

UNCOATED FREE SHEET | OFFSET PAPER FROM CANADA

Determination of No Reasonable Indication
of Injury in Inquiry No. AA1921-Inq.-10
Under the Antidumping Act,
1921, as Amended



USITC PUBLICATION 869
WASHINGTON, D. C.
MARCH 1978

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-10]

UNCOATED FREE SHEET OFFSET PAPER FROM CANADA

Commission Determines "No Reasonable Indication of Injury"

On February 17, 1978, the United States International Trade Commission received advice from the Department of the Treasury that, in accordance with section 201(c) of the Antidumping Act, 1921, as amended, an antidumping investigation was being initiated with respect to uncoated free sheet offset paper from Canada, and that, pursuant to section 201(c)(2) of the act, information developed during its preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. Accordingly, the Commission, on February 23, 1978, instituted inquiry No. AA1921-Inq.-10 under section 201(c)(2) of the Antidumping Act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing in connection with the inquiry was held on March 13, 1978, in New York City. Public notice of the institution of the inquiry and the hearing was duly given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's Office in New York City, and by publishing the original notice in the Federal Register of March 1, 1978 (43 F.R. 8306).

The Department of the Treasury instituted its investigation after receiving a petition in proper form on January 12, 1978, from International Paper Co., New York, N.Y. Notice of the antidumping proceeding was published in the Federal Register of February 17, 1978 (43 F.R. 7079).

On the basis of information developed during the course of its inquiry, the Commission determines (Vice Chairman Parker dissenting) that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of uncoated free sheet offset paper from Canada that is possibly being sold at less than fair value as indicated by the Department of the Treasury.

Statement of Reasons for the Affirmative Determination of Chairman Daniel Minchew
and Commissioners George M. Moore, Catherine Bedell,
Italo H. Ablondi, and Bill Alberger

On February 17, 1978, the United States International Trade Commission received advice from the Department of the Treasury that during the course of its preliminary antidumping investigation with respect to uncoated free sheet offset paper 1/ from Canada, Treasury had concluded from the information available to it that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Accordingly, the Commission, on February 23, 1978, instituted inquiry No. AA1921-Inq.-10 under section 201(c)(2) of the Antidumping Act, 1921, as amended, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Determination

On the basis of information developed during the course of this inquiry we determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, 2/ by reason of the importation of uncoated free sheet offset paper from Canada possibly sold at less than fair value as indicated by the Department of the Treasury.

1/ Treasury defined the merchandise in question as chemical-wood-pulp-based offset printing paper, containing less than 5 percent by weight mechanical wood pulp, whether or not cut to size or shape, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated.

2/ Prevention of establishment of an industry is not an issue in this inquiry.

The product

Uncoated free sheet offset paper is a chemical-wood-pulp-based printing paper that is suitable for offset lithographic printing. This paper possesses characteristics such as dimensional stability, cleanliness, and opacity which make it suitable for printing applications. Typical uses of this grade of paper are in printing brochures, pamphlets, books, menus, catalogs, newsletters, direct-mail advertisements, and booklets.

The U.S. industry

In this determination we have considered the domestic industry to consist of the facilities in the United States used in the production of uncoated free sheet offset paper. Approximately 40 firms produced such paper in the United States in 1977. The papermaking machines used to produce uncoated free sheet offset paper are also used to make other types of paper. Some producers who specialize in the production of other types of paper that can be made on these same machines produce only very small quantities of the paper which is the subject of this inquiry.

No reasonable indication of injury or likelihood of injury to the U.S. industry

Apparent U.S. consumption of uncoated free sheet offset paper declined from 1.9 million short tons in 1974 to 1.5 million short tons in recession year 1975, and then increased to 2.0 million short tons in 1977. U.S. producers' shipments of such paper followed a similar trend reaching a record high of more than 1.9 million short tons in 1977.

U.S. imports of uncoated free sheet offset paper from Canada increased from about 40,000 short tons in 1974 to about 70,000 short tons in 1977. Such imports, however, have never accounted for more than a small share of apparent U.S. consumption of this paper--approximately 3.5 percent in 1977 when imports were at the highest level reported for 1974-77.

Data obtained from those companies that provided the Commission with usable profit and loss data showed that when imports from Canada were at their lowest level during 1975-77, the ratio of net operating profit or loss to net sales on their uncoated free sheet offset paper operations was at its lowest level--an operating loss of 0.3 percent in 1975--and that when imports from Canada were at their highest level, the ratio was also at its highest level--an operating profit of 4.3 percent in 1977. These ratios indicate that the profitability of the domestic industry is not materially affected by the level of imports from Canada but is largely dependent upon the rate at which U.S. producers operate their facilities for producing uncoated free sheet paper, e.g., 75 percent and 90 percent of capacity in 1975 and 1977, respectively.

During 1975-77, U.S. capacity to produce all uncoated free sheet paper, including the offset paper which is the subject of this investigation, increased by 373,000 short tons, or 5.2 percent, in anticipation of increased demand. When demand fell short of expectation, U.S. producers aggressively marketed their paper in order to maximize their share of the market. Some producers reduced their prices on uncoated free sheet offset papers to promote sales. The industry leaders that attempted to maintain prices under these marketing conditions lost sales to other domestic producers. Information obtained during the course of the inquiry is inconclusive

concerning the extent of lost sales that may have occurred because of imports from Canada possibly sold at less than fair value. Although the prices of imported uncoated free sheet offset papers from Canada were less than some domestic producers' prices during 1975-77, the prices of imported papers were more than the prices of other domestic producers. Thus, any price weakness that was experienced by the domestic industry during this period was largely attributable to competition among domestic producers.

Canadian producers operated their facilities in which uncoated free sheet offset paper is produced at approximately 89 percent of capacity in 1977. If this rate were increased to the maximum attainable (96 to 98 percent), and if the product mix for their facilities remained the same as that produced in 1977, these producers could only increase their exports of uncoated free sheet offset paper by a nominal amount. Furthermore, no new capacity to produce uncoated free sheet offset paper is planned by Canadian producers at this time. Since approximately 2 to 3 years are required to bring new paper producing facilities on stream, it is unlikely that there will be any significant increase in Canadian exports of uncoated free sheet offset paper to the United States in the foreseeable future.

Conclusion

We determine that the information obtained in this inquiry warrants the conclusion that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of uncoated free sheet offset paper from Canada possibly sold at less than fair value.

Statement of Reasons of Vice Chairman Joseph O. Parker

On February 17, 1978, the United States International Trade Commission received advice from the Department of the Treasury that during the course of its preliminary antidumping investigation with respect to uncoated free sheet offset paper 1/ from Canada, Treasury had concluded from the information available to it that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Accordingly, the Commission, on February 23, 1978, instituted inquiry No. AA1921-Inq.-10 under section 201(c)(2) of the Antidumping Act, 1921, as amended, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Determination

On the basis of information developed during the course of this inquiry, I do not determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, 2/ by reason of the importation of uncoated free sheet offset paper from Canada.

The letter from the Department of the Treasury, on the basis of which this inquiry was instituted, states:

1/ Treasury defined the merchandise in question as chemical-wood-pulp-based offset printing paper, containing less than 5 percent by weight mechanical wood pulp, whether or not cut to size or shape, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated.

2/ Prevention of establishment of an industry is not an issue in this inquiry.

