Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia

Investigation Nos. 701-TA-470-471 and 731-TA-1169-1170 (Review)

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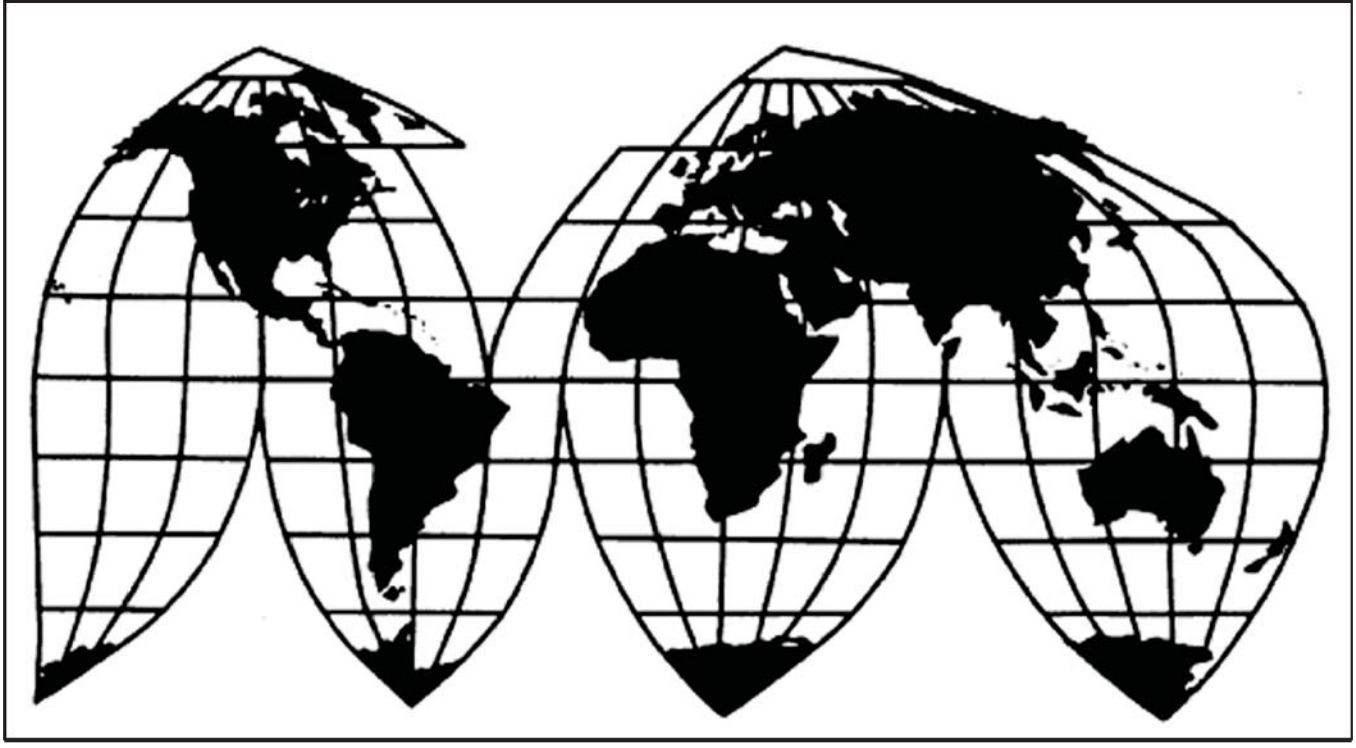
U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-470-471 and 731-TA-1169-1170 (Review)

Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that revocation of the countervailing and antidumping duty orders on certain coated paper suitable for high-quality graphics using sheet-fed presses from China and Indonesia would 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, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on October 1, 2015 (80 F.R. 59189) and determined on January 4, 2016 that it would conduct full reviews (81 F.R. 1966, January 14, 2016). Notice of the scheduling of the Commission's reviews 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 24, 2016 (81 F.R. 41345). The hearing was held in Washington, DC, on October 27, 2016, 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 countervailing duty and antidumping duty orders on certain coated paper suitable for high-quality print graphics using sheet-fed presses from China and Indonesia would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. Background

Original Investigations: In response to countervailing and antidumping duty petitions filed on September 23, 2009, by Appleton Coated, LLC ("Appleton"), NewPage Corp. ("NewPage"), and Sappi Fine Paper North America, domestic producers of coated paper, and the United Steel, Paper and Forestry, Rubber Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (the "USW"), which represents workers involved in the production of coated paper, the Commission determined on November 10, 2010, that a domestic industry was threatened with material injury by reason of subject imports from China and Indonesia.[1] The U.S. Department of Commerce ("Commerce") issued antidumping and countervailing duty orders on November 17, 2010.[2]

These reviews: On October 1, 2015, the Commission instituted the present reviews pursuant to section 751(c) of the Act.[3] The Commission received a joint response to the notice of institution filed by Verso Corporation ("Verso"), S.D. Warren Company d/b/a/ Sappi North America ("Sappi"), and Appleton, domestic producers of coated paper, and the USW

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[1] Confidential Report ("CR") at I-3; Public Report ("PR") at I-2 – I-3; *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia*, Inv. Nos. 701-470-471 and 731-TA-1169-1170 (Final), USITC Pub. 4192 (Nov. 2010) ("*Original Investigations*") and Confidential Views, EDIS Doc. 569540. Commissioner Lane determined that the domestic industry was materially injured by reason of cumulated subject imports.

[2] 75 Fed. Reg. 70201 (countervailing duty order on subject imports from China); 75 Fed. Reg. 70203 (antidumping duty order on subject imports from China); 75 Fed. Reg. 70205 (antidumping duty order on subject imports from Indonesia); 75 Fed. Reg. 70206 (countervailing duty order on subject imports from Indonesia). Commerce subsequently issued a correction to its final affirmative countervailing duty determination and order on subject imports from China on December 6, 2010. 75 Fed. Reg. 75663. The Commission's determinations were challenged before the United States Court of International Trade, and on December 21, 2012, the court issued an opinion affirming the Commission's affirmative threat determination in all respects. *See Gold East Paper (Jiangsu) Co. v. United States*, 896 F. Supp. 2d 1242 (Ct. Int'l Trade 2012). The decision of the Court of International Trade was not appealed. In addition, the government of Indonesia initiated dispute resolution proceedings concerning the Commission's affirmative determinations before the World Trade Organization, which are pending.

[3] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses; Institution of Five-Year Reviews*, 80 Fed. Reg. 59189 (Oct. 1, 2015).

(collectively "Domestic Producers"). The Commission also received a joint response to the notice of institution filed on behalf of PT. Pabrik Kertas Tjiwi Kimia Tbk ("Tjiwi Kimia") and PT. Pindo Deli Pulp and Paper Mills ("Pindo Deli"), producers and exporters of subject merchandise from Indonesia. The Commission did not receive a response to the notice of institution from any producer or exporter of subject merchandise in China.[4]

On January 4, 2016, the Commission determined to conduct full reviews pursuant to section 751(c)(5) of the Act. The Commission found the domestic interested party group response to its notice of institution was adequate. It also found the respondent interested party group response with respect to the reviews on subject imports from Indonesia was adequate. Accordingly, the Commission determined to proceed to full reviews of the orders on subject merchandise from Indonesia. The Commission further found the respondent interested group response with respect to the reviews on subject imports from China to be inadequate. The Commission, however, decided to conduct full reviews of the orders on subject imports from China to promote administrative efficiency in light of its decision to conduct full reviews of the orders on subject merchandise from Indonesia.[5]

The Commission received prehearing and posthearing submissions from Domestic Producers. The Commission also received prehearing and posthearing submissions from Tjiwi Kimia and Pindo Deli, as well as PT. Indah Kiat Pulp & Paper Tbk ("Indah Kiat"), which is also a producer and exporter of subject merchandise from Indonesia (collectively the "Indonesian Industry"). Representatives of Domestic Producers and the Indonesian Industry appeared at the Commission's hearing accompanied by counsel. A representative from the Embassy of Indonesia appeared at the Commission's hearing as well.

U.S. industry data are based on the questionnaire responses of 17 U.S. producers of certain coated paper[6] that are believed to account for the vast majority of domestic production of that product in 2015.[7] U.S. import data and related information are based on proprietary Customs data and the questionnaire responses of 19 U.S. importers of certain coated paper

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[4] Explanation of Commission Determination on Adequacy (EDIS Doc. 522436).

[5] *Id.*

[6] The term "certain coated paper," or "CCP," refers to both CCP in sheet form as well as CCP in sheeter rolls, which is consistent with the domestic like product that the Commission defined in the original investigations. *Original Investigations*, USITC Pub. 4192 at 11; *see also* CR at I-1 n.2; PR at I-1 n.2. We note, however, that the Commission in the original investigations also used the term CCP to refer to the product more broadly in the U.S. market. *See, e.g., Original Investigations*, USITC Pub. 4192 at 22 (using "CPP" to refer to the product in the U.S. market generally, including imports). The term "free sheet CCP" refers to merchandise that matches the description of subject merchandise by the Department of Commerce ("Commerce"), set forth below in section II.A., and as such, may refer to either subject merchandise or the domestic like product in sheet form. The term "sheeter roll CCP" refers to CCP in sheeter rolls that otherwise matches Commerce's scope definition; as such, it can refer to either the domestic like product or out-of-scope imported merchandise. CR at I-1 n.2; PR at I-1 n.2. The parties have not necessarily conformed to these same conventions in their briefs, and in summarizing party arguments, we have generally used the same terminology as the parties.

[7] CR at I-37 – I-38; PR at I-29.

that accounted for *** percent, by value, of subject U.S. imports during ***,[8] and for the vast majority of U.S. imports of certain coated paper from nonsubject sources in 2015.[9] Foreign industry data and related information regarding the industry in China are based on the questionnaire responses of five producers and exporters of free sheet CCP in China, which are believed to account for approximately *** of the production of subject merchandise in China during the January 2010 to June 2016 review period.[10] Foreign industry data and related information regarding the industry in Indonesia are based on the questionnaire responses of three producers and exporters of free sheet CCP in Indonesia, which are believed to account for all production of subject merchandise in Indonesia during the review period.[11]

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."[12] 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."[13] 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.[14]

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

> [C]ertain coated paper and paperboard in sheets suitable for high quality print graphics using sheet-fed presses; coated on one or both sides with kaolin (China or other clay), calcium carbonate, titanium dioxide, and/or other inorganic substances; with or without a binder; having a GE brightness level of 80 or

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[8] CR at IV-1 n.2; PR at IV-1 n.2.

[9] CR/PR at Table I-8.

[10] CR at IV-11 & n. 23; PR at IV-8 n.23.

[11] CR at IV-11 – IV-12; PR at IV-8 – IV-9.

[12] 19 U.S.C. § 1677(4)(A).

[13] 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).

[14] *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).

higher; weighing not more than 340 grams per square meter; whether gloss grade, satin grade, matte grade, dull grade, or any other grade of finish; whether or not surface-colored, surface-decorated, printed (except as described below), embossed, or perforated; and irrespective of dimensions (Certain Coated Paper).

Certain Coated Paper includes: (a) coated free sheet paper and paperboard that meets this scope definition; (b) coated groundwood paper and paperboard produced from bleached chemi-thermo-mechanical pulp (BCTMP) that meets this scope definition; and (c) any other coated paper and paperboard that meets this scope definition.

Certain Coated Paper is typically (but not exclusively) used for printing multicolored graphics for catalogues, books, magazines, envelopes, labels and wraps, greeting cards, and other commercial printing applications requiring high quality print graphics.

Specifically excluded from the scope are imports of paper and paperboard printed with final content printed text or graphics.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States (HTSUS): 4810.14.11, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.6000, 4810.14.70, 4810.19.1100, 4810.19.1900, 4810.19.2010, 4810.19.2090, 4810.22.1000, 4810.22.50, 4810.22.6000, 4810.22.70, 4810.29.1000, 4810.29.5000, 4810.29.6000, 4810.29.70, 4810.32, 4810.39 and 4810.92. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these orders is dispositive.[15] [16]

The scope differs from that in the original investigations in that the third and fourth paragraphs have been added. In addition, Commerce conducted a scope inquiry in September

[15] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia and the People's Republic of China: Final Results of Expedited First Sunset Reviews of the Antidumping Duty Orders*, 81 Fed. Reg. 907 (Dep't of Comm. Jan. 8, 2016) (footnotes omitted) & Accompanying Issues and Decisions Memorandum at 2-3. One of the key measurements of any grade of paper is brightness. Generally speaking, the brighter the paper the better the contrast between the paper and the ink. Brightness is measured using a GE Reflectance Scale, which measures the reflection of light off of a grade of paper. One is the lowest reflection, or what would be given to a totally black grade, and 100 is the brightest measured grade.

