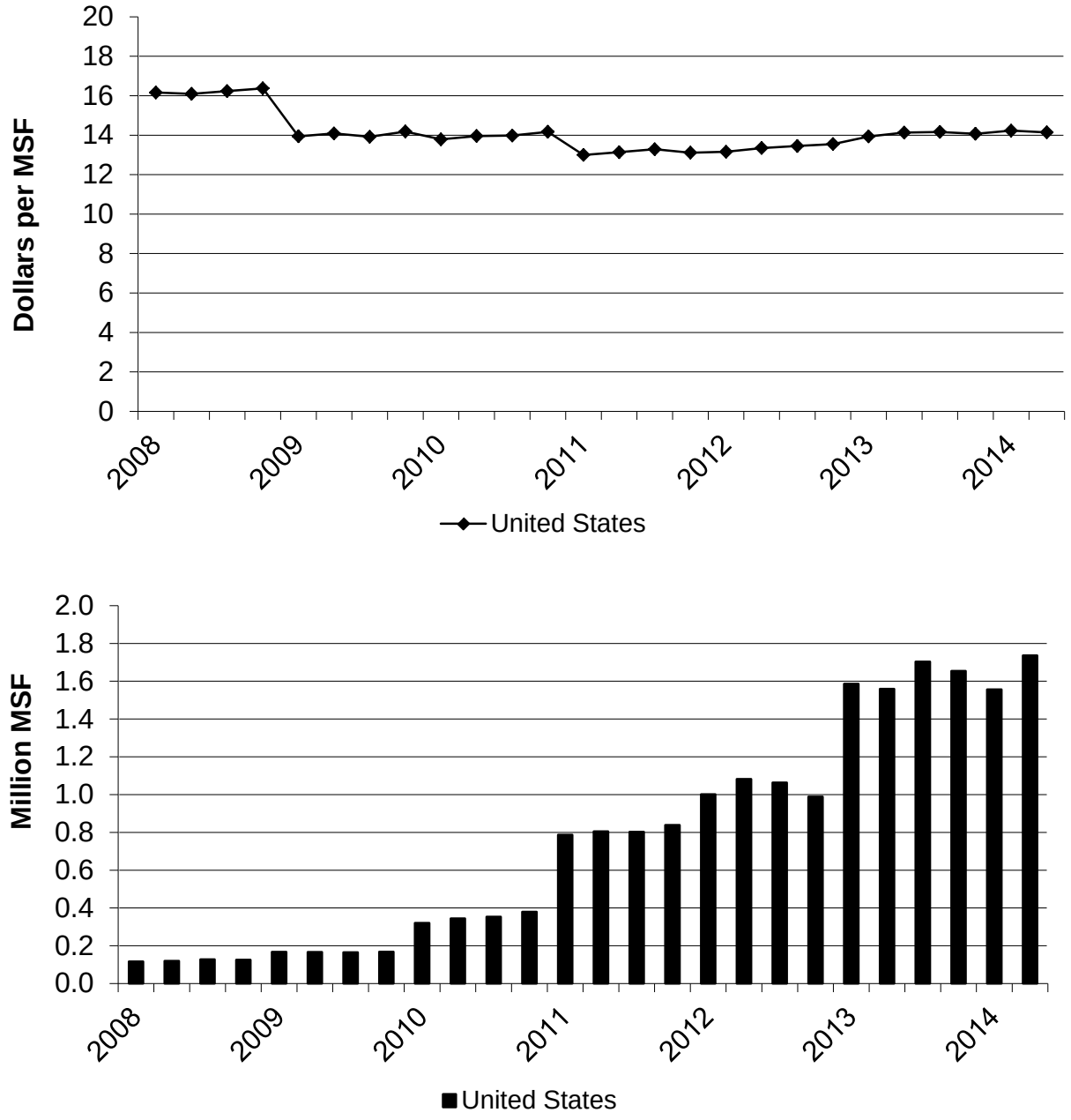
Figure V-7

Certain LW thermal paper: Weighted-average prices and quantities of domestic product 7[1], by quarters, January 2008-June 2014

* * * * * * *

Figure V-8

Certain LW thermal paper: Weighted-average prices and quantities of domestic product 8[1], by quarters, January 2008-June 2014



[1] Product 8: Thermal paper in slit rolls, made free of BPA, with a target caliper of less than 2.2 (less than 55.9 microns), with a target basis weight of less than 49.9 g/m^2, not top-coated, white/non-colored paper, black image color, standard sensitivity, measuring 3-1/8 (+/- 1/16) inch by 230 (+/- 10) feet, without printing on the non-thermal coated side.