Information available to Treasury indicates that imports of offset paper from Canada hold a small percentage of the U.S. market, with no significant recent expansion. For 1974, 1975, 1976, and the first ten months of 1977, Canadian imports' market share, was, respectively 2.1 percent, 1.7 percent, 2.0 percent, and 2.1 percent. . . . Canadian imports have merely recovered the slight decrease in market share experienced during the 1975 recession.

Additional information established by the Commission's inquiry, however, establishes that the data available to Treasury did not accurately reflect the amount or trend of imports from Canada. The ratio of imports from Canada to apparent U.S. consumption declined from about 2.1 percent in 1974 to less than 1.5 percent in 1975 and then increased to over 3.5 percent in 1977. Thus, imports from Canada not only recovered their market share after 1975, as Treasury concluded from the information available to it, but they increased their market share by more than 50 percent from 1974 to 1977. Imports from Domtar, Ltd., the only Canadian producer alleged to have sold at less than fair value (LTFV) and the major source of U.S. imports from Canada, also increased sharply. In actual terms, total imports from Canada and imports from Domtar, Ltd. in 1977 were both approximately three times their 1975 levels.

Since offset paper is a relatively heavy commodity, freight costs limit the distance which it can be shipped and still remain competitively priced to a radius of about 800 to 1,000 miles from the point of manufacture. The manufacturing facilities of Domtar, Ltd. are located in Quebec, making the New England States and the Northeast the principal markets for imports produced by this company. The majority of total Canadian imports, predominantly from Domtar, Ltd., enter through ports in the Northeast.

Since only about 10 percent of domestic producers' shipments are shipped to the New England States, the import penetration of imports from Canada alleged to have been sold at LTFV is at least three times greater in this area than the figures cited in the Treasury letter for import penetration of the total U.S. market.

Information supplied to the Commission by the Department of the Treasury indicates possible LTFV margins on imports from the major Canadian supplier range from 3 to 16 percent. Since offset papers are generally a standard commodity, price is a major consideration of purchasers. Pricing information obtained during the Commission investigation indicates that offset paper from Canada sold in rolls, the primary form in which paper from Canada was imported, undersold domestically produced paper throughout the period from mid-1975 through the end of 1977. The margins of underselling could be accounted for by the possible LTFV margins reported by Treasury.

The Commission's investigation revealed specific instances in which domestic sales have been lost as a result of these lower prices of Canadian offset paper. The investigation also revealed that the price index for offset paper has been well below the price index of all paper since 1975.

The petitioner, International Paper Co., contended during the public hearing 1/ with respect to this inquiry that during 1977 it had suffered weekend shutdowns and periods of interruption of normal production. The petitioner also pointed out that in the New York county in which its paper mill is the largest single employer, there is a 17-percent unemployment rate. 2/ Any loss of business which would result

1/ Transcript of the hearing, p. 21.

2/ Memorandum in Support of Petitioner International Paper Company. 9

in a lessening of employment in this area, which is already suffering an unemployment rate three times the national average, is particularly harmful to these workers. Petitioner's assertions are unchallenged in the record of the inquiry.

It is recognized that section 201(c) of the Antidumping Act, 1921, was adopted in order "to eliminate unnecessary and costly investigations" 1/ which are an administrative burden. There is nothing in the provision or its legislative history to indicate, however, that it was intended to be used to weaken or frustrate the purpose of the Antidumping Act. According to the terms of the statute, to terminate the antidumping investigation presently being considered by the Department of the Treasury and deny the petitioner and its employees the opportunity for a full investigation requires a determination that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of offset paper from Canada. Thus, "in the absence of a clear and convincing showing that there is no reasonable indication that a full investigation might develop facts which could afford a basis for an affirmative injury determination under the Act," the investigation should not be terminated. 2/

The record clearly demonstrates that, among other things, imports from Canada are increasing, their share of domestic consumption is increasing, there is underselling of domestically produced offset paper

1/ Trade Reform Act of 1974: Report of the Committee on Finance . . . , S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p. 171.

2/ Butadiene Acrylonitrile Rubber from Japan, USITC Pub. 727, April 1975, p. 5. See also, Opinion of Chairman Will E. Leonard, New, On-the-Highway, Four-Wheeled, Passenger Automobiles from Belgium, Canada, France, Italy, Japan, Sweden, the United Kingdom, and West Germany, USITC Pub. 739, September 1975.

and the loss of sales to such imports. There are also indications in the record of other factors such as unemployment which the Commission has previously given cognizance to in making affirmative antidumping determinations.

These factors, in my judgment, give a reasonable indication of injury, or the likelihood thereof, by reason of imports allegedly sold at LTFV. Therefore, I have made a negative determination.

SUMMARY

On February 17, 1978, the United States International Trade Commission received advice from the Department of the Treasury that, in accordance with section 201(c) of the Antidumping Act, 1921, as amended, an antidumping investigation was being initiated with respect to uncoated free sheet offset paper from Canada, and that information developed in its preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. Accordingly, the Commission, on February 23, 1978, instituted inquiry No. AA1921-Inq.-10 under section 201(c)(2) of the Antidumping Act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. An affirmative determination by the Commission will result in Treasury's terminating its investigation of sales at less than fair value, while a negative determination will result in Treasury's continuing its investigation.

This inquiry resulted from a petition filed with Treasury, by International Paper Co., New York, N.Y., alleging that imports of uncoated free sheet offset paper are being, or are likely to be, imported from Canada and sold in the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended. The margin of dumping alleged, based on a comparison of prices of exports to the United States with prices in the home market, ranges from 3 to 16 percent.

Uncoated free sheet offset paper is a chemical-wood-pulp-based printing paper that is suitable for offset lithographic printing. Typical uses of this grade of paper include the printing of brochures, pamphlets, books, menus, catalogs, newsletters, direct-mail advertisements, and booklets. This grade of paper is made on the same papermaking machines that are used to produce many other grades. The paper is shipped in rolls or sheets depending on the needs of the purchaser.

There are approximately 40 firms producing uncoated free sheet offset paper in the United States; however, production by some of these firms represents an insignificant share of their total output of paper. An estimated 85 percent of domestic shipments of uncoated free sheet offset paper are distributed through paper merchants. The merchants will purchase and maintain an inventory for resale to others, or will purchase and have the producer ship in large quantities directly to a printer. A U.S. paper merchant may buy and sell imported paper in addition to domestically made paper.

Apparent U.S. consumption of uncoated free sheet offset paper declined from 1.9 million short tons in 1974 to 1.5 million short tons in 1975, and then increased to 2.0 million short tons in 1977. U.S. producers' shipments of such paper followed a trend similar to that for consumption. During this period, U.S. imports are estimated to have decreased from 55,000 short tons in 1974 to 30,000 short tons in 1975, and then to have increased to 90,000 short

tons in 1977. The ratio of imports to apparent U.S. consumption is estimated to have risen from 2.9 percent in 1974 to 4.5 percent in 1977.

U.S. imports from Canada are estimated to have amounted to 40,000 short tons in 1974. Such imports declined in 1975 to * * * short tons and then more than tripled to 70,000 short tons in 1977. The ratio of these imports to apparent U.S. consumption rose from 2.1 percent in 1974 to more than 3.5 percent in 1977. The ratio of such imports to apparent consumption in the New England States is significantly greater than that observed nationwide; however, definitive data on the share of this market supplied by imports from Canada are not available.