[16] In this section, we have used the terms "certain coated paper," or "CCP," to be consistent with Commerce's scope, which uses the term to apply to subject merchandise, as well as the Commission report, which uses the term generally in its description of the subject product. *See* CR at I-24 – I-34; PR at I-20 – I-27.

2012, in which it determined that packaging paperboard products with a thickness of 310 µm or more and a density of less than .70 g/cm^3 are not suitable for high-quality print graphics, and were therefore outside the scope.[17]

CCP is coated on one or both sides with kaolin (China or other clay), calcium carbonate, titanium dioxide, and/or other inorganic substances. Paper and paperboard coated with these substances have a better printing surface than uncoated paper and paperboard. Other important physical characteristics of certain coated paper include (1) brightness, (2) basis weight, (3) finish, (4) opacity, (5) smoothness, and (6) caliper.[18] Certain coated paper includes the following categories of paper products: (1) coated paper other than coated paperboard, (2) coated paperboard used in the commercial printing industry as "cover" stock, and (3) coated packaging paperboard.[19]

Many of the production facilities of U.S. producers of CCP are integrated operations, producing CCP in one continuous process from the harvested log to the intermediate product (pulp) to the final paper product. The production process is similar for all the integrated producers.[20] CCP is produced and sold in the United States in both sheeter rolls and in sheets. These terms are generally defined as follows:

Free sheet CCP – coated paper other than coated packaging paperboard and coated packaging paperboard that have been sheeted (cut) into certain sheet sizes from sheeter rolls by paper producers or by independent converters for use in sheet-fed presses. These presses generally print only one side of the sheet at a time and tend to have smaller print runs. Sheets have high moisture levels and certain mechanical properties that allow them to run through a sheet-fed press without curling or losing print and color fidelity.

Sheeter roll CCP – rolls of coated paper other than coated packaging paperboard and coated packaging paperboard intended to be sheeted into various sheet sizes by paper producers or independent converters. Sheeter roll CCP and free sheet CCP are identical in physical characteristics but for the sheeting process.[21]

a. The Original Investigations

In the original investigations, the Commission defined the domestic like product to be coated paper meeting the physical specifications of Commerce's scope definition (free sheet

[17] CR at I-17 – I-18; PR at I-14 – I-15. Paperboard refers to certain coated paper that is heavier, thicker and more rigid than coated paper which otherwise meets the product description. In the context of certain coated paper, paperboard typically is referred to as "cover," to distinguish it from "text."

[18] CR at I-24 – I-26; PR at I-20.

[19] CR at I-26 – I-28; PR at I-22.

[20] CR at I-29 – I-32; PR at I-24.

[21] CR at I-32; PR at I-26.

CCP), as construed by the Commission, and CCP sheeter rolls.[22] In reaching this definition, the Commission considered several issues.

First, the Commission considered whether coated paper and paperboard were separate like products. The Commission observed that both were used in commercial printing applications and that there was overlap in physical characteristics such as brightness, basis weight, and caliper. The Commission further observed that both were considered broadly interchangeable in the market, were sold in similar channels of distribution, and were typically produced using similar processes and equipment, although usually made by different producers. Finding that there was no clear dividing line between coated paper and paperboard that it construed to be within the scope definition, the Commission did not define coated paper and paperboard as separate domestic like products.[23]

The Commission next addressed whether to include CCP sheeter rolls in the domestic like product. Applying its semifinished product analysis, the Commission found that virtually all CCP sheeter rolls were used in the production of coated paper and that there was, at most, a small market for CCP sheeter rolls. The Commission further found that CCP sheeter rolls represented a substantial proportion of the cost and value of the finished product, undergoing only one other production step before transformation into free sheet CCP. Accordingly, the Commission defined the domestic like product to include CCP sheeter rolls.[24]

Finally, the Commission considered whether to include web rolls in the definition of the domestic like product. The Commission observed that there were some similarities between CCP in free sheets or sheeter rolls and web rolls; in particular, they had similar channels of distribution, were produced using the same processes and equipment, and were used in similar printing applications. Nevertheless, the Commission found a clear dividing line between these products. Specifically, the Commission found that each was produced to meet the distinct requirements of particular printing presses, and therefore, differed physically from one another in terms of moisture content, porosity, and mechanical characteristics such as flatness. The Commission further found that they were not broadly interchangeable, priced differently, and not perceived by market participants to be broadly similar. In addition, the Commission observed that web rolls held a substantial amount of paper and weighed one to five tons. Consequently, the Commission did not include web rolls within the domestic like product.[25]

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[22] *Original Investigations*, USITC Pub. 4192 at 6-11; Confidential Views at 16. In addressing Commerce's scope definition, the Commission noted that there was a dispute concerning the extent to which the scope language specifying that in-scope merchandise must be "suitable for high quality print graphics" served to limit in-scope paperboard to commercial printing applications and would not include paperboard used for packaging. Observing that Commerce had not resolved the issue at the time of the Commission's determinations, the Commission construed the scope language to include paperboard otherwise meeting the physical specifications set forth in the scope, even if such paperboard was used for packaging, rather than only for commercial printing. *Original Investigations*, USITC Pub. 4192 at 4-6; Confidential Views at 6-8.

[23] *Original Investigations*, USITC Pub. 4192 at 6-7; Confidential Views at 8.

[24] *Original Investigations*, USITC Pub. 4192 at 7; Confidential Views at 9.

[25] *Original Investigations*, USITC Pub. 4192 at 7-11; Confidential Views at 9-16.

b. The Current Reviews

Domestic Producers and the Indonesian Industry contend that the Commission should continue to adopt the same definition of the domestic like product as in the original investigations.[26]

There is no information obtained during these reviews that would suggest any reason to revisit the domestic like product definition from the original investigations. The record in these reviews indicates no material changes in pertinent product characteristics.[27] Consequently, for the reasons articulated in the original investigations, we define the domestic like product as coated paper meeting the physical specifications of Commerce's scope definition, as well as its scope inquiry determination (free sheet CCP), and CCP sheeter rolls.

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."[28] 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 these reviews, there are two sets of domestic industry issues. The first concerns whether converters engage in sufficient production-related activities to be included in the domestic industry. The second concerns whether appropriate circumstances exist to exclude from the domestic industry pursuant to the statutory related party provision a converter that also imported subject merchandise during the period of review.

1. Sufficient Production-Related Activities

In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm's U.S. production-related activities, although production-related activity at minimum levels could be insufficient to constitute domestic production.[29]

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[26] Domestic Producers' Prehearing Br. at 6-7; Indonesian Industry's Prehearing Br. at 5-6.

[27] *See generally* CR at I-24 – I-37; PR at I-20 – I-29.

[28] 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.

[29] The Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems (Continued…)

In the original investigations, the Commission addressed whether converters of sheeter rolls engaged in sufficient production-related activities to be considered domestic producers. After analyzing the nature of converters' operations, and emphasizing converters' substantial capital investments and employment, the Commission determined to include converters in the domestic industry.[30]

The record in the current reviews indicates no material changes in the nature of converters' operations.[31] Further, no party argues that converters should not be included in the domestic industry. Consequently, for the reasons articulated in the original investigations, we again include firms that convert CCP sheeter rolls into free sheet CCP in the domestic industry.

2. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[32] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[33]

In the original investigations, the Commission did not exclude any related parties. It observed that, although two converters purchased subject merchandise during the period of

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(…Continued)
relevant in light of the specific facts of any investigation. *Crystalline Silicon Photovoltaic Cells and Modules from China*, Inv. Nos. 701-TA-481 and 731-TA-1190 (Final), USITC Pub. 4360 at 12-13 (Nov. 2012).

[30] *Original Investigations*, USITC Pub. 4192 at 12.

[31] *See generally* CR at I-33 – I-34; PR at I-26 – I-27.

[32] *See Torrington Co v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.,* 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[33] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see *also Torrington Co. v. United States*, 790 F. Supp. at 1168.

investigation, appropriate circumstances did not exist to exclude either converter from the domestic industry because the quantities of each firm's purchases were small.[34]

In these reviews, domestic producer *** is a converter and a related party because it imported subject merchandise from Indonesia in 2010.[35] Domestic producers reserved the right to argue for *** exclusion from the domestic industry, depending upon its financial data.[36] ***, however, did not provide usable financial data in these reviews, although it provided other usable data, and the Domestic Producers did not submit further arguments concerning this firm.[37] The Indonesian Industry has not argued for the exclusion of any domestic producer from the domestic industry.

We find that appropriate circumstances do not exist to exclude *** from the domestic industry. ***'s production of free sheet CCP accounted for only *** percent of U.S. free sheet CCP production in 2015.[38] It imported *** short tons of subject merchandise from Indonesia in 2010, and did not import subject merchandise thereafter.[39] It takes *** with respect to the orders on subject merchandise from China and Indonesia.[40] While *** imports of subject merchandise *** its domestic production in 2010, *** did not import subject merchandise in subsequent years, and its domestic production subsequently increased, albeit at fluctuating levels.[41] Additionally, it is such a small producer that its inclusion could not skew trade or employment data for the domestic industry; as previously discussed, it did not submit usable financial data. Moreover, no party has advocated for its exclusion.

Accordingly, we define the domestic industry as all domestic producers of the domestic like product, which includes free sheet CCP and CCP sheeter rolls.

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 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

[34] *Original Investigations*, USITC Pub. 4192 at 12-13.
[35] CR at III-13 – III-14, III-21; PR at III-8 – III-9.
[36] Domestic Producers' Prehearing Br. at 7.
[37] CR/PR at III-1 n.2; CR at III-27 n.23; PR at III-16 n.23.
[38] CR/PR at Table I-6.
[39] CR/PR at Table III-11.
[40] CR/PR at Table I-6.
[41] CR/PR at Table III-11. *** ratio of imports of free sheet CCP from Indonesia to domestic production was *** percent in 2010. *Id.*

determines that such imports are likely to have no discernible adverse impact on the domestic industry.[42]

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.[43] 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.

In the original investigations, the Commission exercised its discretion to cumulate subject imports from China and Indonesia for purposes of its threat analysis.[44] The Commission concluded there was a reasonable overlap of competition among subject imports and the domestic like product during the period of investigation.[45] It further found that subject imports from China and Indonesia were likely to compete under similar conditions of competition in the U.S. market in the imminent future.[46] Specifically, the Commission found that during the period of investigation imports from each subject country showed similar volume trends and undersold the domestic like product in the majority of quarterly comparisons. Moreover, the Commission emphasized that some of the subject producers in China and Indonesia were affiliated under the corporate umbrella of Asia Pulp & Paper Co., Ltd. ("APP"), and those firms had the ability to shift exports to the United States from one subject country to the other.[47]

In these reviews, Domestic Producers argue that the Commission should cumulate subject imports from China and Indonesia because imports from each country are likely to have more than a discernible adverse impact if the orders are revoked, there will be a reasonable overlap of competition between subject imports and the domestic like product, and there is no indication that imports from these countries would compete under different conditions of

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[42] 19 U.S.C. § 1675a(a)(7).

[43] 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).

[44] *Original Investigations*, USITC Pub. 4192 at 15-17.

[45] *Original Investigations*, USITC Pub. 4192 at 15-16.

[46] *Original Investigations*, USITC Pub. 4192 at 16-17.

[47] *Original Investigations*, USITC Pub. 4192 at 16-17.

competition if the orders are revoked.[48] The Indonesian Industry argues that the Commission should not cumulate subject imports from Indonesia with subject imports from China because subject imports from Indonesia are likely to have no discernible impact, or alternatively will compete under different conditions of competition, if the orders are revoked.[49]

B. Likelihood of No Discernible Adverse Impact

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.[50] Neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[51] With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

China. In the original investigations, the Commission received questionnaire responses from ten producers of free sheet CCP in China accounting for approximately *** percent of production of subject merchandise in 2009 and approximately *** percent of exports from China to the United States.[52] This included the following APP producers in China, which accounted for *** percent of reported production of subject merchandise in 2009: Gold East Paper (Jiangsu) Co., Ltd., Gold Huasheng Paper Co., Ltd., Ningbo Zhonghua Paper Co., Ltd., and Ningbo Asia Pulp & Paper Co., Ltd.[53] Subject imports from China increased during the period of investigation, but were lower in the January-June ("interim") period of 2010 than in the same period in 2009. Specifically, as a share of the quantity of apparent U.S. consumption, subject imports from China rose slightly from 2007 to 2008, increased at a greater rate from 2008 to 2009, and were significantly lower in interim 2010 than in interim 2009 as a direct result of the pending investigations.[54] As a share of the U.S. market, these imports accounted for 12.1 percent in 2007, 12.5 percent in 2008, 15.6 percent in 2009, 17.9 percent in interim 2009 and 5.7 percent in interim 2010.[55]

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[48] Domestic Producers' Prehearing Br. at 7-40; Posthearing Br. at 1, 2-9 & Responses to Commission Questions (Chairman Williamson Questions 1,3; Commissioner Pinkert Question 3; Commissioner Kieff Question 2; Commissioner Schmidtlein Question 1); Final Comments at 1-14.