Source: Compiled from data submitted in response to Commission questionnaires.

Price trends

In general, prices for certain LW thermal paper increased during January 2008-June 2014; however, prices fell for product 8. Table V-8 summarizes the price trends, by country and by product. As shown in the table, U.S. prices rose for seven products and fell for one. Prices of products imported from Germany rose for the three products for which data were provided. Domestic price changes ranged from a decrease of *** to an increase of *** percent during January 2008 –June 2014, while import price increases ranged from an increase of *** to *** percent.

Table V-8
Certain LW thermal paper: Summary of weighted-average delivered prices for products 1-8 from the United States and Germany, January 2008-June 2014

Item	Number of quarters	Low price (per unit)	High price (per unit)	Change in price[1] (percent)
Product 1				
United States	26	***	***	***
Germany	26	***	***	***
Product 2				
United States	26	***	***	***
Product 3				
United States	19	***	***	***
Germany	26	***	***	***
Product 4				
United States	26	***	***	***
Germany	14	***	***	***
Product 5				
United States	26	***	***	***
Product 6				
United States	26	***	***	***
Product 7				
United States	26	11.90	16.08	22.6
Product 8				
United States	26	13.00	16.37	(12.5)

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available, based on rounded data.

Source: Compiled from data submitted in response to Commission questionnaires.

Price comparisons

As shown in table V-9, prices for certain LW thermal paper imported from Germany were above those for U.S.-produced product in 54 of 59 instances; margins of overselling ranged from *** percent to *** percent. In the remaining 5 instances, prices for certain LW thermal paper from Germany were between *** percent and *** percent below prices for U.S.-produced product.[14]

Table V-9
Certain LW thermal paper: Instances of underselling/overselling by imports from Germany and the range and average of margins, January 2008-June 2014

Underselling				
			Margin Range (percent)	
Number of quarters	Quantity (MSF)	Average margin (percent)	Min	Max
5	4,609,239	0.8	***	***
(Overselling)				
			Margin Range (percent)	
Number of quarters	Quantity (MSF)	Average margin (percent)	Min	Max
54	59,482,467	10.2	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

[14] In the original investigations, imports from Germany and China were priced lower than domestic product in 51 of 68 comparisons. Specifically, imports from China were priced lower than domestic product in 26 of 28 comparisons and imports from Germany were price lower than domestic in 25 of 40 comparisons. Confidential staff report for the original investigations (memorandum INV-FF-130, October 20, 2008), Table V-10.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
78 FR 60253 October 1, 2013	*Initiation of Five-Year ("Sunset") Review*	http://www.gpo.gov/fdsys/pkg/FR-2013-10-01/pdf/2013-23958.pdf
78 FR 60313 October 1, 2013	*Certain Lightweight Thermal Paper From China and Germany; Institution of Five-Year Reviews*	http://www.gpo.gov/fdsys/pkg/FR-2013-10-01/pdf/2013-23896.pdf
79 FR 6218 February3, 2014	*Lightweight Thermal Paper From China and Germany; Notice of Commission Determination To Conduct Full Five-year Reviews*	http://www.gpo.gov/fdsys/pkg/FR-2014-02-03/pdf/2014-02151.pdf
79 FR 9879 February 21, 2014	*Lightweight Thermal Paper From the People's Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*	http://www.gpo.gov/fdsys/pkg/FR-2014-02-21/pdf/2014-03708.pdf
79 FR 10477 February 25, 2014	*Lightweight Thermal Paper From the People's Republic of China: Final Results of the Expedited First Sunset Review of the Countervailing Duty Order*	http://www.gpo.gov/fdsys/pkg/FR-2014-02-25/pdf/2014-04068.pdf
79 FR 32218 June 4, 2014	*Lightweight Thermal Paper From Germany: Final Results of the First Full Sunset Review of the Antidumping Duty Order*	http://www.gpo.gov/fdsys/pkg/FR-2014-06-04/pdf/2014-12991.pdf
79 FR 36557 June 27, 2014	*Lightweight Thermal Paper From China and Germany; Scheduling of Full Five-Year Reviews*	http://www.gpo.gov/fdsys/pkg/FR-2014-06-27/pdf/2014-15097.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Certain Lightweight Thermal Paper from China and Germany
Inv. Nos.:	701-TA-451 and 731-TA-1126-1127 (Review)
Date and Time:	October 30, 2014 - 9:30 a.m.