Limited data received by the Commission show that during 1975-77, the average lowest net selling prices per quarter received by importers on 60-pound-basis-weight "commodity offset" paper from Canada sold in rolls were less than those received by U.S. producers during July-September 1975 through October-December 1977. Average lowest net selling prices received by importers on sheet sales of this paper were generally more than those received by U.S. producers during January-March 1975 through April-June 1977, but less during July-September and October-December 1977. The price differences were largest in July-September 1977, when they were \$1.52 per hundredweight for this paper sold in rolls and \$1.15 per hundredweight for sheet sales. The average lowest net selling price received by U.S. producers for roll sales in July-September 1977 was \$22.17 per hundredweight, and for sheet sales, \$26.28 per hundredweight. The respective prices received by importers were \$20.65 and \$25.13 per hundredweight.

The ratio of net operating profit to net sales of those U.S. producers which provided the Commission with profit-and-loss data increased from 1.9 percent in 1975 to 6.5 percent in 1977 for the overall operations of their establishments in which uncoated free sheet offset paper was produced. For uncoated free sheet offset paper operations, a loss of 0.3 percent was experienced in 1975; profits of 3.5 and 4.3 percent occurred in 1976 and 1977, respectively.

INFORMATION OBTAINED IN THE INQUIRY

Introduction

On February 17, 1978, the U.S. International Trade Commission received advice from the Department of the Treasury that, in accordance with section 201(c) of the Antidumping Act, 1921, as amended, an antidumping investigation was being initiated with respect to uncoated free sheet offset paper from Canada, and that, pursuant to section 201(c)(2) of the act, information developed during Treasury's preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. 1/ Treasury defined the merchandise in question as chemical-wood-pulp-based offset printing paper, containing less than 5 percent by weight mechanical wood pulp, whether or not cut to size or shape, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated, provided for in items 252.67 and 256.30 of the Tariff Schedules of the United States (TSUS). Accordingly, the Commission, on February 23, 1978, instituted inquiry No. AA1921-Inq.-10 under section 201(c)(2) of the Antidumping Act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing in connection with the inquiry was held on March 13, 1978, in New York City. Notice of the institution of the inquiry and the hearing was duly given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register of March 1, 1978 (43 F.R. 8306). 2/

Treasury instituted its investigation after receiving a petition in proper form on January 12, 1978, from International Paper Co., New York, N.Y. Treasury's notice of its antidumping proceeding was published in the Federal Register of February 17, 1978 (43 F.R. 7079). 3/

An affirmative determination by the Commission that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of uncoated free sheet offset paper from Canada will result in Treasury's terminating its investigation of sales at less than fair value (LTFV). A negative determination will result in Treasury's continuing its investigation. The Commission's determination in this inquiry is to be reported to the Secretary of the Treasury no later than March 20, 1978.

1/ Treasury's letter is presented in app. A.

2/ A copy of the Commission's notice of inquiry and hearing is presented in app. B.

3/ A copy of Treasury's notice of its antidumping proceeding is presented in app. C.

Description and Uses

Uncoated free sheet offset paper is a chemical-wood-pulp-based printing paper that is suitable for offset lithographic printing. It is produced primarily for use on offset presses, and generally possesses characteristics vital to the printing process such as dimensional stability, cleanliness, and pick resistance (resistance to the lifting of any portion of a paper surface during printing). It is generally produced in basis weights of 40 to 80 pounds, ¹/ _{has a high brightness, and is suitably opaque to permit printing on both sides of a sheet without significant showthrough to the opposite side. The paper is sold in both roll and sheet forms; slightly more than half the domestic shipments are estimated to be in roll form.}

Uncoated free sheet offset paper is used almost exclusively to produce material printed by the lithographic process, although it may also be printed by letterpress or sheet-fed gravure processes. Typical uses for this grade of paper include the printing of brochures, pamphlets, books, menus, catalogs, newsletters, direct-mail advertisements, and booklets. Some of the paper used in book publishing is made to specific thicknesses, and is usually ordered and produced to pages per inch of thickness. Thickness control is necessary to allow publishers of hardbound books to make a uniform product with covers that fit properly.

Manufacturing Process

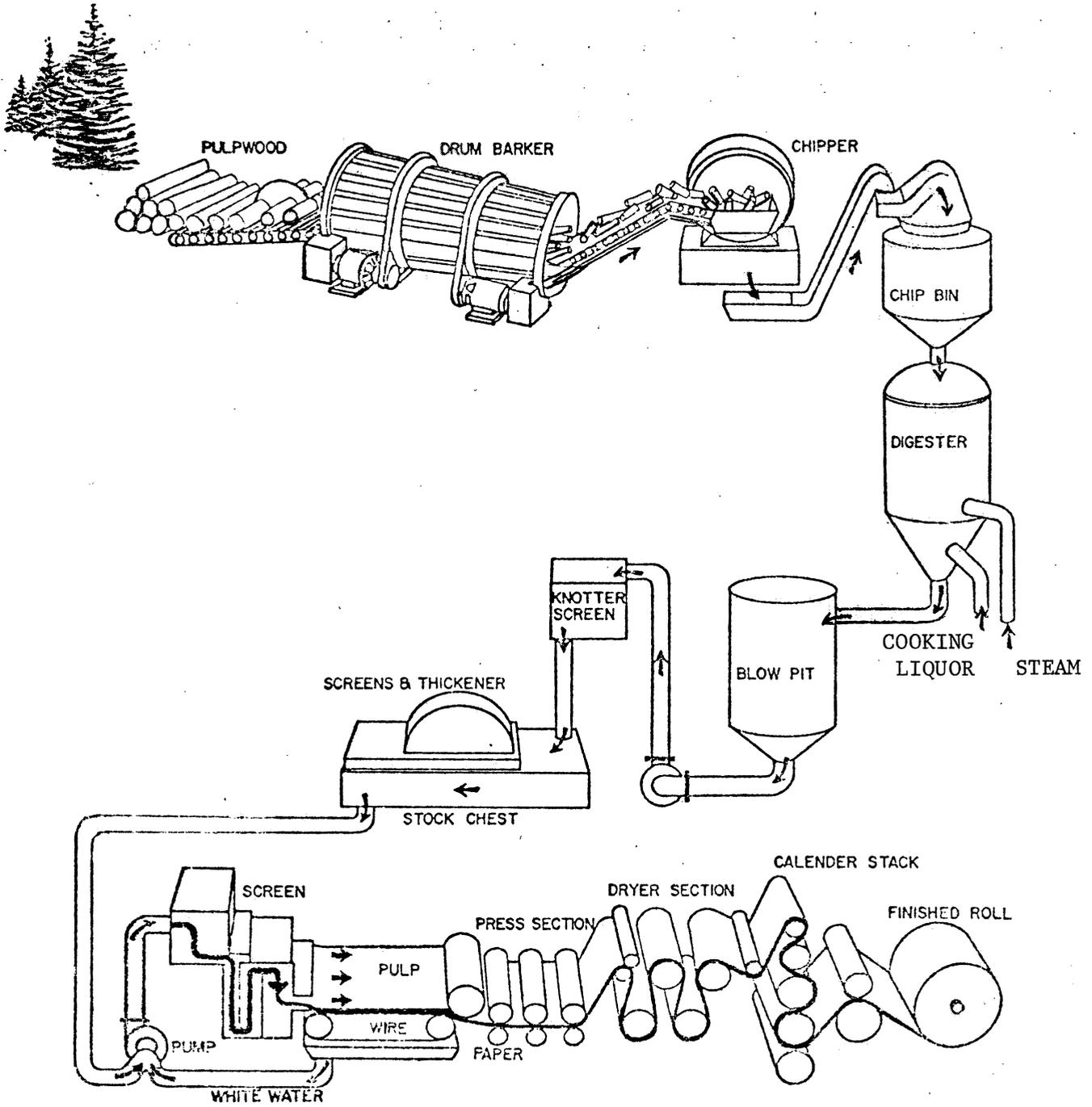
The process of making uncoated free sheet offset paper is similar to that of other chemical-wood-pulp-based papers, i.e., cellulose fibers are separated from other components of wood by chemical means to produce wood pulp which is then formed into paper. A schematic diagram depicting the papermaking process is shown in figure 1.