[49] Indonesian Industry's Prehearing Br. at 8-11, 12-35; Posthearing Br. at 1, 3-7 & Responses to Commission Questions at 1-18; Final Comments at 1-14.

[50] 19 U.S.C. § 1675a(a)(7).

[51] SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

[52] *Original Investigations*, USITC Pub. 4192 at 1 & Confidential Views at 1-2 & VII-3 – VII-5.

[53] *Original Investigations*, USITC Pub. 4192 at 1 & Confidential Views at 1.

[54] *Original Investigations*, USITC Pub. 4192 at 16, 27 & Confidential Views at 22, 37.

[55] *Original Investigations*, USITC Pub. 4192 at Table C-3.

In the current reviews, the Commission received a joint response to its questionnaire from five producers in China, all of which are affiliated with APP: Gold East Paper (Jiangsu) Co., Ltd., Gold Huasheng (SuZhou Industrial Park) Co., Ltd., Ningbo Asia Pulp & Paper Co., Ltd., Ningbo Zhonghua Paper Co., Ltd., and Hainan Jinhai Pulp and Paper Co., Ltd. (collectively "APP-China").[56] These firms are believed to account for approximately *** of the production of subject merchandise in China during the review period.[57]

During the period of review, APP-China's production of subject merchandise increased steadily from *** short tons in 2010 to *** short tons in 2014 before declining to *** short tons in 2015; it was *** short tons in January-June ("interim") 2015 and *** short tons in interim 2016.[58] APP-China's capacity increased from *** short tons in 2010 to *** short tons in 2011 and remained at that level during the subsequent years; capacity was *** short tons in both interim periods.[59] APP-China's reported capacity utilization rate fluctuated during the period of review, declining from *** percent in 2010 to *** percent in 2011, then increasing steadily to *** percent in 2014 before falling to *** percent in 2015; it was *** percent in interim 2015 and *** percent in interim 2016.[60] Although APP-China did not export free sheet CCP to the United States during the period of review,[61] its total export shipments increased from *** short tons in 2010 to *** short tons in 2014 before falling to *** short tons in 2015; its total export shipments were *** short tons in interim 2015 and *** short tons in interim 2016.[62] Export shipments as a share of total shipments fluctuated during the period of review, falling from *** percent in 2010 to *** percent in 2011 and then increasing to *** percent in 2014 before decreasing to *** percent in 2015; exports accounted for *** percent and *** percent of total shipments in interim 2015 and interim 2016, respectively.[63]

Publicly available data indicate that three producers in China that did not respond to the Commission's questionnaire added capacity to produce free sheet CCP during the period of

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[56] CR at IV-11; PR at IV-8.

[57] CR at IV-11 & n. 23; PR at IV-8 n.23.

[58] CR/PR at Table IV-5.

[59] CR/PR at Table IV-5.

[60] CR/PR at Table IV-5. APP-China also reported its overall production and capacity for machinery that is used to produce free sheet CCP as well as ***. CR at IV-20; PR at IV-12. APP-China's overall capacity increased from *** short tons in 2010 to *** short tons in 2011 and remained at that level in the subsequent years; it was *** short tons in both interim periods. CR/PR at Table IV-6. Its overall capacity utilization rate fluctuated during the period of review, starting at *** percent in 2010 before increasing to *** percent in 2015; it was *** percent in interim 2015 and *** percent in interim 2016. *Id.* APP-China's production of free sheet CCP as a share of total production decreased by *** percentage points from 2010 to 2015. CR at IV-20; PR at IV-12.

[61] Although APP-China did not report shipments of subject merchandise during the period of review, *see* CR/PR at Table IV-5, historical statistics for January-June 2010 from the original investigations reflect imports of free sheet CCP from China in 2010. CR at I-7 n.19; PR at I-5 n.19; CR/PR at Table C-1.

[62] CR/PR at Table IV-5.

[63] CR/PR at Table IV-5.

review.[64] Further, RISI, a pulp and paper industry research firm, estimated that from 2010 to 2015 coated free sheet[65] capacity, production, and demand in China grew by *** percent, *** percent, and *** percent, respectively, while excess capacity *** and capacity utilization decreased from *** to *** percent.[66]

In the original investigations, subject imports from China undersold the domestic like product in 39 of 42 comparisons at margins ranging from 1.5 percent to 25.2 percent.[67] During the current review period, no pricing data were submitted regarding subject imports from China.[68]

In light of the foregoing, we do not find that subject imports from China would likely have no discernible adverse impact on the domestic industry if the antidumping duty and countervailing duty orders on these imports were revoked.

Indonesia. In the original investigations, the Commission received questionnaire responses from three producers of free sheet CCP in Indonesia accounting for approximately *** percent of production of subject merchandise in 2009 and approximately *** percent of exports from Indonesia to the United States.[69] They were APP producers PT. Pindo Deli Pulp and Paper Mills; PT. Pabrik Kertas Tjiwi Kimia, Tbk; and PT. Indah Kiat Pulp & Paper Tbk.[70] Subject imports from Indonesia increased during the period of investigation, but were lower in interim 2010 than in interim 2009. Specifically, as a share of the quantity of apparent U.S. consumption, subject imports from Indonesia rose slightly from 2007 to 2008, increased at a greater rate from 2008 to 2009, and were significantly lower in interim 2010 than in interim 2009, with the steep decline being the direct result of the pending investigations.[71] As a share of the U.S. market, these imports accounted for 1.8 percent in 2007, 2.0 percent in 2008, and 2.7 percent in 2009; they accounted for 1.9 percent in interim 2009 and 1.1 percent in interim 2010.[72]

In the current reviews, the Commission received a joint response to its questionnaire from three producers in Indonesia affiliated with APP: Pindo Deli, Tjiwi Kimia, and Indah Kiat (collectively the Indonesian Industry or "APP-Indonesia").[73] These firms are believed to account for all of the production of subject merchandise in Indonesia during the review period.[74]

APP-Indonesia's production of subject merchandise decreased irregularly during the period of review, from *** short tons in 2010 to *** short tons in 2015; it was *** short tons in

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[64] CR at IV-13; PR at IV-9.

[65] Coated free sheet, as defined by RISI, includes sheeter roll CCP and coated paper web rolls but does not include packaging paperboard. CR at IV-43 n.60; PR at IV-25 n.60.

[66] CR at IV-43; PR at IV-26.

[67] *Original Investigations*, USITC Pub. 4192 at V-19.

[68] CR at V-6 n.11; PR at V-5 n.11.

[69] *Original Investigations*, USITC Pub. 4192 at 1 & Confidential Views at 1-2 & VII-13.

[70] *Original Investigations*, USITC Pub. 4192 at 1 & Confidential Views at 1.

[71] *Original Investigations*, USITC Pub. 4192 at 16, 27 & Confidential Views at 22, 37.

[72] *Original Investigations*, USITC Pub. 4192 at Table C-3.

[73] CR at IV-11; PR at IV-8.

[74] CR at IV-11; PR at IV-8.

interim 2015 and *** short tons in interim 2016.[75] Its reported capacity also decreased irregularly from *** short tons in 2010 to *** short tons in 2015; it was *** short tons in both interim periods.[76] APP-Indonesia's reported capacity utilization rate fluctuated during the period of review, starting at *** percent in 2010 before declining irregularly to *** percent in 2015; it was *** percent in interim 2015 and *** percent in interim 2016.[77] APP-Indonesia did not report exporting free sheet CCP to the United States during the period of review,[78] and its total export shipments decreased irregularly from *** short tons in 2010 to *** short tons in 2015; its total export shipments were *** short tons in interim 2015 and *** short tons in interim 2016.[79] Export shipments as a share of total shipments fluctuated during the period of review, declining irregularly from *** percent in 2010 to *** percent in 2015; exports accounted for *** percent and *** percent of total shipments in interim 2015 and interim 2016, respectively.[80]

In addition to the production and capacity data reported by APP-Indonesia, the record contains estimates from RISI that from 2010 to 2015 coated free sheet[81] capacity and demand in Indonesia grew by *** percent and *** percent, respectively, while production declined by *** percent, excess capacity ***, and capacity utilization decreased from *** percent to *** percent.[82]

In the original investigations, subject imports from Indonesia undersold the domestic like product in nine of 16 comparisons at margins ranging from 2.6 percent to 14.4 percent.[83] During the current review period, pricing data for subject imports from Indonesia indicate that subject imports undersold the domestic like product in one of four comparisons at a margin of

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[75] CR/PR at Table IV-11.

[76] CR/PR at Table IV-11.

[77] CR/PR at Table IV-11. APP-Indonesia also reported its overall production and capacity for machinery that is used to produce free sheet CCP as well as ***. CR at IV-34; PR at IV-19. APP-Indonesia's overall capacity remained constant from 2010 to 2015 at *** short tons; it was *** short tons in both interim periods. CR/PR at Table IV-12. Its overall capacity utilization rate declined irregularly from 2010 to 2015, starting at *** percent in 2010 before declining to *** percent in 2015; it was *** percent in interim 2015 and *** percent in interim 2016. *Id.* APP-Indonesia's production of free sheet CCP as a share of total production decreased by *** percentage points from 2010 to 2015. CR at IV-34; PR at IV-19.

[78] Although APP-Indonesia did not report shipments of subject merchandise during the period of review, *see* CR/PR at Table IV-11, historical statistics for January-June 2010 from the original investigations reflect imports of free sheet CCP from Indonesia in 2010. CR at I-7 n.19; PR at I-5 n.19 & CR/PR Table C-1. In addition, as discussed above, *** imported *** short tons of subject merchandise from Indonesia in 2010.

[79] CR/PR at Table IV-11.

[80] CR/PR at Table IV-5.

[81] Coated free sheet, as defined by RISI, includes sheeter roll CCP and coated paper web rolls but does not include packaging paperboard. CR at IV-43 n.60; PR at IV-25 n.60.

[82] CR at IV-43 – IV-44; PR at IV-26.

[83] *Original Investigations*, USITC Pub. 4192 at V-19-20.

*** percent.[84] In the remaining three instances, subject imports from Indonesia were priced between *** and *** percent higher than the domestic like product.[85]

We do not find that subject imports from Indonesia would likely have no discernible adverse impact on the domestic industry if the antidumping duty and countervailing duty orders on these imports were revoked. Although there is considerable disagreement on the precise amount of the Indonesian Industry's excess capacity,[86] it is undisputed that the Indonesian Industry has excess capacity[87] and that its export shipments of free sheet CCP accounted for more than half of its total shipments for the entire period of review.[88] It is likewise undisputed that the Indonesian Industry intends to resume shipping free sheet CCP to the U.S. market if the orders are revoked and that it has maintained its presence in the U.S. market by continuing to ship out-of-scope sheeter rolls during the period of review.[89] Indeed, we find that, upon revocation of the orders on Indonesia, the U.S. market is likely to be particularly attractive to the Indonesian Industry given its relatively high prices.[90] Although the Indonesian Industry contends that the volume of subject imports would not exceed the levels observed in the original investigations,[91] we are unable to conclude that the likely volume of subject imports would be so minimal that they would have no discernible adverse impact, particularly given the acknowledgment by the Indonesian Industry that the product is very price

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[84] CR at V-13; PR at V-7.

[85] CR at V-13 – V-14; PR at V-7. We observe that these pricing comparisons were all in 2010 during which time subject imports from Indonesia were exiting the U.S. market as a direct result of the pending investigations. *Original Investigations*, USITC Pub. 4192 at 16, 27 & Confidential Views at 22, 37.

[86] Domestic Producers' Posthearing Br., Response to Commissioner Pinkert's Question 3; Indonesian Industry's Posthearing Br. at 3-7; Final Comments at 6-8.

[87] As discussed above, the Indonesian Industry's reported capacity utilization rate for free sheet CCP fluctuated during the period of review, ranging from *** percent in 2011 to *** percent in 2015, and its overall capacity utilization rate for machines that are used to produce both free sheet CCP and other coated paper products ranged from *** percent in 2010 to *** percent in 2015. CR/PR at Tables IV-11 & IV-12.

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

[89] Tr. at 170 (Gupta).

[90] Questionnaire respondents reported that U.S. prices were higher than prices in other countries, and that prices have fallen in other countries, while U.S. prices have been rising. CR at IV-53; PR at IV-33.