A session was held in connection with these reviews in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

CONGRESSIONAL APPEARANCES:

The Honorable Tammy Baldwin, United State Senator, Wisconsin

The Honorable Thomas E. Petri, U.S. Representative, 6th District, Wisconsin

The Honorable Michael R. Turner, U.S. Representative, 10th District, Ohio

The Honorable Reid J. Ribble, U.S. Representative, 8th District, Wisconsin

DELEGATION WITNESS:

Delegation of the European Union to the United States
Washington, DC

Sibylle Zitko, Senior Advisor (Legal)

OPENING REMARKS:

In Support of Continuation of Orders (**Joseph W. Dorn**, King & Spalding LLP)
In Opposition of Continuation of Orders (**F. Amanda DeBusk**, Hughes Hubbard & Reed LLP)

In Support of the Continuation of
the Antidumping and Countervailing Duty Orders:

King & Spalding LLP
Washington, DC
on behalf of

Appvion, Inc.

Mark Richards, Chairman, President *and* Chief Executive Officer, Appvion, Inc.

Todd Downey, Vice President of Manufacturing, Appvion, Inc.

James Hillend, Vice President - Thermal, Appvion, Inc.

Doug Howarth, Senior Segment Manager, POS Division, Appvion, Inc.

Stephen P. Hefner, President *and* Chief Executive Officer, Kanzaki Specialty Papers, Inc.

John Geenen, International Vice President, United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

Mike Rapier, President, Liberty Paper

Gregg Mosby, Jr., President, Greenleaf Paper Converting

Dr. Jerry A. Hausman, Professor of Economics, Massachusetts Institute of Technology

Dr. Seth T. Kaplan, Senior Economic Advisor, Capital Trade, Inc.

Bonnie B. Byers, Consultant, King & Spalding LLP

Joseph W. Dorn)
) – OF COUNSEL
Gilbert B. Kaplan)

In Opposition of the Continuation of
the Antidumping and Countervailing Duty Orders:

Hughes Hubbard & Reed LLP
Washington, DC
on behalf of

Papierfabrik August Koehler SE ("Koehler")

Frank Lendowski, Chief Financial Officer, Koehler

Silvia Muller, Director of Controlling, Koehler

Katja Frede, Product Manager for Thermal and Carbonless Paper, Koehler

Orley Ashenfelter, Ph.D., Professor of Economics, Princeton University

Ruth Gilgenbach, Ph.D., Economist, Ashenfelter & Ashmore

Kivanç Kirgiz, Principal, Cornerstone Research

Emre Uyar, Senior Manager, Cornerstone Research

Jim Dougan, Vice President, Economic Consulting Services, LLC

Cara Groden, Staff Economist, Economic Consulting Services, LLC

Doug Endsley, Chief Executive Officer, Register Tapes Unlimited, Inc.

Ed Swadish, President, Discount Paper Products, Inc.

F. Amanda DeBusk)
Matthew Nicely) – OF COUNSEL
Eric Parnes)

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Joseph W.** Dorn, King & Spalding LLP)
In Opposition of Continuation of Orders (**F. Amanda DeBusk**, Hughes Hubbard & Reed LLP)

APPENDIX C

SUMMARY DATA

Table C-1
LW thermal paper: Summary data concerning the U.S. market, 2008-13, January-June 2013, and January-June 2014
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short tons; Period changes=percent--exceptions noted)