All grades of offset paper are surface-sized to create a good printing surface. In this operation, a starch and water solution is applied to both surfaces after the paper is partially dry. This step is followed by a drying operation which thoroughly dries the solution before the paper enters the calender stacks, where the final finish is made to the surfaces of the paper. Surface-sizing minimizes the possibility of fuzz in the paper surface. Uncoated offset paper is more heavily sized than are similar grades.

The paper coming from a papermaking machine is wound into a large roll that is the width of the papermaking machine. The paper is slit and rewound into rolls of lesser width prior to wrapping in preparation for roll shipments. Paper to be sold in sheet form is slit and cut to the desired size for packing and shipping on skids or in cartons.

¹/ Basis weight is the weight in pounds of a ream of paper cut to its basic size. The standard ream for uncoated free sheet offset paper is 500 sheets, each 25 by 38 inches.

Figure 1.--The papermaking process for chemical-wood-pulp-based paper.



Source: The Paper Year Book, 1977, with modifications.

U.S. Tariff Treatment

Most uncoated free sheet offset paper enters the United States under TSUS item 252.67. Included under this item are those papers that are not cut to size or shape, i.e., paper in rolls or strips exceeding 6 inches in width, and paper in rectangular sheets exceeding 15 inches in either length or width. Imports of uncoated free sheet offset paper that are cut to size or shape enter under item 256.30. The column 1 rate of duty for item 252.67 is 0.08 cents per pound plus 2 percent ad valorem, and the rate for item 256.30 is 7.5 percent ad valorem. These rates of duty have been in effect since January 1, 1972. The average ad valorem equivalent for imports from Canada entered under the statistical category of item 252.67 that includes paper subject to this inquiry was 2.4 percent in 1977.

Nature and Extent of Sales at Less Than Fair Value

Treasury's preliminary data on LTFV margins are based on information supplied by the petitioner, International Paper Co. In its petition to the U.S. Customs Service dated December 28, 1977, the petitioner included 1977 list price information for the various quality uncoated free sheet offset papers of one Canadian producer on sales for export to the United States and in the home market. The potential LTFV margins derived from the data submitted range from 3 to 16 percent on imports of uncoated free sheet offset paper from Canada.

The Domestic Industry

Approximately 40 firms produced uncoated free sheet offset paper in the United States during 1975-77. Production of this type of paper accounted for a minor share of the total output of some of these firms. The papermaking machines used to produce uncoated free sheet offset paper are generally used to produce other grades of paper as well. Domestic producers include single-establishment firms and large international firms that control numerous papermaking establishments; the majority are situated in the Northeast and Great Lakes areas.

The Canadian Industry

Four Canadian companies are known to export uncoated free sheet offset paper to the United States. They are Domtar, Ltd., Abitibi Paper Co., Ltd., E.B. Eddy Forest Products Ltd., and MacMillan Bloedel, Ltd. Canadian shipments of book and writing paper (chemical-wood-pulp-based), as reported by the Canadian Pulp & Paper Association and set forth below, are probably indicative of the trend in total mill output of the four Canadian companies exporting uncoated free sheet offset paper to the United States. During 1974-77, the volume of Canadian domestic shipments and exports of book and writing paper was as follows:

Year	Domestic shipments	Export shipments	Total shipments	Ratio of export shipments to total shipments
	: 1,000 short tons	: 1,000 short tons	: 1,000 short tons	: Percent
1974-----	652	157	809	19
1975-----	439	66	505	13
1976-----	479	115	594	19
1977-----	573	186	759	25

There was a large decrease in all shipment categories from 1974 to 1975; shipments rose thereafter through 1977. However, the quantity of total shipments in 1977 was 6 percent less than that in 1974. The ratio of export shipments to total shipments of book and writing paper ranged from a low of 13 percent in 1975 to a high of 25 percent in 1977, at which time export tonnage was at the highest level reported during the 1974-77 period.

In addition to being affected by the worldwide slump in economic activity in 1975, the Canadian producers of uncoated free sheet offset paper were affected by labor disputes that occurred in the second half of 1975 and continued into the first quarter of 1976. In addition to reducing output, the strikes resulted in labor settlements that significantly increased the cost of papermaking. A recent decline of about 10 percent in the value of the Canadian dollar relative to the U.S. dollar, however, has helped the Canadians to compete in the U.S. market.

Channels of Distribution

An estimated 85 percent of domestic shipments of uncoated free sheet offset paper are distributed by paper merchants. The merchant normally buys from producers and takes title to the paper for resale to others. It purchases and maintains an inventory (i.e., acts as a distributor), or purchases and has the producer ship in large quantities (usually 20 tons or more) directly to a printer (i.e., acts as a broker). The merchant generally maintains an inventory of the more common sizes of paper for various printing press configurations. The inventories are predominantly in sheet form. Paper in rolls is usually ordered custom-made in large enough quantities to be shipped directly from the producer to the printer.

The merchant usually solicits orders, extends credit, arranges or makes deliveries, provides warranties for product quality and end-use performance, services customer complaints, and provides other services. In addition, it generally prepares and distributes its own advertising and promotional materials as well as similar literature provided by producers.

The distribution processes in the United States and Canada are basically similar. In each country a merchant may be owned or controlled by a producer;

however, the merchant that is controlled by a producer acts in the same way as an independent merchant and also purchases and resells paper made by at least one other producer. A U.S. paper merchant may buy and sell imported paper in addition to domestically made paper.

It is reported that about 15 percent of the domestic shipments of uncoated free sheet offset paper are distributed through sales forces of producers. One company * * * is believed to distribute all its production of this kind of paper in such a manner.

Uncoated free sheet offset paper is a relatively heavy commodity which is not usually shipped a great distance. Freight costs incurred in the transporting of this commodity limit the effective shipping radius to a distance of about 800 miles from the point of manufacture. To some extent the quantity of a shipment will determine the distance it may be transported because of differences in freight rates associated with the size of a shipment.

Consideration of Injury or Likelihood Thereof
by Reason of Alleged LTFV Sales

U.S. consumption, producers' shipments, and exports

Apparent U.S. consumption of uncoated free sheet offset paper declined from an estimated 1.9 million short tons in 1974 to about 1.5 million short tons in 1975 primarily because of economic conditions in 1975. Consumption increased in 1976 and 1977, reaching an estimated level of 2.0 million short tons in 1977 (see table on the following page). Consumption increased by 35 percent from 1975 to 1977, but by only 5 percent from 1974 to 1977.