[91] In the original investigations, the market share of subject imports from Indonesia was 1.8 percent in 2007, 2.0 percent in 2008, and 2.7 percent in 2009. CR/PR at Table I-1. To the extent that the Indonesian Industry contends that subject imports from Indonesia were negligible during the original investigations, *see, e.g.,* Tr. at 147 (Morgan), we observe that the Commission found that subject imports from Indonesia accounted for 6.4 percent of total U.S. imports in the 12-month period preceding the filing of the petition, thereby surpassing the applicable negligibility threshold. *Original Investigations*, USITC Pub. 4192 at 19 n.74.

sensitive[92] and that the U.S. market has continued to decline since the original investigations and is expected to decline further in the imminent future.[93]

The parties dispute whether there are barriers that will limit exports of subject merchandise from Indonesia upon revocation. We are not persuaded that any of the obstacles alleged by the Indonesian Industry are likely to limit subject imports from Indonesia to an extent that they would have no discernible adverse impact. In particular, we find that neither the shade[94] nor the sizes[95] of paper produced by the Indonesian Industry are likely to operate as meaningful impediments to its reentry into the U.S. market in the imminent future. The lack of a Forest Stewardship Council ("FSC") certification also will not likely serve as a significant barrier to the Indonesian Industry's reentry into the U.S. market in the foreseeable future, particularly

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[92] Tr. at 154 (Gupta).

[93] CR at II-14; PR at II-9 – II-10; Tr. at 102 (Stewart) (estimating that U.S. demand would decline by less than 1 percent in 2017 and around 1.7 or 1.8 percent in 2018).

[94] The Indonesian Industry contends that it produces a shade of paper that is the preferred shade in its home market as well as in the Indian market but not widely accepted in the U.S. market. Indonesian Industry's Prehearing Br. at 18-20 & Exhibit 13; Posthearing Br. at 1; Final Comments at 10; Tr. 141-42 (Gupta), 149 (Morgan). According to the Indonesian Industry, the Chinese paper industry produces the shade of paper that is preferred in the U.S. market. Tr. at 149 (Gupta). The record, however, indicates that a variety of paper shades are used in the U.S. market and that different shades are optimal in different applications. Indonesian Industry's Prehearing Br. at Exhibit 13, p. 2-3; Domestic Producers' Posthearing Br., Response to Commissioner Kieff Question 2 & Exhibits 1, 2. Moreover, we observe that the shade of paper that Indonesia produces is already accepted by at least those customers that use sheeter rolls from Indonesia. CR/PR at Table IV-1; Tr. at 169-70 (Gupta). Indeed, sheeter rolls from Indonesia appear to have been consistently imported in greater quantities than sheeter rolls from China, which suggests that there is not a widespread preference in the U.S. market for the shade of paper produced by the Chinese industry as opposed to that produced by the Indonesian Industry. CR/PR at Table IV-1.

[95] The Indonesian Industry argues that the machinery at one of its mills, Pindo Deli, is configured so that it does not produce the most common sizes of sheets of paper in the U.S. market without producing mixed grain sheets or high levels of loss. According to the Indonesian Industry, the U.S. market, unlike its home and regional markets, does not accept mixed grain paper. As a result, it claims, the mill cannot sufficiently reduce deckle loss by cutting a jumbo roll into sheeter rolls with different widths. Indonesian Industry's Prehearing Br. at 16-18 & Exhibit 9; Posthearing Br., Responses to Commission Questions at 5-6; Final Comments at 10-13. The record, however, indicates that a variety of sizes of paper are sold in the U.S. market and that the sizes identified by the Indonesian Industry do not account for a majority of the U.S. market. Domestic Producers' Posthearing Br., Response to Commissioner Kieff Question 2 & Exhibits 3, 4. Although some deckle loss is inevitable in cutting jumbo rolls into sheeter rolls, producers can reduce deckle loss by mixing a variety of sizes, including, presumably, mixing sizes that are popular in different markets. Domestic Producers' Posthearing Br., Response to Commissioner Kieff Question 2 & Exhibits 3, 4; Indonesian Industry's Prehearing Br. at Exhibit 9. We further observe that both long and short grain products are sold in the U.S. market. *See, e.g.,* Domestic Producers Posthearing Br., Response to Commissioner Kieff Question 2, Exhibit 4. Even assuming that mixed grain sheets are not acceptable in the U.S. market, the Indonesian Industry has not explained why Pindo Deli could not similarly segregate the grains of sheets it produces.

in light of the *** by APP after it lost its FSC certification that the Commission observed in the original investigations.[96] Nor are we persuaded by the Indonesian Industry's claims that it has been out of the U.S. market and will require time to regain customers. The record indicates that the Indonesian Industry continued to export CCP sheeter rolls into the United States after it ceased exporting free sheet CCP, and it has established Charta Global, LLC as a sales channel for APP's products.[97] Taken together, these factors indicate that the Indonesian Industry has not, in fact, been out of the United States market and is poised to resume shipments of subject merchandise within a reasonably foreseeable future upon revocation of the orders.[98]

Finally, we are not persuaded that upon revocation subject imports from Indonesia will have no discernible adverse impact upon the domestic industry as a result of imports from Indonesia competing with nonsubject imports rather than the domestic like product.[99] In particular, we observe that in the original investigations, although it found that subject imports gained market share at the expense of nonsubject imports from 2007 to 2009, the Commission emphasized that, as subject imports exited the U.S. market in interim 2010, both the domestic like product and nonsubject imports gained market share.[100] We, therefore, do not find that the shifts in market share observed in the original investigations suggest attenuated

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[96] *Original Investigations*, USITC Pub. 4192 at 30, Confidential Views at 42. We further observe that only six of 17 responding purchasers reported requiring environmental certification and that 14 out of 17 responding purchasers reported that environmental compliance is only somewhat important or not important as a purchasing factor. CR at II-22-23; PR at II-16.

[97] CR/PR at Table IV-1; Tr. at 205 (Gupta). We further find that the volume of subject imports is not likely to be significantly constrained by the fact that Charta Global operates out of a single location in California. Indonesian Industry's Final Comments at 5. The record indicates that Charta Global represents that it partners with "[p]rinters, paper merchants, and wholesale distributors throughout North and South America." Domestic Producers' Prehearing Br. at Exhibit 24, attachment 2; *see also id.* at attachment 3 (indicating that Charta Global announced that it supports all major North, South, and Latin American market segments).

[98] We are also not persuaded that the Indonesian Industry will require a significant amount of time to reestablish customer confidence in the quality of its product. *See* Indonesian Industry's Prehearing Br. at 22. Nine out of ten responding purchasers reported that subject merchandise from Indonesia always or usually met minimum quality specifications. CR/PR at Table II-10. Only five of 16 responding purchasers reported any qualification requirements other than environmental certification. CR at II-24; PR at II-16.

[99] Indonesian Industry's Prehearing Br. at 9-11, 22-24 and Exhibit 4.

[100] *Original Investigations*, USITC Pub. 4192 at 39. We further observe that the article provided by the Indonesian Industry in its prehearing brief appears to be consistent with these findings. Although the article ***. Indonesian Industry's Prehearing Br. at Exhibit 4. We further observe that Domestic Producers identified specific accounts, which had been sourcing from subject producers prior to the imposition of the orders, in which the domestic industry gained sales after the orders were imposed. Domestic Producers' Posthearing Br., Response to Commissioner Pinkert Question 1 at 2-3 & Exhibits 1, 2.

competition between the domestic like product and imports such that upon revocation subject imports from Indonesia will have no discernible adverse impact on the domestic industry.[101]

In light of the foregoing, we do not find that subject imports from Indonesia would likely have no discernible adverse impact on the domestic industry if the antidumping duty and countervailing duty orders on these imports were revoked.

C. Likelihood of a Reasonable Overlap of Competition

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.[102] Only a "reasonable overlap" of competition is required.[103] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.[104]

Fungibility. In the original investigations, the Commission found that there appeared to be a reasonable degree of fungibility among subject imports from each country and the domestic like product, observing that the questionnaire responses indicated that market participants perceived the domestic like product and subject imports to be interchangeable.[105]

The record in the current reviews indicates that there would likely be a moderate-to-high degree of substitutability between subject imports from both subject countries and

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[101] We find no evidence in the record that the domestic like product, subject imports, and nonsubject imports are likely to compete in distinct market segments.

[102] 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).

[103] *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).

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

[105] *Original Investigations*, USITC Pub. 4192 at 15.

between subject imports and domestically produced free sheet CCP,[106] which accounts for the majority of U.S. shipments of the domestic like product.[107] The questionnaire responses indicate that market participants perceive domestically produced free sheet CCP and subject imports to be interchangeable. Most responding U.S. producers, importers, and purchasers reported that free sheet CCP from all country pairs is always or frequently interchangeable.[108] Majorities or pluralities of purchasers reported the subject imports from China and the domestic like product to be comparable in eight of 16 non-price-related product characteristics and that the domestic like product was superior in the remaining eight characteristics.[109] Majorities or pluralities found the subject imports from Indonesia and the domestic like product comparable in nine characteristics, and the domestic like product to be superior in four; in the remaining two, equal numbers of purchasers found the domestic like product superior or comparable to the subject imports from Indonesia.[110] Majorities of purchasers found subject imports from China and Indonesia to be comparable to each other in all 16 characteristics.[111]

Channels of Distribution. In the original investigations, the Commission found that the vast majority of U.S. producers' U.S. shipments as well as the vast majority of subject imports from each subject country were sold to merchants/distributors.[112]

In the current reviews, U.S. producers sold the largest share of their free sheet CCP to distributors and a smaller albeit significant share to end users. Subject imports ***.[113] Domestically produced sheeter roll CCP was also sold mainly to distributors, and a smaller share to end users, while out-of-scope sheeter roll CCP from Indonesia was mainly sold to distributors.[114]

Geographic Overlap. In the original investigations, the Commission found that there was geographic overlap of the domestic like product and subject imports in the U.S. market, with domestic producers and importers of merchandise from both subject countries reporting that they served a nationwide market as well as imports from both countries entering the United States through geographically dispersed U.S. ports of entry.[115] In the current reviews, U.S. producers reported selling CCP to all regions of the United States, and one importer of subject merchandise from Indonesia reported that it sold product in ***.[116]

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[106] CR at II-18; PR at II-13.

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

[108] CR at II-29; PR at II-20 & CR/PR at Table II-9.

[109] CR/PR at Table II-8.

[110] CR/PR at Table II-8. We observe that a majority of purchasers found subject imports from Indonesia comparable to the domestic like product with respect to the factors of product consistency, product range, and quality meets industry standards. *Id.*

[111] CR/PR at Table II-8.

[112] *Original Investigations*, USITC Pub. 4192 at 16.

[113] CR/PR at II-1 & n.2.

[114] CR/PR at II-1.

[115] *Original Investigations*, USITC Pub. 4192 at 15.

[116] CR/PR at II-3 & Table II-2.

Simultaneous Presence in Market. In the original investigations, the Commission found that the domestic like product and subject imports were simultaneously present in the U.S. market throughout the period of investigation.[117] In the current reviews, the domestic like product was present in each year of the period of review.[118] Although subject imports were only present in 2010, out-of-scope imports of CCP sheeter rolls from both Indonesia and China were present in each year of the period of review.[119]

Conclusion. The record in these reviews indicates that there has not been any significant change in the considerations that led the Commission in the original investigations to conclude that there was a reasonable overlap of competition between imports from both subject sources and between imports from each subject country and the domestic like product. In particular, the domestic like product and imports from each subject country remain fungible. Upon revocation, subject imports from each source would likely have common channels of distribution, geographic overlap, and simultaneous presence in the market as they did prior to the imposition of the orders. To the extent that the Indonesian Industry argues that the shade of paper it produces would limit its interchangeability with the domestic like product and subject imports from China, we observe that this does not appear to have changed the perceptions of market participants regarding interchangeability, as discussed above. Moreover, we observe that it appears that a higher volume of CCP sheeter rolls was imported from Indonesia rather than from China.[120] Consequently, we find that there will be a likely reasonable overlap of competition between the domestic like product and subject imports, and among imports from the different subject countries, should the orders be revoked.

D. Likely Conditions of Competition

In determining whether to cumulate subject imports, we assess whether subject imports from China and Indonesia would likely compete under similar or different conditions of competition.

There are a number of similarities between the free sheet CCP industries in China and Indonesia. As demonstrated above, both industries have roughly similar capacity utilization rates and, based on available questionnaire data, some excess capacity. Export shipments from both the Indonesian Industry and the Chinese industry constitute a sizable share of their respective total shipments.

Moreover, the subject industries in China and Indonesia are likely to be similarly motivated to resume shipments of free sheet CCP to the U.S. market in the foreseeable future if the orders are revoked. Of particular significance, the entire Indonesian Industry and approximately *** of the Chinese industry fall under the corporate umbrella of APP. Both APP-Indonesia and APP-China have demonstrated a continued interest in participating in the U.S.