	Reported data							
	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
U.S. consumption quantity:								
Amount	257,560	189,686	210,498	213,756	228,001	220,787	115,012	111,141
Producers' share (fn1)	***	***	***	***	***	***	***	***
Importers' share (fn1):								
China	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
U.S. consumption value:								
Amount	635,536	432,024	455,143	492,168	544,130	584,565	291,218	277,810
Producers' share (fn1):								
Associated with U.S.-sourced jumbo rolls	***	***	***	***	***	***	***	***
Added value on imported jumbo rolls	***	***	***	***	***	***	***	***
Total U.S. producer U.S. shipment value	***	***	***	***	***	***	***	***
Importers' share (fn1):								
China	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
U.S. imports from.--								
China:								
Quantity	16,016	86	145	150	59	120	99	57
Value	50,067	185	214	272	221	519	363	278
Unit value	$3,126	$2,162	$1,478	$1,811	$3,740	$4,313	$3,658	$4,829
Ending inventory quantity	***	***	***	***	***	***	***	***
Germany:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***
Subject sources:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***
All other sources:								
Quantity	59,101	11,395	15,269	21,290	27,897	68,307	28,244	44,054
Value	149,835	23,368	33,143	46,819	63,648	152,014	63,591	91,949
Unit value	$2,535	$2,051	$2,171	$2,199	$2,282	$2,225	$2,251	$2,087
Ending inventory quantity	***	***	***	***	***	***	***	***
Total imports:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***
U.S. coaters':								
Average capacity quantity	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***
U.S. shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Export shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***	***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***
Net Sales:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
LW thermal paper: Summary data concerning the U.S. market, 2008-13, January-June 2013, and January-June 2014
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short tons; Period changes=percent--exceptions noted)

	Period changes						
		Calendar year					Jan-June
	2008-13	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
U.S. consumption quantity:							
Amount	(14)	(26)	11	2	7	(3)	(3)
Producers' share (fn1)	***	***	***	***	***	***	***
Importers' share (fn1):							
China	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***
U.S. consumption value:							
Amount	(8)	(32)	5	8	11	7	(5)
Producers' share (fn1):							
Associated with U.S.-sourced jumbo rolls	***	***	***	***	***	***	***
Added value on imported jumbo rolls	***	***	***	***	***	***	***
Total U.S. producer U.S. shipment value	***	***	***	***	***	***	***
Importers' share (fn1):							
China	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***
U.S. imports from.--							
China:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***
Germany:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***
Subject sources:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***
All other sources:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***
Total imports:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***
U.S. coaters':							
Average capacity quantity	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***
U.S. shipments:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Export shipments:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***
Net Sales:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***
Gross profit of (loss)	[fn2]	***	***	[fn2]	***	***	***
SG&A expenses	***	***	***	***	***	***	***
Operating income or (loss)	[fn2]	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***
Unit operating income or (loss)	[fn2]	***	***	***	[fn2]	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
LW thermal paper: Summary data concerning the U.S. market, 2008-13, January-June 2013, and January-June 2014
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short tons; Period changes=percent--exceptions noted)

	Reported data							
	Calendar year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
U.S. converters':								
Average capacity quantity	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***
U.S. shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Export shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***	***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***
Net Sales:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***
Combined U.S. coaters' and U.S. converters':								
U.S. shipments:								
Quantity	***	***	***	***	***	***	***	***
Value:								
Associated with U.S.-sourced jumbo rolls	***	***	***	***	***	***	***	***
Added value on imported jumbo rolls	***	***	***	***	***	***	***	***
Total U.S. producer U.S. shipment value	***	***	***	***	***	***	***	***
Export shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***	***
Net sales Value	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
LW thermal paper: Summary data concerning the U.S. market, 2008-13, January-June 2013, and January-June 2014
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short tons; Period changes=percent--exceptions noted)

	Period changes						
		Calendar year					Jan-June
	2008-13	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
U.S. converters':							
Average capacity quantity	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***
U.S. shipments:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Export shipments:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***
Net Sales:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***
Combined U.S. coaters' and U.S. converters':							
U.S. shipments:							
Quantity	***	***	***	***	***	***	***
Value:							
Associated with U.S.-sourced jumbo rolls	***	***	***	***	***	***	***
Added value on imported jumbo rolls	***	***	***	***	***	***	***
Total U.S. producer U.S. shipment value	***	***	***	***	***	***	***
Export shipments:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***	***
Net sales Value	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***
Operating income or (loss)	[fn2]	***	***	[fn2]	***	***	***
Capital expenditures	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***

fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.