U.S. producers' shipments of uncoated free sheet offset paper decreased from nearly 1.9 million short tons in 1974 to 1.5 million short tons in 1975, and then increased to more than 1.9 million short tons in 1977--a record level. The increase from 1975, a poor business year, to 1977 amounted to 31 percent; however, the increase from 1974 to 1977 was only 4 percent (on the basis of unrounded data).

U.S. producers' shipments to the New England States, the area of the United States where the petitioner alleges it experienced the greatest effect from the imports from Canada, and these shipments as a share of total producers' shipments during 1974-76 are estimated to have been as follows:

* * * * *

Uncoated free sheet offset paper: U.S. producers' shipments, exports, imports, and apparent consumption, 1974-77

Year	Producers' shipments <u>1/</u>	Exports <u>2/</u>	Imports <u>3/</u>	Apparent consumption <u>4/</u>	Ratio of imports to consumption
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	Percent
1974	1,858	15	55	1,900	2.9
1975	1,471	20	30	1,480	2.1
1976	1,825	30	70	1,865	3.8
1977	1,933	25	90	2,000	4.5

1/ Compiled from data of the American Paper Institute.

2/ Estimated to be 2/3 of uncoated book paper exports; estimated from official statistics of the U.S. Department of Commerce.

3/ Compiled from data supplied by Canadian producers of uncoated free sheet offset paper and estimates from official statistics of the U.S. Department of Commerce.

4/ Rounded to the nearest 5,000 short tons.

U.S. shipments of uncoated free sheet offset paper by those producers that submitted data in response to the producers' questionnaire of the U.S. International Trade Commission are provided in table 1, appendix D. Total shipments by these producers increased from 613,000 short tons in 1975 to 751,000 short tons in 1977, or by 23 percent. Domestic shipments by these producers of uncoated free sheet offset paper to the New England States and these shipments as a share of the total shipments during 1975-77 were as follows:

	<u>Shipments to</u> <u>New England States</u> <u>(short tons)</u>	<u>Percent of</u> <u>total shipments</u>
1975-----	41,366	6.7
1976-----	53,830	7.5
1977-----	57,108	7.6

U.S. exports of uncoated free sheet offset paper during 1974-77 are estimated to have been less than 2 percent of producers' total shipments each year. Exports are estimated to have ranged from a low of 15,000 short tons in 1975 to a high of 30,000 short tons in 1976.

U.S. capacity and capacity utilization

The capacity of the domestic industry to produce uncoated free sheet offset paper is not separately reported in industry statistics because the same papermaking machines that are used to produce such paper are also used to make a variety of other papers that are closely related. The capacity to produce this so-called family of papers (uncoated free sheet paper ^{1/}), showed a steady increase throughout the 1960's and 1970's, except for a slight dip in 1975. The estimated annual capacity to produce uncoated free sheet paper and U.S. producers' shipments of such paper during 1974-77, as reported by the American Paper Institute in its Annual Statistical Summary, are shown in the following tabulation:

^{1/} Includes cover and text paper and bleached and brown envelope paper.

Year	Capacity	Shipments	Ratio of shipments of capacity
	<u>1,000 short tons</u>	<u>1,000 short tons</u>	<u>Percent</u>
1974-----	7,302	6,791.5	93.0
1975-----	7,167	5,336.7	74.5
1976-----	1/ 7,319	1/ 6,442.1	88.0
1977-----	1/ 7,540	1/ 6,764.9	89.7

1/ American Paper Institute data supplied by Mr. James F. Kear, product manager for label and printing papers, International Paper Co., in testimony before the U.S. International Trade Commission on Mar. 13, 1978.

The capacity of this family of papers increased by 3.3 percent from 1974 to 1977 and is projected to continue increasing through 1979. During 1974-77, however, shipments of such papers decreased by 0.4 percent. The ratio of shipments of uncoated free sheet paper to capacity was more than 90 percent during 1961-74 (it averaged 94 percent), but dropped to less than 75 percent in the recession year of 1975. The ratio increased in 1976 and 1977 but was less than 90 percent in each of those years also. 1/

U.S. imports

Total imports.--U.S. imports of uncoated free sheet offset paper are estimated to have decreased from 55,000 short tons in 1974 to 30,000 short tons in 1975, and then to have increased to 90,000 short tons in 1977. Canada is the principal source of the imports. The ratio of total imports to apparent consumption is estimated to have increased from about 2.9 percent in 1974 to 4.5 percent in 1977.

The regional distribution of U.S. imports of uncoated free sheet offset paper is not known; however, the regions in which such imports enter the United States are believed to be the same as those for all book and printing paper imports entering under item 252.6725 of the Tariff Schedules of the United States Annotated (TSUSA). 2/ The percentage distribution of the quantity of such book and printing paper imports in 1977, by principal sources and regions of importation, according to official statistics of the U.S. Department of Commerce, was as follows:

1/ In testimony before the U.S. International Trade Commission on Mar. 13, 1978, Mr. James F. Kear, product manager for label and printing papers, International Paper Co., stated that it is an understood characteristic of the paper industry that a 93-percent operating rate is the threshold of a healthy, profitable business cycle.

2/ TSUSA item 252.6720 prior to Jan. 1, 1978.

<u>Source</u>	<u>Northeast region</u>	<u>Other regions</u>
Canada-----	53	47
Finland-----	12	88
All others-----	15	85
All countries-----	39	61

Imports from Canada.--Four Canadian firms supplied the U.S. market with uncoated free sheet offset paper during 1974-77. Domtar, Ltd., the Canadian firm to which International Paper Co.'s antidumping petition principally refers, accounted for * * * of such imports in 1977. Total U.S. imports of this kind of paper from Canada and imports from Domtar, Ltd., and the ratios of such imports to apparent U.S. consumption, according to data supplied the Commission by the Canadian firms, were as follows:

Year	Imports from--		Ratio of imports to apparent U.S. consumption for imports from--	
	Canada	Domtar, Ltd.	Canada	Domtar, Ltd.
	Short tons	Short tons	Percent	Percent
1974-----	1/ * * *	* * *	* * *	* * *
1975-----	* * *	* * *	* * *	* * *
1976-----	* * *	* * *	* * *	* * *
1977-----	* * *	* * *	* * *	* * *

1/ Estimated.

* * * * *

The estimated U.S. market value of uncoated free sheet offset paper imports from Canada in 1977 was * * * million. The ratio of imports from Canada to apparent U.S. consumption increased from an estimated 2.1 percent in 1974 to * * * in 1977; the ratio for imports from Domtar, Ltd., increased from * * * during the same period.

Although data on apparent consumption and sales of imports of such paper from Canada in the New England States are not precisely known, the ratio of such imports to apparent consumption in those States is significantly greater than that observed nationwide. * * *

Three U.S. importers which responded to the Commission's importers' questionnaire accounted for * * * of the quantity of U.S. imports of uncoated free sheet offset paper from Canada in 1975 and approximately * * * in 1976 and 1977. The total imports of these firms were as follows:

Year	Quantity	Value	Unit value
	Short tons	<u>1,000</u> dollars	<u>Per</u> hundredweight
1975-----	7,251	2,860	\$19.72
1976-----	17,595	7,418	21.08
1977-----	22,241	10,015	22.51

Sales made in the New England States by these importers amounted to an estimated 4,500, 14,250, and 18,050 short tons and accounted for approximately * * * of total imports from Canada in 1975, 1976, and 1977, respectively.