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[117] *Original Investigations*, USITC Pub. 4192 at 16.
[118] CR/PR at Table C-1.
[119] CR/PR at Table IV-1.
[120] CR/PR at Table IV-1.

market. As discussed above, the Indonesian Industry has confirmed explicitly that it intends to resume shipments of the subject merchandise to the United States in the event that the orders are revoked. In addition, both APP-Indonesia and APP-China have shown that their interest in the U.S. market persists notwithstanding the imposition of the orders by continuing to export CCP sheeter rolls into the United States as well as by establishing Charta Global. Indeed, the consolidation of both APP affiliates into this single, unified sales channel underscores that they will be competing under similar conditions upon revocation.

The Indonesian Industry contends that it and the Chinese industry will operate in the U.S. market under different conditions of competition upon revocation. It claims that the evidence supporting this finding is that APP mills do not have the capability to shift sales, that APP mills in China are operating at high levels of capacity utilization, that the Indonesian shade of paper is different from that produced in China, that pricing differences in the original investigations suggested different conditions of competition existed, and that the Indonesian Industry accounts for a small share of global production in contrast to China.[121] These arguments are unpersuasive.

First, we disagree that the respective behavior of the two industries during the original investigations indicates that different conditions of competition existed at that time or exist presently. Although there may have been some differences in the instances and magnitude of underselling, the Commission in the original investigations found similarities in volume trends and pricing for imports from the two countries and exercised its discretion to cumulate those imports for purposes of its threat determination.[122] As the Commission explained, the imports from each subject country showed similar volume trends, and subject imports from both China and Indonesia each undersold the domestic like product in the majority of quarterly comparisons.[123] Consequently, the behavior of subject imports during the original investigations supports a finding that subject imports from each country are likely to compete under similar conditions of competition in the U.S. market in the absence of the orders, contrary to the contentions of the Indonesian Industry.[124]

In the same vein, we do not find that any differences in the respective sizes of the industries, both in absolute terms and relative to global production, demonstrate that the two industries will compete differently in the U.S. market upon revocation. As illustrated above, the industries in both subject countries have excess capacity, ship sizable volumes of exports relative to total shipments, and have demonstrated continued interest in participating in the U.S. market. We find that these similarities outweigh any differences in the respective sizes of the two industries and demonstrate that they are likely to compete under similar conditions of competition upon revocation.

Finally, we do not find that the ability or inability of APP to shift exports from one source country to another to be particularly relevant in these reviews. Although the Commission

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[121] Indonesian Industry's Posthearing Br. at 1-7; Prehearing Br. at 27-35.
[122] *Original Investigations*, USITC Pub. 4192 at 16.
[123] *Original Investigations*, USITC Pub. 4192 at 16.
[124] *Original Investigations*, USITC Pub. 4192 at 16.

emphasized APP's ability to shift exports in its determination to exercise its discretion to cumulate subject imports in the original investigations, the record in these reviews is mixed concerning whether and to what extent APP can shift or otherwise coordinate exports.[125] Even if APP no longer has the ability to shift exports in that manner, there is ample evidence that the Indonesian Industry and the Chinese industry will compete under similar conditions of competition, as discussed above.[126]

For these reasons, we do not find any differences in the likely conditions of competition between subject imports from China and Indonesia that would warrant exercising our discretion not to cumulate these imports.

E. Conclusion

We do not find that subject imports from China and Indonesia would likely have no discernible adverse impact upon revocation, and we find that there would be a reasonable overlap of competition between subject imports from these countries and between subject imports from each country and the domestic like product. We also find that subject imports from China and Indonesia would likely compete under similar conditions of competition upon revocation. Accordingly, we exercise our discretion to cumulate subject imports from China and Indonesia for purposes of these reviews.

IV. Revocation of the Antidumping and Countervailing Duty Orders Would 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."[127] The 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

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[125] *Original Investigations*, USITC Pub. 4192 at 17.

[126] As discussed above, we do not find that the shade of paper that the Indonesian Industry produces is likely to serve as an impediment to its reentry into the U.S. market, and for the same reasons, we find that the shades of paper produced by the two industries are not likely to cause them to compete differently in the U.S. market upon revocation.

[127] 19 U.S.C. § 1675a(a).

elimination of its restraining effects on volumes and prices of imports."[128] Thus, the likelihood standard is prospective in nature.[129] 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.[130]

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."[131] 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."[132]

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."[133] 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

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[128] 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.

[129] 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.

[130] *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 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'").

[131] 19 U.S.C. § 1675a(a)(5).

[132] 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*.

[133] 19 U.S.C. § 1675a(a)(1).

regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[134] 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.[135]

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.[136] 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 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.[137]

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.[138]

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.[139] 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

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[134] 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings. CR at I-17; PR at I-14.

[135] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[136] 19 U.S.C. § 1675a(a)(2).

[137] 19 U.S.C. § 1675a(a)(2)(A-D).

[138] *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.

[139] 19 U.S.C. § 1675a(a)(4).

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.[140]

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."[141] The following conditions of competition inform our determinations.

1. The Original Investigations

In the original investigations, the Commission found several conditions of competition relevant to its analysis of threat of material injury by subject imports. It observed that CCP was used in printed material requiring high-gloss sheets, including annual company reports, high-end brochures, catalogues, magazines, direct mail advertisements, labels, and certain packaging applications. As such, it found demand for CCP to be largely determined by the overall economy and demand for high-end commercially printed advertisements, reports, and brochures. The Commission observed that apparent U.S. consumption of CCP by quantity decreased by 21.3 percent from 2007 to 2009 before improving in the first half of 2010.[142]

In addition, the Commission found that, during the period of investigation, the domestic industry accounted for the largest share of apparent U.S. consumption, with its market share by quantity increasing steadily from 2007 to 2009 as well as being higher in interim 2010 than in interim 2009.[143] The Commission observed that subject imports' market share increased steadily from 2007 to 2009 and was noticeably higher in interim 2009 than in interim 2010.[144] Nonsubject imports' market share, however, decreased steadily from 2007 to 2009 and was lower in interim 2009 than in interim 2010.[145] The Commission also found that there were a number of changes in the domestic industry's organization and production operations, including a significant amount of restructuring as well as the shutdown of several plants. It observed that the parties disagreed as to the reason for the shutdowns, with petitioners arguing that subject imports were the major cause of the shutdowns while respondents asserted that the shutdowns were the result of the domestic industry's efforts to consolidate

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[140] 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.

[141] 19 U.S.C. § 1675a(a)(4).

[142] *Original Investigations*, USITC Pub. 4192 at 22.

[143] *Original Investigations*, USITC Pub. 4192 at 22.

[144] *Original Investigations*, USITC Pub. 4192 at 22-23.

[145] *Original Investigations*, USITC Pub. 4192 at 23.

and rationalize inefficient capacity.[146] The Commission also observed that a large majority of subject merchandise was produced and exported by affiliates of APP and that, in the latter half of 2009, APP had begun to establish Eagle Ridge, an e-commerce U.S. distribution network for its products.[147]

The Commission also found that the record indicated a moderately high degree of interchangeability between the domestic like product and subject imports, observing that the large majority of the domestic industry, U.S. importers, and U.S. purchasers reported that the domestic like product, subject imports, and nonsubject imports were always or frequently interchangeable.[148] The Commission further found that, according to market participants, price was a very important factor, although not necessarily the most important, in purchasing decisions. Other important factors in purchasing decisions included quality, reliability of supply, delivery time, and availability.[149]

The Commission further observed that U.S. producers of CCP reported that pulp, chemicals and dyes, coating additives, and packaging were the principal raw materials used in the production of CCP and that, although responses were mixed as to whether the cost of pulp increased during the period of investigation, nearly all U.S. producers reported that the costs of chemicals and dyes increased during that time period.[150] The Commission further observed that certain U.S. paper mills had applied for and received the "black liquor" tax credit,[151] which went into effect in late 2007 but expired at the end of 2009.[152]

2. The Current Reviews

a) Demand Conditions

The end uses for free sheet CCP remain largely unchanged from the original investigations and include the following: annual reports, brochures, high-end catalogs, direct mailing, packaging, printing, advertising, folding cartons, inserts, top sheets, printed sheets, books, in-store signage, "operational materials," and labels.[153] Most questionnaire respondents reported that U.S. demand for CCP decreased since January 1, 2010 and would continue to

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[146] *Original Investigations*, USITC Pub. 4192 at 23.

[147] *Original Investigations*, USITC Pub. 4192 at 24.

[148] *Original Investigations*, USITC Pub. 4192 at 24.

[149] *Original Investigations*, USITC Pub. 4192 at 24.

[150] *Original Investigations*, USITC Pub. 4192 at 25.

[151] In 2009, certain U.S. paper mills applied for and received an alternative fuel tax credit. The tax credit, which went into effect in 2007 and expired in 2009, allowed producers to receive $0.50 per gallon of kraft pulp by-product (or "black liquor") that they produced. *Original Investigations*, USITC Pub. 4192 at 25.

[152] *Original Investigations*, USITC Pub. 4192 at 25.

[153] CR at II-15; PR at II-10 – II-11. The vast majority of questionnaire respondents reported no changes in end uses for free sheet CCP since 2010 and reported that they expected no change in the end uses of free sheet CCP in the future. *Id.*

decrease over the next two years, mainly due to the shift from printed material to electronic media.[154] Domestic Producers also estimated that U.S. demand would gradually decline over the next two years.[155] As measured by apparent U.S. consumption, demand generally decreased during the period of review. It was 2,459,373 short tons in 2010, 2,441,152 short tons in 2011, 2,429,945 short tons in 2012, 2,399,446 short tons in 2013, 2,403,763 short tons in 2014, and 2,302,490 short tons in 2015; it was 1,164,212 short tons in interim 2015 and 1,161,523 short tons in interim 2016.[156]

b) Supply Conditions

During the period of review, the domestic industry accounted for approximately half of apparent U.S. consumption, and its market share was relatively stable. Its share of apparent U.S. consumption was 49.6 percent in 2010, 49.9 percent in 2011, 50.1 percent in 2012, 48.2 percent in 2013, 49.8 percent in 2014, and 48.0 percent in 2015; it was 45.4 percent in interim 2015 and 50.4 percent in interim 2016.[157] Domestic Producers have responded to the continuing decline in demand with efforts to consolidate and rationalize capacity and production in an attempt to achieve a balance between supply and demand in the U.S. market.[158]

Nonsubject imports of free sheet CCP also accounted for a relatively stable share of the market during the period of review. They accounted for 45.8 percent of apparent U.S. consumption in 2010, 48.8 percent in 2011, 48.1 percent in 2012, 49.8 percent in 2013, 48.1 percent in 2014, and 50.1 percent in 2015; they accounted for 52.5 percent in interim 2015 and 47.6 percent in interim 2016.[159] The largest sources of nonsubject imports of free sheet CCP during 2010 to 2015 were Canada, Korea, Germany and Finland. Combined, these countries accounted for 80.5 percent of nonsubject imports in 2015.[160]

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[154] CR at II-17; PR at II-13; CR/PR at Table II-3.

[155] CR at II-14; PR at II--9 – II-10; Tr. at 102 (Stewart) (estimating that U.S. demand would decline by less than one percent in 2017 and around 1.7 or 1.8 percent in 2018). The general shift away from the use of printed material to electronic media has reduced demand for free sheet CCP in end uses such as advertising; however, demand for free sheet CCP used in packaging may have increased with economic growth. CR at II-14; PR at II-10. GDP generally increased during the period of review. *Id.*

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

[157] CR/PR at Table C-1. In the original investigations, the domestic industry's share of the market was considerably higher, ranging from 60.7 to 65.5 percent. *Original Investigations*, USITC Pub. 4192 at 22. We observe, however, that market share from the original investigations is not comparable to the data in these reviews because, among other things, the domestic industry's market share during the original investigations may be overstated due to the fact that the reported shipment data for the domestic industry may have included merchandise that was not included in the domestic like product. Domestic Producers' Posthearing Br., Response to Commissioner Pinkert's Question 1.

[158] Tr. at 25-26 (Weinhold), 31-32 (Gardner), 36-37 (Geenen).

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

[160] CR at II-13; PR at II-9.

Under the discipline of the orders, cumulated subject imports exited the market in 2010. In that year, subject imports accounted for 3.5 percent of the U.S. market.[161] They have been absent from the market since 2011.