Note.--Between 2008 and 2009 (with the adoption of the "clean" HTS number) nonsubject import volumes were reduced by 2/3rds. In the original investigations, questionnaire data had been used with very few imports reported from "all other sources".

Source: Compiled from data submitted in response to Commssion questionnaires, and official U.S. import statistics under statistical reporting numbers 4811.90.8030, 4811.90.8040, 4811.90.9030, and 4811.90.9090 for all countries except for Germany. Import data for Germany is based on information received in response to Commission questionnaires.

APPENDIX D

RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS, AND FOREIGN PRODUCERS CONCERNING SIGNIFICANCE OF THE AD/CVD ORDERS AND THE LIKELY EFFECTS OF REVOCATION

This section is confidential in its entirety

* * * * * * *

APPENDIX E

APPARENT U.S. CONSUMPTION BY TYPE

This section is confidential in its entirety

* * * * * * *

APPENDIX F

FINANCIAL DATA INCLUDING ***

Table F-1
Certain LW thermal paper: Results of operations of U.S. coaters, 2008-13, January-June 2013, and January-June 2014.

* * * * * * *

Table F-2
Certain LW thermal paper: Results of combined operations of U.S. coaters and converters, 2008-13, January-June 2013, and January-June 2014.

Item	Fiscal year						January-June	
	2008	2009	2010	2011	2012	2013	2013	2014
	Value ($1,000)							
Net sales	405,673	407,254	426,688	418,059	468,924	530,121	268,281	247,571
Cost of goods sold	380,105	380,262	397,343	389,592	445,719	446,317	230,946	215,241
Gross profit/(loss)	25,568	26,992	29,345	28,467	23,205	83,804	37,335	32,330
SG&A expenses	33,913	30,479	29,767	27,315	30,634	31,255	15,880	16,506
Operating income/(loss)	(8,345)	(3,487)	(422)	1,152	(7,429)	52,549	21,455	15,824
Other income/(expense)	(8,009)	(8,989)	(13,012)	(11,543)	(12,790)	(13,128)	(6,463)	(5,372)
Net income/(loss)	(16,354)	(12,476)	(13,434)	(10,391)	(20,219)	39,421	14,992	10,452
Depreciation/amortization	11,904	15,777	14,134	12,660	11,944	10,957	6,149	5,777
Cash flow	(4,450)	3,301	700	2,269	(8,275)	50,378	21,141	16,229
	Ratio to net sales (percent)							
Cost of goods sold:								
Raw materials	74.1	74.3	74.1	73.1	73.7	71.5	72.2	73.9
Direct labor	5.3	5.4	5.4	5.0	4.8	4.8	4.8	5.0
Other factory costs	14.2	13.7	13.6	15.0	16.5	7.9	9.1	8.0
Cost of goods sold	93.7	93.4	93.1	93.2	95.1	84.2	86.1	86.9
Gross profit /(loss)	6.3	6.6	6.9	6.8	4.9	15.8	13.9	13.1
SG&A expenses	8.4	7.5	7.0	6.5	6.5	5.9	5.9	6.7
Operating income/(loss)	(2.1)	(0.9)	(0.1)	0.3	(1.6)	9.9	8.0	6.4
	Number of firms reporting							
Operating losses	3	3	3	3	3	0	0	1
Data	11	11	11	11	11	11	11	11

Note—For U.S. coaters and converters, revenue, COGS, and operating expenses were combined. Quantity data are not included because of the likelihood of double counting. Although the same underlying product could be reported more than once using this approach (e.g., jumbo roll sales from a U.S. coater to a converter may also be reported as sales of LW thermal paper by a converter), the effect is reflected in both revenue and COGS and therefore results in a fair presentation of the industry's operations.

Note—***.

Source: Compiled from data submitted in response to Commission questionnaires.

Table F-3
Certain LW thermal paper: Selected results of operations of U.S. coaters, by firm, and converters, 2008-13, January-June 2013, and January-June 2014

* * * * * * *

APPENDIX G

U.S. COMMERCIAL SHIPMENTS OF IMPORTS BY BASIS WEIGHT

This section is confidential in its entirety

* * * * * * *

APPENDIX H

U.S. COMMERCIAL SHIPMENTS OF IMPORTS BY BPA CONTENT

This section is confidential in its entirety

* * * * * * *