Prices

List prices for uncoated free sheet offset paper are maintained by producers and paper merchants; however, they are frequently discounted when demand is weak, as some producers report it to be at this time. Purchasers generally buy from the supplier offering the paper they need at the lowest price. Many factors enter into the pricing of this paper, such as quality, basis weight, whether it is in rolls or sheets, the quantity of the order, the amount of freight absorbed, and the desire to make a particular sale. Fluctuations in prices are usually determined by market demand.

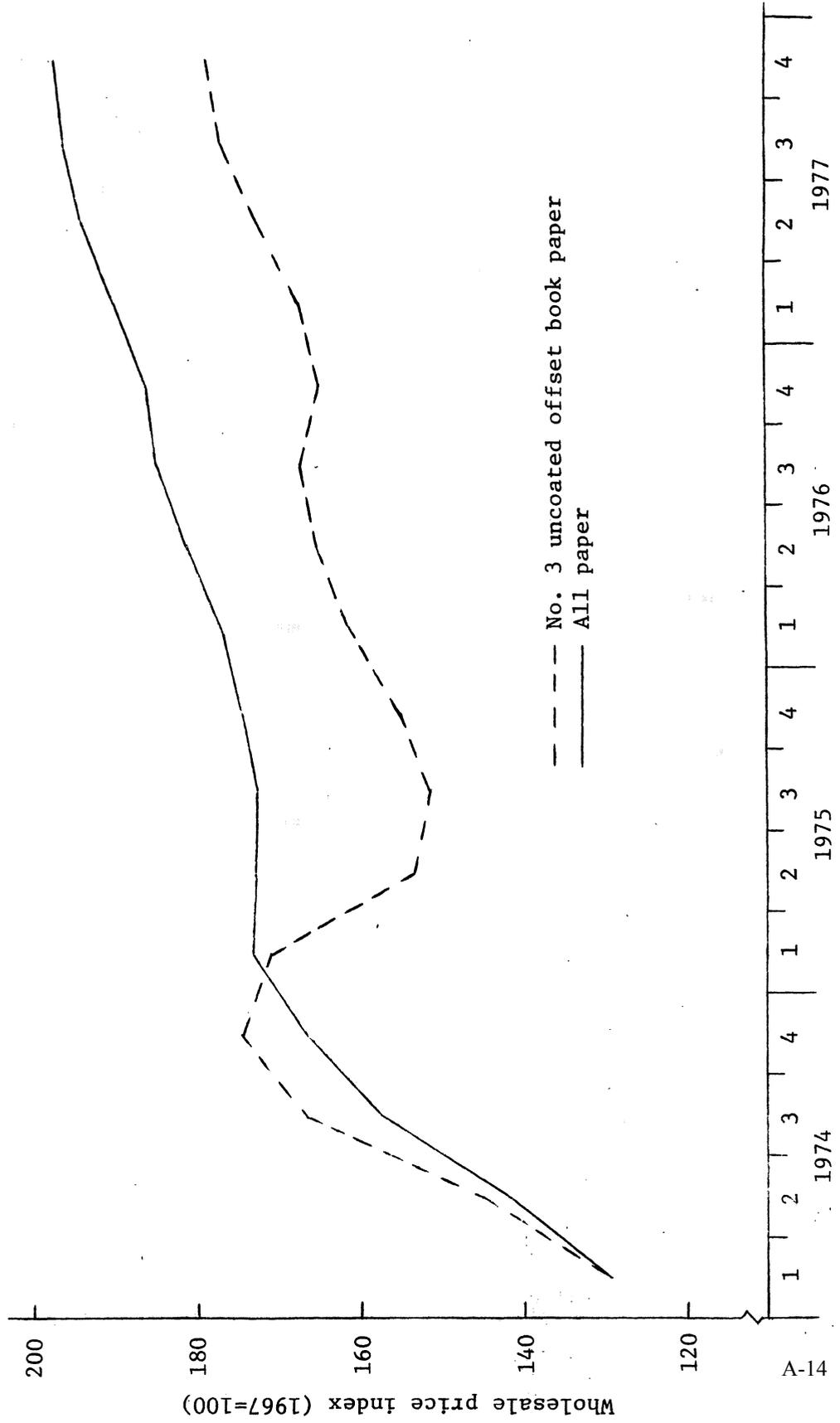
The average quarterly wholesale price index for No. 3 uncoated offset book paper, which is considered to be typical of the kind of paper allegedly being sold in the United States at LTFV, increased steadily during 1974, but then declined sharply through the third quarter of 1975 (fig. 2). The index generally trended upward from the fourth quarter of 1975 and through the fourth quarter of 1977. The average quarterly index for all paper commodities increased steadily during 1974 and generally trended upward through 1977 except for a slight dip in 1975. From the second quarter of 1975 through the fourth quarter of 1977, the quarterly index for No. 3 uncoated offset book paper was an average of 10 percent less than that for all paper.

A strong demand for uncoated free sheet offset paper in 1974 enabled U.S. producers to increase the prices of such paper following a period of Government-imposed price constraints.

* * * * *

The largest amount of uncoated free sheet offset paper produced in the United States is the "commodity offset" grade, which is very price competitive. Data supplied to the Commission show that the average lowest net selling

Figure 2.--U.S. wholesale price indexes for No. 3 uncoated offset book paper and for all paper, by quarters, 1974-77.



Source: Based on official statistics of the U.S. Department of Labor.

prices received by U.S. producers for such paper (60 pound basis weight) sold in rolls during 1975-77 fluctuated between a low of \$19.32 per hundredweight in July-September 1975 and a high of \$22.17 per hundredweight in July-September 1977 (table 2). The price was \$21.81 per hundredweight in October-December 1977, \$0.36 per hundredweight less than the high of the previous quarter.

Limited data received from importers indicate that the average lowest net selling prices received by them for this kind of paper varied from \$18.99 per hundredweight in July-September 1975 to \$20.99 per hundredweight in October-December 1977. The prices received by importers were less than those received by U.S. producers in each quarter from July-September 1975 through October-December 1977. The price difference increased to \$1.52 per hundredweight in July-September 1977, and was \$0.82 per hundredweight in October-December 1977.

Limited data received on sheet sales indicate that the average lowest net selling prices received by importers on commodity offset paper (60 pound basis weight) from Canada were generally more than those received by U.S. producers during January-March 1975 through April-June 1977. Prices received by importers were less than those of U.S. producers in July-September and October-December 1977 by margins of \$1.15 and \$0.27 per hundredweight, respectively.

* * * * *

Evidence of lost sales

Detailed data with respect to loss of sales because of alleged sales of uncoated free sheet offset paper from Canada at LTFV during 1975-77 were submitted to the Commission only by International Paper Co.; other producers indicated that they were affected by such imports, but they did not provide any documentation supporting lost sales. Some producers stated that they were not affected by imports from Canada or that they had not lost any significant sales because of import competition.

Paper merchants and users of uncoated free sheet offset paper indicated that price is of major importance in determining what supplier to purchase such paper from, especially the commodity offset grade. Consequently, when Canadian-produced paper is lower priced than comparable U.S.-produced paper, the Canadian-produced paper would be bought.