Members of the domestic industry as well as producers in subject countries reported producing other products on the same equipment they used to produce free sheet CCP and have the ability to shift capacity and production between products.[162]

c) Substitutability

The record in the current reviews indicates that there would likely be a moderate-to-high degree of substitutability between subject imports from China and Indonesia and between subject imports and domestically produced free sheet CCP.[163] Most responding U.S. producers, importers, and purchasers reported that free sheet CCP from all subject countries is always or frequently interchangeable with the domestic like product.[164] As discussed above, majorities or pluralities of purchasers reported that the subject imports from China and the domestic like product were comparable in eight of 16 non-price-related product characteristics and that the domestic like product was superior in the remaining eight characteristics. Majorities or pluralities found the subject imports from Indonesia and the domestic like product comparable in nine characteristics, and the domestic like product to be superior in four; in the remaining two, equal numbers of purchasers found the domestic like product superior or comparable to the subject imports from Indonesia. Majorities of purchasers found subject imports from China and Indonesia to be comparable to each other in all 16 characteristics.[165] Additionally, most market participants found nonsubject imports to be at least frequently interchangeable with the domestic like product and subject imports; a majority of purchasers reported that nonsubject imports were comparable with the domestic like product and subject imports from China and Indonesia with respect to most product characteristics.[166]

The record also indicates that price is an important factor in purchasing decisions. Price was one of two factors most frequently identified as very important by purchasers, with product consistency being the other factor. Seventeen out of 18 responding purchasers listed these factors as very important.[167]

d) Other Conditions of Competition

Raw materials. U.S. producers of CCP reported that pulp, chemicals and dyes, and coating additives are the principal raw materials used in the production of CCP. Average raw

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[161] CR/PR at Table C-1.
[162] CR at II-6, II-9, II-12, IV-20, IV-34; PR at II-5, II-6, II-9, IV-12, IV-19.
[163] CR at II-18; PR at II-13.
[164] CR at II-29; PR at II-20 & CR/PR Table II-9.
[165] CR/PR at Table II-8.
[166] CR/PR at Tables II-8 & II-9.
[167] CR/PR at Table II-6.

material costs increased from 47.1 percent of cost of goods sold ("COGS") in 2010 to 48.9 percent in 2015.[168] Wood pulp prices were indexed at 100.00 for January 2010, increased to 104.0 in June 2016, peaked in June 2011 at 123.9, and were 106.3 in September 2016.[169]

Purchasers. Since 2010, purchasers have consolidated; in particular, ten distributors that provided questionnaire responses in the original investigations have either acquired other distributors, been acquired by other distributors, or merged.[170] The largest purchasers of free sheet CCP in 2015 were three distributors: ***. These three distributors represented 85.4 percent of the purchases reported and *** percent of apparent U.S. consumption in 2015.[171]

Environmental Certifications. Purchasers were asked if they require their suppliers to be environmentally certified and, if so, which type of certification they require. Six of 17 responding purchasers reported requiring environmental certifications, with one listing the Sustainable Forestry Initiative ("SFI"), FSC, and the Program for Endorsement of Forest Certification ("PEFC"); four listed both SFI and FSC; and one listed only FSC.[172]

Paper Direct Buy Programs. Under paper direct buy ("PDB") programs, the ultimate end user (*e.g.*, a magazine publisher) negotiates price, volume, and specifications directly with the paper manufacturer. The paper is then delivered to the specified printer, and that printer must use the paper specified in the PDB purchase and charge for its printing services, not the raw material cost of the paper.[173] Less than 10 percent of U.S. product and no imports were sold through PDB programs during the period of review. The Indonesian Industry argues that it has been historically unable to participate in these programs.[174] We observe, however, that during the original investigations, the Commission found that a majority of purchasers reported that domestic and subject suppliers of CCP were comparable in their willingness or ability to engage in PDB programs and that several purchasers specifically confirmed participating in such programs with subject merchandise.[175]

C. Likely Volume of Subject Imports

1. The Original Investigations

In the original investigations, the Commission found that subject imports increased significantly both in absolute terms and relative to apparent U.S. consumption and that the increase in subject imports' shipments and market share over the period of investigation was significant. It further found that, in the absence of antidumping or countervailing duty orders, the volume of subject imports was likely to be significant in the imminent future, both in

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[168] CR/PR at V-1 & Table III-14.
[169] CR/PR at Figure V-1.
[170] CR at II-3; PR at II-2 – II-3.
[171] CR at I-45; PR at I-35.
[172] CR at II-22 – II-23; PR at II-16.
[173] CR at II-2 n.3; PR at II-2 n.3.
[174] Indonesian Industry's Prehearing Br. at 8.
[175] *Original Investigations*, USITC Pub. 4192 at 30.

absolute terms as well as relative to consumption and production in the U.S. market. The Commission observed that subject producers had the ability and incentive to increase exports to the United States, which remained a particularly attractive market even as it experienced declines, and subject producers would likely repeat their behavior of aggressively pricing subject merchandise to gain market share.[176]

2. The Current Reviews

In the current reviews, cumulated subject imports were present in the U.S. market only during the first year of the period of review. The record shows that the antidumping and countervailing duty orders have had a disciplining effect on the volume of subject imports. Subject imports declined in 2010 and subsequently exited the market.[177]

During the period of review, the capacity and production of cumulated APP producers fluctuated and increased overall, and the increase in capacity was greater than the increase in production. Cumulated APP capacity was *** short tons in 2010, *** short tons in 2011, 2012, and 2013, and *** short tons in 2014 and 2015; it was *** short tons in both interim periods.[178] Cumulated APP production was *** short tons in 2010, *** short tons in 2011, *** short tons in 2012, and *** short tons in 2013 and 2014, and *** short tons in 2015; it was *** short tons in both interim periods.[179] Because capacity generally increased at a greater rate than production, the capacity utilization rate of cumulated APP firms fluctuated but decreased overall. The cumulated APP capacity utilization rate was *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015; it was *** percent in interim 2015 and *** percent in interim 2016.[180] While we acknowledge that the APP firms reported high capacity utilization rates, on a cumulated basis they still had some excess capacity.

The cumulated APP data understate the excess capacity of the Chinese industry as a whole because there are non-APP-affiliated subject producers in China that failed to respond to the Commission's questionnaires. Other record evidence confirms that the Chinese industry as a whole has significant excess capacity. RISI estimates that from 2010 to 2015 coated free sheet capacity, production, and demand in China grew by *** percent, *** percent, and *** percent, respectively, while excess capacity *** and capacity utilization decreased from *** to *** percent.[181]

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[176] *Original Investigations*, USITC Pub. 4192 at 27-31.

[177] CR/PR at Tables I-1 & IV-1.

[178] CR/PR at Table IV-3.

[179] CR/PR at Table IV-3.

[180] CR/PR at Table IV-3. There were no reported inventories of subject merchandise in the United States. CR/PR at Table IV-2.

[181] CR at IV-43; PR at IV-26. Moreover, as described above, publicly available data indicate that three producers in China that did not respond to the Commission's questionnaire added capacity to produce free sheet CCP during the period of review. CR at IV-13; PR at IV-9.

In addition, end-of-period inventories of cumulated APP producers also fluctuated but increased overall during the period of review. Inventories of subject merchandise in China and Indonesia were *** short tons in 2010, *** short tons in 2011, *** short tons in 2012, *** short tons in 2013, *** short tons in 2014, and *** short tons in 2015; they were *** short tons in interim 2015 and *** short tons in interim 2016.[182] These inventory levels are substantial relative to the 2.3 million tons of apparent U.S. consumption in 2015.[183] Thus, subject producers in China and Indonesia have significant capacity, excess capacity, and inventory levels available to increase exports to the U.S. market if the orders were revoked.[184]

Several factors support a finding that subject importers have the incentive to increase exports of subject merchandise to the United States upon revocation. Their behavior during the original period of investigation indicates that subject producers have both the interest in increasing subject imports into the U.S. market and the ability to do so. Moreover, as previously discussed, the Indonesian Industry has confirmed its intent to reenter the U.S. market upon revocation, and both the Indonesian Industry and APP-China have demonstrated their continued interest in the U.S. market by importing out-of-scope sheeter rolls as well as establishing Charta Global to serve as a sales channel to serve the U.S. market. Further, as also discussed above, the U.S. market is particularly attractive due to its size and relatively higher prices. Additionally, subject producers in China are likely to be motivated to resume shipments of subject merchandise to the United States, particularly in light of the orders on their products in effect in the European Union ("EU") and Argentina as well as the safeguard measures in place in Indonesia.[185]

Subject producers have also demonstrated a degree of export orientation and an ability to increase exports to a particular market outside of their region quickly. Export shipments as a share of APP's total shipments were *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015; exports accounted for *** percent and *** percent of total shipments in interim 2015 and interim 2016, respectively.[186] Again, we observe that these data reflect only APP-China's reported export shipments and do not include the export shipments of the remaining *** of the Chinese industry. We further observe that the patterns of exports into Canada and Mexico by producers in the subject countries indicate that they can rapidly increase exports to markets in North America.[187] Furthermore, the subject producers have shown that, on a cumulated basis,

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[182] CR/PR at Table IV-3.

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

[184] In addition, we have examined the potential for product shifting. As discussed above in section B.2.d., subject producers have the capability of making other products on the same equipment that they use to make free sheet CCP.

[185] CR at IV-42; PR at IV-25; Indonesian Industry's Posthearing Br., Responses to Commission Questions at 7-9; Tr. 191 (Morgan).

[186] CR/PR at Table IV-3.

[187] CR/PR at Tables IV-17 & IV-18. While the official export statistics used in creating these tables do not align with Commerce's scope definition, we find the pattern of exports to be probative to (Continued…)

they are increasingly focusing on markets other than Asia. Export shipments to the EU and "other" markets as a share of APP's total shipments were *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in 2015; exports to these markets accounted for *** percent and *** percent of total shipments in interim 2015 and interim 2016, respectively.[188]

Accordingly, based on the subject producers' substantial production capacity, excess capacity, available inventories, continued interest in the U.S. market, and export activities, as well as the attractiveness of the U.S. market, we find that the volume of cumulated subject imports, in absolute terms and relative to both U.S. production and consumption, would likely be significant in the event of revocation.

D. Likely Price Effects

1. The Original Investigations

In the original investigations, the Commission found that, given the degree of substitutability between the domestic like product and subject imports, the importance of price in purchasing decisions, and the prevalence of underselling in quarterly price comparisons, there had been significant underselling by subject imports during the period of investigation. It further found that the trends in the prices of pricing products, together with the significant underselling by subject imports, showed that subject imports depressed domestic prices at least to some degree. Nonetheless, the Commission declined to make a finding of significant price depression because other factors, including declining demand and the black liquor tax credit, likely also contributed to lower prices. Also observing that domestic prices did not rebound significantly in interim 2010 when subject imports largely ceased, the Commission was unable to gauge whether there were significant price-depressing effects attributable to subject imports. The Commission also did not find that subject imports prevented price increases which otherwise would have occurred to a significant degree. It observed that, even if the domestic industry had experienced a cost/price squeeze during the period of investigations, factors other than subject imports, such as declining demand, may have prevented the domestic industry from raising prices. In addition, the fact that the domestic industry's ratio of COGS to net sales was higher in interim 2010 than in interim 2009 cast doubt on the significance of the effects of the subject imports on the domestic industry's ratio of COGS to net sales during the period of investigation.[189]

Although it declined to find significant price effects for purposes of present material injury, the Commission determined that subject imports were likely to have significant adverse effects on domestic producers' prices in the imminent future. It concluded that producers of subject imports were likely to continue to use underselling and aggressive pricing as a means to

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(…Continued)
show that, on a cumulated basis, the subject producers have not shown an inclination to focus their sales of coated paper products solely within Asian markets.

[188] Calculated from CR/PR at Table IV-3.

[189] *Original Investigations*, USITC Pub. 4192 at 32-33.

gain market share and that underselling was likely to be significant in the imminent future, thereby increasing the demand for further imports. The Commission next considered whether price depression and/or price suppression was likely in the imminent future, observing that factors other than subject imports that placed negative pressure on domestic prices, including the black liquor tax and sharp declines in demand in 2009, would not play the same role in the near future. Therefore, the Commission concluded that the aggressive pricing and underselling observed during the period of investigation would likely continue in the imminent future, putting pressure on domestic producers to lower prices in a market with depressed demand in order to compete for sales and prevent an erosion of their market share, likely leading to the domestic industry experiencing significant price suppression or depression.[190]

2. The Current Reviews

In these reviews, as described above, the record indicates that there is generally a moderate-to-high degree of substitutability between subject imports from China and Indonesia and between those imports and the domestic like product. Moreover, price plays an important role in purchasing decisions.

Because subject imports exited the market after 2010, pricing data for subject imports for the period of review are extremely limited, and the only comparisons available with the domestic like product concern subject imports from Indonesia. These indicate that subject imports undersold the domestic like product in one of four comparisons at a margin of *** percent.[191] In the remaining three instances, subject imports from Indonesia were priced between *** and *** percent higher than the domestic like product.[192] Because these data are limited, and the comparisons occurred while subject imports were exiting the U.S. market as a result of the pending investigations,[193] they provide limited guidance concerning likely price effects upon revocation. We instead find that, in the absence of the orders, the significant underselling observed during the original investigations would likely recur and subject producers would again price their product aggressively to gain market share.