* * * * *

* * * * *

* * * * *

Profit-and-loss experience

Usable profit-and-loss data for the period 1975-77 were submitted by four domestic producers of uncoated free sheet offset paper. In 1977 these four

producers shipped 290,000 short tons of uncoated free sheet offset paper with a net sales value of \$141.8 million. Such shipments amounted to 15 percent of the total quantity of U.S. shipments. The net sales of these producers' establishments in which uncoated free sheet offset paper is made amounted to \$806.6 million in 1977. Profit-and-loss experience of these four U.S. producers on the overall operations of their establishments in which uncoated free sheet offset paper is made and on their uncoated free sheet offset paper operations during 1975-77 was as follows:

Year	Net sales	Ratio of net operating profit or (loss) to net sales
	:1,000 dollars:	Percent
Overall establishment operations:		
1975-----	561,780	1.9
1976-----	739,257	5.2
1977-----	806,614	6.5
Uncoated free sheet offset paper operations:		
1975-----	96,654	(.3)
1976-----	119,645	3.5
1977-----	141,822	4.3

Net sales of overall establishment operations of these producers increased 43.6 percent from 1975 to 1977, and net sales of uncoated free sheet offset paper operations increased 46.7 percent. The ratio of net operating profit to net sales increased from 1.9 percent for total establishment operations in 1975 to 6.5 percent in 1977. For uncoated free sheet offset paper operations, a loss of 0.3 percent was experienced in 1975; profits of 3.5 percent and 4.3 percent occurred in 1976 and 1977, respectively.

APPENDIX A

LETTER FROM MR. ROBERT H. MUNDHEIM, GENERAL COUNSEL OF THE
TREASURY, TO THE CHAIRMAN, UNITED STATES INTERNATIONAL
TRADE COMMISSION, DATED FEBRUARY 14, 1978



THE GENERAL COUNSEL OF THE TREASURY

WASHINGTON, D.C. 20220

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Distb. Comm., Staff

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Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to offset paper from Canada. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed in our preliminary investigation has led to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be, injured or is prevented from being established by reason of the importation of this merchandise into the United States.

Information available to Treasury indicates that imports of offset paper from Canada hold a small percentage of the U.S. market, with no significant recent expansion. For 1974, 1975, 1976, and the first ten months of 1977, Canadian imports' market share, was, respectively, 2.1 percent, 1.7 percent, 2.0 percent, and 2.1 percent. During the same period the market share for domestic producers was 86.1 percent, 90.7 percent, 89.7 percent, and 89.0 percent. Canadian imports have merely recovered the slight decrease in market share experienced during the 1975 recession. There has been no significant effect on the U.S. domestic producers.

The paper industry, domestic and imports, experienced sharp drops in production during 1975, but the industry rebounded in 1976 and surpassed 1974 figures during the first ten months of 1977. Data supplied by petitioner regarding profitability and capacity utilization tracks the pattern of decline followed by rebound evidenced by the raw production data. Capital investment by domestic producers provides no indication of injury, and petitioner's scanty, selective data on unemployment provides insufficient evidence of injury. For these reasons, Treasury has concluded there is substantial doubt as to whether an industry in the U.S. is being, or is likely to be, injured.

Pursuant to the applicable provisions of law, it is requested that the Commission advise the Department as to

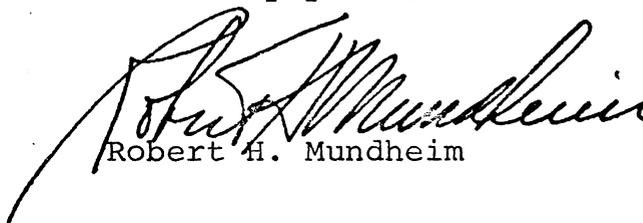
whether it determines there is no reasonable indication that an industry in the United States is being, or is likely to be, injured or is prevented from being established by possible less-than-fair-value imports of offset paper from Canada under TSUSA item numbers 252.67 and 256.30.

For purposes of this investigation, as recommended by your Office of Nomenclature, "offset paper" means chemical-wood-pulp based offset printing paper, containing less than 5 percent by weight mechanical wood pulp, whether or not cut to size or shape, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated, provided for in the above-referred TSUSA item numbers.

Based on data submitted by petitioner, margins of sales at less than fair value appear to range from 3 to 16 percent on imports of subject merchandise from Canada.

Some of the enclosed data is regarded by Treasury to be of a confidential nature. It is therefore requested that the Commission consider all the enclosed information to be for the official use of the ITC only, not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely yours,



Robert H. Mundheim

The Honorable
Daniel Minchew
Chairman
U.S. International Trade
Commission
Washington, D.C. 20436

Enclosure

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF INQUIRY AND HEARING
ON UNCOATED FREE SHEET OFFSET PAPER FROM CANADA

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-10]

UNCOATED FREE SHEET OFFSET PAPER FROM CANADA

Notice of Inquiry and Hearing

The United States International Trade Commission (Commission) received advice from the Department of the Treasury (Treasury) on February 17, 1978, that, during the course of determining whether to institute an investigation with respect to chemical-wood-pulp based offset printing paper, containing less than five percent by weight mechanical wood pulp, whether or not cut to size or shape, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated from Canada in accordance with section 201(c) of the Antidumping Act of 1921, as amended (19 U.S.C. 160(c)), Treasury had concluded from the information available to it that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Therefore, the Commission on February 23, 1978, instituted inquiry AA1921-Inq.-10, under section 201(c)(2) of that act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

The Treasury advised the Commission as follows:

Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to offset paper from Canada. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed in our preliminary investigation has led to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be, injured or is prevented from being established by reason of the importation of this merchandise into the United States.

Information available to Treasury indicates that imports of offset paper from Canada hold a small percentage of the U.S. market, with no significant recent expansion. For 1974, 1975, 1976, and the first ten months of 1977, Canadian imports' market share, was, respectively, 2.1 percent, 1.7 percent, 2.0 percent, and 2.1 percent. During the same period the market share for domestic producers was 86.1 percent, 90.7 percent, 89.7 percent, and 89.0 percent. Canadian imports have merely recovered the slight decrease in market share experienced during the 1975 recession. There has been no significant effect on the U.S. domestic producers.

The paper industry, domestic and imports, experienced sharp drops in production during 1975, but the industry rebounded in 1976 and surpassed 1974 figures during the first ten months of 1977. Data supplied by petitioner regarding profitability and capacity utilization tracks the pattern of decline followed by rebound evidenced by the raw production data. Capital investment by domestic producers provides no indication of injury, and petitioner's scanty, selective data on unemployment provides insufficient evidence of injury. For these reasons, Treasury has concluded there is substantial doubt as to whether an industry in the U.S. is being, or is likely to be, injured.

Pursuant to the applicable provisions of law, it is requested that the Commission advise the Department as to

whether it determines there is no reasonable indication that an industry in the United States is being, or is likely to be, injured or is prevented from being established by possible less-than-fair-value imports of offset paper from Canada under TSUSA item numbers 252.67 and 256.30.

For purposes of this investigation, as recommended by your Office of Nomenclature, "offset paper" means chemical-wood-pulp based offset printing paper, containing less than 5 percent by weight mechanical wood pulp, whether or not cut to size or shape, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated, provided for in the above-referred TSUSA item numbers.

Based on data submitted by petitioner, margins of sales at less than fair value appear to range from 3 to 16 percent on imports of subject merchandise from Canada.

Some of the enclosed data is regarded by Treasury to be of a confidential nature. It is therefore requested that the Commission consider all the enclosed information to be for the official use of the ITC only, not to be disclosed to others without prior clearance from the Treasury Department.

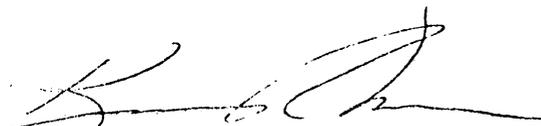
Sincerely yours,

/s/ Robert H. Mundheim

Hearing. A public hearing in connection with the inquiry will be held on Monday, March 13, 1978, beginning at 9:30 a.m., e.s.t., in the auditorium of the United States Mission to the United Nations, 799 U.N. Plaza, 45th Street and First Avenue, New York, N.Y. (please use 45th Street entrance.) All parties will be given an opportunity to be present, to produce evidence, and to be heard at such hearing. Requests to appear at the public hearing should be received in writing in the office of the Secretary to the Commission not later than noon Wednesday, March 8, 1978.

Written statements. Interested parties may submit statements in writing in lieu of, and in addition to, appearance at the public hearing. A signed original and nineteen true copies of such statements should be submitted. To be assured of their being given due consideration by the Commission, such statements should be received no later than Monday, March 13, 1978.

By order of the Commission:



Kenneth R. Mason
Secretary

Issued: February 23, 1978

APPENDIX C

DEPARTMENT OF THE TREASURY ANTIDUMPING PROCEEDING NOTICE
FOR UNCOATED FREE SHEET OFFSET PAPER FROM CANADA
(43 F.R. 7079), FEBRUARY 17, 1978

[4310-22]

DEPARTMENT OF THE TREASURY

Office of the Secretary

OFFSET PAPER FROM CANADA

Antidumping Proceeding

AGENCY: U.S. Treasury Department.

ACTION: Initiation of Antidumping Investigation.

SUMMARY: This notice is to advise the public that a petition in proper form has been received and an antidumping investigation is being initiated for the purpose of determining whether imports of offset paper from Canada are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. Sales at less than fair value generally occur when the prices of the merchandise sold for exportation to the United States are less than the prices in the home market.

There appears to be substantial doubt that imports of subject merchandise at less than fair value are the cause of present, or likely future, injury to an industry in the U.S. Thus, as required by the Antidumping Act, 1921, as amended, the case is being referred to the U.S. International Trade Commission for a determination on whether there is no reasonable indication of injury.

EFFECTIVE DATE: February 17, 1978.

FOR FURTHER INFORMATION CONTACT:

Vincent Kane, Operations Officer,
U.S. Customs Service, Office of Operations,
Duty Assessment Division,
Technical Branch, 1301 Constitution Avenue NW.,
Washington, D.C. 20229, telephone 202-566-5492.

SUPPLEMENTARY INFORMATION: On January 12, 1978, information was received in proper form pursuant to §§ 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from the International Paper Co. indicating a possibility that offset paper from Canada is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.).

For purposes of this notice "offset paper" means chemical-wood-pulp based offset printing paper, containing less than 5 percent by weight mechanical wood pulp, whether or not cut to size or shape, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated, provided for in item numbers 252.67 and 256.30 of the Tariff Schedules of the United States, Annotated (TSUSA).

The margin of dumping alleged, based on a comparison of prices to the

U.S. with prices in the home market, ranged from 3 to 16 percent.

There is evidence on record concerning injury or likelihood of injury to the U.S. industry from the alleged less than fair value imports. This evidence also indicates, however, that imports of offset paper from Canada only accounted for roughly 2 percent of the U.S. market for this product during the first 10 months of 1977, only a slight increase from 1975 and 1976. Furthermore, the U.S. producers' market share has remained close to 90 percent since 1975. Information also indicates that petitioner's profitability and capacity utilization has improved since 1975. Therefore, on the basis of such evidence it has been concluded that there is substantial doubt of injury, or likelihood of injury to, or prevention of establishment of an industry in the United States by virtue of such imports from Canada. Accordingly, the U.S. International Trade Commission is being advised of such doubt pursuant to section 201(c)(2) of the Act (19 U.S.C. 160(c)(2)).

Having conducted a summary investigation as required by § 153.29 of the Customs Regulations (19 CFR 153.29) and having determined as a result thereof that there are grounds for so doing, the U.S. Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value. Should the International Trade Commission, within 30 days of receipt of the information cited in the preceding paragraph, advise the Secretary that there is no reasonable indication that an industry in the United States is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of such merchandise into the United States, the Department will publish promptly in the FEDERAL REGISTER a notice terminating the investigation. Otherwise the investigation will continue to conclusion.

This notice is published pursuant to section 153.30 of the Customs Regulations (19 CFR 153.30).

ROBERT H. MUNDHEIM,
*General Counsel
of the Treasury.*

FEBRUARY 14, 1978.

[FR Doc. 78-4483 Filed 2-16-78; 8:45 am]

APPENDIX D
STATISTICAL TABLES

Table 1.--Uncoated free sheet offset paper: Domestic shipments, exports, and total shipments of 17 U.S. producers, 1975-77

(Quantity in thousands of short tons; value in millions of dollars; unit value per hundredweight)

Year	Domestic shipments	Exports	Total shipments	Ratio (percent) of exports to total shipments <u>1/</u>
Quantity				
1975-----	613	7	620	1.2
1976-----	719	14	732	1.9
1977-----	751	6	757	.8
Value				
1975-----	281	3	284	1.1
1976-----	343	6	349	1.8
1977-----	380	3	383	.8
Unit value				
1975-----	\$22.89	\$22.30	\$22.88	-
1976-----	23.86	23.52	23.86	-
1977-----	25.27	24.63	25.27	-

1/ Calculated from the unrounded figures.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission by domestic producers of uncoated free sheet offset paper.

Note.--Because of rounding, figures may not add to the totals shown.

Table 2.--Commodity offset paper (60 pound basis weight): Average lowest net selling prices received by U.S. producers for their paper and by importers (paper merchants) for their imports from Canada, by types of sale and by quarters, 1975-77

(Per hundredweight)					
Period	Producers'		Importers'		
	price <u>1/</u> for--		price <u>2/</u> for--		
	Roll sales	Sheet sales	Roll sales	Sheet sales	
1975:					
January-March-----	\$20.00	\$23.60	\$20.48	\$23.94	
April-June-----	19.33	22.91	20.48	24.19	
July-September-----	19.32	22.83	18.99	23.44	
October-December-----	19.57	23.02	19.48	24.19	
1976:					
January-March-----	20.36	23.70	19.82	24.69	
April-June-----	20.68	24.10	19.82	23.69	
July-September-----	20.50	24.12	19.98	23.94	
October-December-----	20.09	24.08	19.98	24.63	
1977:					
January-March-----	20.16	24.00	20.15	24.79	
April-June-----	20.87	25.03	20.82	25.69	
July-September-----	22.17	26.28	20.65	25.13	
October-December-----	21.81	25.73	20.99	25.46	

1/ Net selling price to paper merchants and/or printers or converters.

2/ Net selling price to printers or converters; includes markup by the paper merchants.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission by U.S. producers and importers of uncoated free sheet offset paper.