In view of our findings of a likely significant volume of cumulated subject imports, the degree of substitutability between subject imports and the domestic like product, and the importance of price in purchasing decisions, we find that subject producers would likely undersell the domestic like product upon revocation to gain market share. As a result, in the face of increased subject import underselling in a declining market, domestic producers would likely be forced to cut prices, forego price increases, or risk losing market share. We consequently find that if the orders were revoked, cumulated subject imports would undersell the domestic like product to gain market share, and the pricing pressure from cumulated

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[190] *Original Investigations*, USITC Pub. 4192 at 34-35.
[191] CR at V-13; PR at V-7.
[192] CR at V-13 – V-14; PR at V-7.
[193] *Original Investigations*, USITC Pub. 4192 at 16, 27 & Confidential Views at 22, 37.

subject imports would cause the domestic industry to lose market share and/or depress or suppress prices of the domestic like product, thereby having adverse price effects.

E. Likely Impact

1. The Original Investigations

In the original investigations, the Commission found that, over the period examined, the domestic industry was faced with price-based competition from subject imports in a severely declining market and, as a result, many of the domestic industry's performance-based indicators declined from 2007 to 2009. The Commission observed, however, that the deterioration of the domestic industry's performance from 2007 to 2009 coincided with the economic downturn in 2009, but the domestic industry remained profitable and increased market share during that time. Further, as subject imports left the market in 2010, many indicators did not improve. As a result, the Commission did not find a sufficient causal nexus necessary to make a determination that subject imports were currently having a significant adverse impact on the domestic industry.[194]

Although it did not find that the domestic industry was presently materially injured by reason of subject imports, the Commission found the domestic industry to be vulnerable to material injury. In particular, the Commission observed the downward trend in virtually all of the industry's performance indicators from 2007 to 2009, which it concluded likely would have been worse in 2009 if not for the black liquor tax credit. Moreover, the Commission observed that, even as demand recovered somewhat in 2010 and subject imports largely exited the market, several indicators continued to decline. The Commission found that producers of subject imports had already demonstrated the ability and willingness to undersell the domestic like product in order to increase their exports significantly, even in a contracting market, and were likely to continue that behavior in the imminent future, particularly in light of significant increases in capacity by the industry in China, the establishment of Eagle Ridge, and the attractiveness of the U.S. market. The Commission observed that, although apparent U.S. consumption recovered somewhat in interim 2010, demand was projected to continue to decline. Therefore, the U.S. market could not accommodate growth in subject imports without material injury to the domestic industry, and future volumes of subject imports were likely to take market share from existing suppliers, including the domestic industry. Accordingly, given the weakened state of the domestic industry, the Commission concluded that, unless antidumping duty and countervailing duty orders were issued, significant volumes of dumped and subsidized imports would gain additional market share in the imminent future and cause material injury to the domestic industry.[195]

The Commission also considered whether factors other than subject imports would likely have an imminent impact on the domestic industry. In particular, it found that, although

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[194] *Original Investigations*, USITC Pub. 4192 at 35-38.
[195] *Original Investigations*, USITC Pub. 4192 at 38.

modestly declining demand would likely limit the domestic industry's sales and restrain prices, the decline was not likely to be of a magnitude that would render insignificant the likely effects of subject imports as it had during the period of investigation. The Commission further observed that, although nonsubject imports gained market share in interim 2010 when subject imports left the market, the domestic industry's market share was also several percentage points higher in interim 2010 than in interim 2009. Moreover, the Commission observed that the record indicated that nonsubject imports generally were priced higher than subject imports. The Commission concluded that in the absence of orders subject imports would likely compete on price to regain the market share that they lost to both the domestic industry and nonsubject imports, which would in turn result in a more price-competitive U.S. market.[196]

2. The Current Reviews

The domestic industry's capacity fluctuated within a relatively narrow range while its production and U.S. shipments fluctuated and declined overall from 2010 to 2015; capacity, production, and U.S. shipments were all higher in interim 2016 than in interim 2015.[197] Notwithstanding its efforts to consolidate and rationalize capacity, described above, the domestic industry's capacity utilization rate fluctuated and declined significantly overall from 2010 to 2015; it was higher in interim 2016 than in interim 2015.[198] End-of-period inventories fluctuated and were higher in 2015 than in 2010; they were higher in interim 2016 than in interim 2015.[199]

Most of the domestic industry's employment indicators fluctuated but were lower in 2015 than in 2010; most of these indicators were higher in interim 2016 than in interim 2015.[200] Hourly wages, however, increased and were also higher in interim 2016 than in interim 2015.[201]

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[196] *Original Investigations*, USTIC Pub. 4192 at 38-39.

[197] CR/PR at Table C-1. Capacity was 1.4 million short tons in 2010, 1.5 million short tons in 2011 and 2012, 1.6 million short tons in 2013, and 1.5 million short tons in 2014 and 2015; it was 691,484 short tons in interim 2015 and 722,996 short tons in interim 2016. *Id.* Production was 1.3 million short tons in 2010, 2011, and 2012 and 1.2 million short tons in 2013, 2014 and 2015; it was 537,526 short tons in interim 2015 and 564,885 short tons in interim 2016. *Id.* U.S. shipments were 1.2 million short tons in each year from 2010 to 2014 and 1.1 million short tons in 2015; they were 529,026 short tons in interim 2015 and 585,885 short tons in interim 2016. *Id.*

[198] CR/PR at Table C-1. Capacity utilization was 91.0 percent in 2010, 86.4 percent in 2011, 85.7 percent in 2012, 78.5 percent in 2013, 83.4 percent in 2014, and 79.5 in 2015; it was 77.7 percent in interim 2015 and 78.1 percent in interim 2016.

[199] CR/PR at Table C-1. End-of-period inventories were 216,714 short tons in 2010, 244,449 short tons in 2011, 253,777 short tons in 2012, 236,250 short tons in 2013, 242,447 short tons in 2014, and 240,702 short tons in 2015; they were 246,389 short tons in interim 2015 and 271,873 short tons in interim 2016. *Id.*

[200] The domestic industry's production related workers were 2,415 in 2010, 2,412 in 2011 and 2012, 2,352 in 2013, 2,197 in 2014, and 2,232 in 2015; they were 1,938 in interim 2015 and 1,961 in interim 2016. Total hours worked were 4.9 million in 2010, 2011, and 2012, 4.7 million in 2013, and 4.5 million in 2014 and 2015; they were 2.1 million in interim 2015 and 2.2 million in interim 2016. (Continued…)

The domestic industry's financial indicators showed relative stability during the review period. Its net sales by quantity and value declined from 2010 to 2015, but were higher in interim 2016 than in interim 2015.[202] The ratio of COGS to net sales similarly fluctuated but was essentially the same in 2015 as in 2010; it was higher in interim 2016 than in interim 2015.[203] The industry was profitable throughout the period of review, although its operating income and operating income ratio were lower in 2015 than in 2010; operating income was higher in interim 2016 than in interim 2015, but the operating income ratio was lower.[204] Reported capital expenditures increased dramatically from 2010 to 2015 because a single firm significantly increased its expenditures in 2014 and 2015; they were higher in interim 2016 than in interim 2015.[205] Research and development ("R&D") expenses decreased irregularly over the period of investigation.[206] In view of the foregoing, we do not find the domestic industry presently to be in a vulnerable condition.

As discussed above, we conclude that the revocation of the antidumping and countervailing duty orders on subject imports from China and Indonesia would likely lead to an increased and significant volume of cumulated subject imports that would likely significantly undersell the domestic like product to gain market share. This increased volume of low-priced subject imports would in turn likely have the effect of causing the domestic industry to lose market share, revenues, or both, all of which would have a negative impact on the domestic industry's performance. In light of these likely adverse effects, we find that the cumulated subject imports would likely have a significant impact on the production, shipments, sales,

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(…Continued)
Productivity was 271.1 short tons per 1,000 hours in 2010, 260.9 short tons per 1,000 hours in 2011, 260.7 short tons per 1,000 hours in 2012, 258.3 short tons per 1,000 hours in 2013, 273.0 short tons per 1,000 hours in 2014, and 256.9 short tons per 1,000 hours in 2015; it was 250.6 short tons per 1,000 hours in interim 2015 and 259.2 short tons per 1,000 hours in interim 2016. CR/PR at Table C-1.

[201] Hourly wages were $27.27 in 2010, $27.64 in 2011, $27.96 in 2012, $28.22 in 2013, $28.53 in 2014, and $28.75 in 2015; they were $29.30 in interim 2015 and $29.57 in interim 2016. CR/PR at Table C-1.

[202] Net sales, by quantity, were 1.3 million short tons in each year during 2010 to 2013 and 1.2 million short tons in 2014 and 2015; they were 563,416 short tons in interim 2015 and 591,549 short tons in interim 2016. CR/PR at Table III-14. Net sales, by value, were $1.3 billion in 2010 to 2014 and $1.2 billion in 2015; they were $588.3 million in interim 2015 and $612.8 million in interim 2016. *Id.*

[203] The ratio of COGS to net sales was 85.7 percent in 2010, peaked at 88.8 percent in 2012, and was 85.8 percent in 2015; it was 86.0 percent in interim 2015 and 86.2 percent in interim 2016. CR/PR at Table III-14.

[204] Operating income was $101.8 million in 2010, $125.8 million in 2011, $69.6 million in 2012, $74.5 million in 2013, $83.0 million in 2014, and $96.5 million 2015; it was $43.8 million in interim 2015 and $45.0 million in interim 2016. CR/PR at Table III-14. Operating income as a ratio to net sales was 8.0 percent in 2010, peaked at 9.4 percent in 2011, and was 7.9 percent in 2015; it was 7.4 percent in interim 2015 and 7.3 percent in interim 2016. *Id.*

[205] CR/PR at Table III-17. Capital expenditures increased from $*** in 2010 to $*** in 2015; they were $*** in interim 2015 and $*** in interim 2016. *Id.*

[206] CR/PR at Table III-17. R&D expenses were $*** in 2010 and $*** in 2015; they were $*** in interim 2015 and $*** in interim 2016. *Id.*

market share, and revenue of the domestic industry. These reductions would have a direct adverse impact on the domestic industry's profitability and employment, as well as its ability to raise capital and make necessary capital investments. We conclude that, if the orders were revoked, subject imports from China and Indonesia would be likely to have a significant impact on the domestic industry within a reasonably foreseeable time.

We have also considered factors other than subject imports in the U.S. market. While demand is expected to continue to decline gradually, the domestic industry endeavored to adjust to declines during the period of review by rationalizing capacity. Indeed, notwithstanding declining demand, the domestic industry displayed a stable market share and financial performance during the period of review. In light of this pattern, the material injury that we have identified that subject imports would likely cause is distinguishable from any effects the domestic industry would likely experience as demand continues to decline gradually.

We have also considered the role of nonsubject imports in the U.S. market. As discussed above, nonsubject imports maintained a relatively stable presence in the market during the period of review, during which time the domestic industry was able to achieve a stable and profitable performance. We also observe that during the one year in the period of review in which subject imports and nonsubject imports were both in the market, nonsubject imports were priced higher.[207] Given the interchangeability of imports from all sources and the domestic like product, the importance of price in purchasing decisions, the shifts in market share observed in the interim period of the original investigations, the continuing decline in demand, and the fact that the domestic like product and nonsubject imports each accounted for approximately half of apparent consumption during the period of review, any gains in subject imports' market penetration are likely to come at least partially at the expense of the domestic industry. Moreover, as previously stated, in the event of revocation, additional subject imports are likely to come at reduced prices without the discipline of the orders, and these prices would likely place additional competitive pressure on the domestic industry. In light of this, we find that subject imports would likely have adverse effects distinct from those of nonsubject imports.

Thus, we conclude that revocation of the antidumping and countervailing duty orders on certain coated paper suitable for high-quality print graphics using sheet-fed presses from China and Indonesia would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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[207] CR/PR at Table C-1. In 2010, the average unit value ("AUV") of subject imports from China was $882, and the AUV of subject imports from Indonesia was $864, while the AUV of nonsubject imports was $956. *Id.* Although we recognise that AUVs may be of limited probative value due to product mix issues, we observe that these data are consistent with the pricing data and AUV data collected by the Commission in the original investigations. *Original Investigations*, USITC Pub. 4192 at 39 n.254.

V. Conclusion

For the foregoing reasons, we determine that revocation of the antidumping and countervailing duty orders on certain coated paper suitable for high-quality print graphics using sheet-fed presses from China and Indonesia would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

PART I: INTRODUCTION

BACKGROUND

On October 1, 2015, 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 orders on certain coated paper suitable for high-quality print graphics using sheet-fed presses ("free sheet CCP")[2] from China and Indonesia and the antidumping duty orders on certain coated paper suitable for high-quality print graphics using sheet-fed presses from China and Indonesia would likely lead to the continuation or recurrence of material injury to a domestic industry.[3] [4] On January 4, 2016, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. [5]

The following tabulation presents information relating to the background and schedule of this proceeding:[6]

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

[2] The term "free sheet CCP" refers to the in-scope merchandise. The term "sheeter roll CCP" refers to out-of-scope sheeter rolls that match the U.S. Department of Commerce ("Commerce")'s scope definition (aside from the requirement to be in sheet form). Sheeter roll CCP is included in the domestic like product, as defined by the Commission in the original investigations. The term "certain coated paper" refers to the domestic like product (combining both free sheet CCP and sheeter roll CCP). For more information regarding the domestic like product, please see the "Domestic like product issues" section in Part I of this report.

[3] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses, Institution of Five-Year Reviews,* 80 FR 59189*,* October 1, 2015. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[4] In accordance with section 751(c) of the Act, 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") Reviews,* 80 FR 59133, October 1, 2015*.*

[5] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From China and Indonesia; Notice of Commission Determination To Conduct Full Five-Year Reviews,* 81 FR 1966, January 14, 2016*.* With respect to the orders on subject merchandise from Indonesia, the Commission found that both the domestic and respondent interested party group responses to its notice of institution (80 FR 59189, October 1, 2015) were adequate and determined to proceed to full reviews of the orders. With respect to the orders on subject merchandise from China, the Commission found that the domestic group response was adequate and the respondent interested party group response was inadequate, but that circumstances warranted conducting full reviews*.*

[6] The Commission's notice of institution, notice to conduct full reviews, and scheduling notice 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. A list of witnesses appearing at the hearing is presented in Appendix B of this report.

Effective date	Action
November 17, 2010	U.S. Department of Commerce ("Commerce")'s countervailing duty order on China (75 FR 70201); Commerce's antidumping duty order on China (75 FR 70203); Commerce's antidumping duty order on Indonesia (75 FR 70205); Commerce's countervailing duty order on Indonesia (75 FR 70206)
December 6, 2010	Commerce's correction to its amended final affirmative countervailing duty determination and countervailing duty order on China (75 FR 75663)
August 20, 2012	Commerce's notice of scope rulings (77 FR 50084)
April 27, 2015	Commerce's notice of commencement of compliance proceedings pursuant to section 129 of the Uruguay Round Agreements Act (80 FR 23254)
August 4, 2015	Commerce's implementation of determinations under section 129 of the Uruguay Round Agreements Act regarding the antidumping duty investigation on China (80 FR 48812; August 14, 2015)
October 1, 2015	Commerce's initiation of five-year reviews (80 FR 59133); Commission's institution of five-year reviews (80 FR 59189)
December 3, 2015	Commerce's notice of court decision not in harmony with the antidumping duty order on China (80 FR 77603; December 15, 2015)
January 4, 2016	Commission's determinations to conduct full five-year reviews (81 FR 1966; January 14, 2016)
January 8, 2016	Commerce's final results of the expedited five-year reviews of the antidumping duty orders on China and Indonesia (81 FR 907)
February 5, 2016	Commerce's final results of the expedited five-year review of the countervailing duty order on Indonesia (81 FR 6234)
February 10, 2016	Commerce's final results of the expedited five-year review of the countervailing duty order on China (81 FR 7081)
June 17, 2016	Commission's scheduling of the reviews (81 FR 41345; June 24, 2016)
October 27, 2016	Commission's hearing
December 6, 2016	Commission's vote
December 22, 2016	Commission's determinations and views

The original investigations

The original investigations resulted from petitions filed by Appleton Coated, LLC ("Appleton"), NewPage Corp. ("NewPage"), Sappi Fine Paper North America ("Sappi"), and the United Steel, Paper and Forestry, Rubber Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW") on September 23, 2009, alleging that an industry in the United States is materially injured and threatened with material injury, by reason of imports from China and Indonesia of free sheet CCP sold in the United States at less than fair value ("LTFV") and subsidized by the governments of China and Indonesia.[7] Following notification of final determinations by Commerce that imports of the subject merchandise from China and Indonesia were being subsidized and sold at LTFV, the Commission determined on November

[7] Verso Corporation ("Verso") acquired NewPage in January 2015 and is identified as a domestic interested party in these reviews.

10, 2010 that a domestic industry was threatened with material injury by reason of subject imports from China and Indonesia.[8]

The weighted-average dumping margins Commerce assigned to Chinese firms were between 7.60 percent and 7.62 percent for the six firms that received separate rates, and 135.84 percent for all others.[9] The net subsidy rate for Chinese firms was between 19.46 percent and 202.84 percent.[10] For Indonesia, the weighted-average dumping margins were 20.13 percent for all firms.[11] The net subsidy rate for Indonesian firms was 17.94 percent.[12]

Subsequent litigation

Following issuance of the Commission's affirmative threat-of-material-injury determinations in 2010, the Chinese respondents appealed the determination to the U.S. Court of International Trade ("CIT"). They challenged several aspects of the Commission's determinations, including its discussion of statutory threat factors as well as its volume, price effects, and causation analyses. On December 21, 2012, the CIT issued a comprehensive opinion rejecting all of the plaintiffs' challenges and affirmed the Commission's affirmative threat determination in all respects.[13] The CIT's decision was not appealed.

On March 13, 2015, the government of Indonesia requested consultations under the WTO Dispute Settlement Understanding in connection with the antidumping and countervailing duty determinations by the Commission and the Department of Commerce. Indonesia subsequently requested the establishment of a Panel in this matter, and the Panel was composed in 2016.

Indonesia claims that the Commission's threat of injury determination is inconsistent with Article 3.7 of the Antidumping Agreement ("AD Agreement") and Article 15.7 of the Agreement on Subsidies and Countervailing Measures ("SCM Agreement") because the Commission "relied on allegation, conjecture and remote possibility rather than facts," and because the Commission "did not base its determination on a change in circumstances that was

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[8] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-470-471 and 731-TA-1169-1170 (Final)*, USITC Publication 4192, November 2010, p. 39. Commissioner Lane dissented, determining that the domestic industry was materially injured by reason of the subject imports. Ibid., pp. 41-47.

[9] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Order*, 75 FR 70203, November 17, 2010.

[10] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order;* 75 FR 70201, November 17, 2010.

[11] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia: Antidumping Duty Order*, 75 FR 70205, November 17, 2010.

[12] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia: Countervailing Duty Order;* 75 FR 70206, November 17, 2010.

[13] See Gold East Paper (Jiangsu) Co. v. United States, 896 F. Supp. 2d 1242 (Ct. Int'l Trade 2012).

clearly foreseen and imminent." Indonesia also claims that the Commission's threat of injury determination is inconsistent with Article 3.5 of the AD Agreement and Article 15.5 of the SCM Agreement because the Commission "did not demonstrate the existence of a causal relationship between the imports and the purported threat of injury to the domestic industry," and also inconsistent with Article 3.8 of the AD Agreement and Article 15.8 of the SCM Agreement because the Commission "did not consider or exercise special care." Finally, Indonesia raises an "as such" challenge to the statutory requirement of 19 U.S.C. § 1677(11) (B) that a tie vote in a threat of injury determination must be treated as an affirmative Commission determination. Indonesia claims that the law is inconsistent with Article 3.8 of the AD Agreement and Article 15.8 of the SCM Agreement because it "does not consider or exercise special care."[14]

Indonesia filed its first written submission with the WTO Panel on August 2, 2016, and the United States filed its first written submission on September 12, 2016. The submission rebutted each of Indonesia's claims. The Panel scheduled its first meeting for December 6-7, 2016; subsequent to that meeting, the parties will have the opportunity to file additional written submissions. The Panel scheduled its second meeting for March 29-30, 2017.

RELATED INVESTIGATIONS

Coated paper has been the subject of two prior Commission Title VII investigations. In 1991, the Commission conducted antidumping duty investigations on *Coated Groundwood Paper from Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Sweden, and the United Kingdom* (Inv. Nos. 731-TA-486-494). The Commission in *Coated Groundwood* determined that a U.S. industry was not materially injured or threatened with material injury by reason of subject imports.[15] [16]

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[14] The tie vote provision did not apply in the underlying investigations' determination, as all Commissioners voted in the affirmative, with five voting affirmative threat and one voting affirmative material injury. Under WTO jurisprudence, a Member may raise an "as such" challenge to another Member's statutes at any time; in other words, there is no "case or controversy" required for a Member to bring an "as such" challenge.

[15] The product subject to investigation was defined by Commerce as "paper coated on both sides with kaolin (China clay) or other inorganic substances (e.g., calcium carbonate), of which more than ten percent by weight of the total fiber content consists of fibers obtained by mechanical process, regardless of (1) basis weight (e.g., pounds per ream or grams per one square meter sheet); (2) GE brightness; or (3) the form in which it is sold (e.g., reels, sheets, or other forms)." Paperboard was excluded from the scope of investigation. *See Notice of Final Determination of Sales at Less Than Fair Value: Coated Groundwood Paper from Germany*, 56 FR 56385, November 4, 1991.

[16] *Coated Groundwood Paper from Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Sweden, and the United Kingdom*, *Inv. Nos. 731-TA-486-494 (Preliminary)*, USITC Publication 2359, February 1991, p. 3 (finding no reasonable indication of material injury or threat of material injury by reason of subject imports from Austria, Italy, the Netherlands, and Sweden); and *Coated Groundwood Paper from Belgium, Finland, France, Germany, and the United Kingdom*, *Inv. Nos. 731-TA-487-490 and 494 (Final)*, USITC Publication 2467, December 1991, p. 3.

Coated paper, as defined in the scope of these reviews, is a subset of the paper products investigated by the Commission in its 2007 investigations on *Coated Free Sheet Paper from China, Indonesia, and Korea* (Inv. Nos. 701-TA-444-446 and 731-TA-1107-1109).[17] In the 2007 investigations, the scope definition included sheets, sheeter rolls, and web rolls. In contrast, the current reviews' scope definition includes only sheeted product. The Commission in *Coated Free Sheet Paper* determined that a U.S. industry was not materially injured or threatened with material injury by reason of subject imports.[18]

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations and the current full five-year reviews. The data from the original investigations and the current full five-year reviews are not comparable in the following regards. First, U.S. import data in the original investigations was compiled using adjusted official Commerce statistics, whereas U.S. import data in these full five-year reviews was compiled using questionnaire responses supplemented with proprietary Customs data.[19] Second, The Clampitt Companies, LLC ("Clampitt"), Smart Papers ("Smart"), and Wausau Paper Corp. ("Wausau") provided usable U.S. producer questionnaire responses in the original investigations, but have not done so in these full five-

[17] *Coated Free Sheet Paper from China, Indonesia, and Korea*, *Inv. Nos. 701-TA-444-446 and 731-TA-1107-1109 (Final)*, USITC Publication 3965, December 2007.

[18] Ibid., pp. 42-43.

[19] Import data in the original investigations were compiled using official Commerce statistics. Import statistics presented in this report are compiled from data submitted in response to Commission questionnaires and supplemented with proprietary Customs data:

- January-June 2010 historical statistics from the original investigation are used to calculate 2010 data for free sheet CCP imports from China and Indonesia. Questionnaire response data in these reviews are used to calculate 2010 data for all other types of imports.
- Data for free sheet CCP imports from China and Indonesia are adjusted to zero for 2011-15, January-June 2015, and January-June 2016. This is based on an analysis of "dutied" U.S. imports from China and Indonesia, which indicate that imports under the below statistical reporting numbers have not been assessed duties, and as such should therefore be excluded from in-scope merchandise.
- Questionnaire response data are used to calculate all other import statistics for 2011-15, January-June 2015, and January-June 2016.
- Questionnaire response data for 2011-15, January-June 2015, and January-June 2016 are supplemented with proprietary Customs data for imports of free sheet CCP from nonsubject countries under the following HTS statistical reporting numbers: 4810.14.1120, 4810.14.1140, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.6000, 4810.19.1100, 4810.19.1900, 4810.19.2010, 4810.19.2090, 4810.22.1000, 4810.22.5044, 4810.22.5080, 4810.22.6000, 4810.29.1000, 4810.29.1035, 4810.29.5000, 4810.29.6000, 4810.92.1200, 4810.92.1235, 4810.92.1400, and 4810.92.1435.

year reviews.[20] In 2009, Smart accounted for *** percent of reported production of certain coated paper by integrated producers, and Clampitt and Wausau accounted for ***, respectively, of reported production of certain coated paper by converters.[21] [22] Third, Case Paper Company ("Case"), Catalyst Paper Operations Inc. ("Catalyst"), Gould Paper Corp. – Western-BRW Paper ("Gould"), Graphic Packaging Holding Co. ("Graphic Packaging"), Huston Patterson, PaperWorks Industries Inc. ("PaperWorks"), and Perez Trading Company, Inc. ("Perez") all provided usable U.S. producer questionnaire responses in these full five-year reviews but did not do so in the original investigations.[23] Fourth, U.S. producer questionnaire data provided by producers of coated packaging paperboard in the original investigations did not reflect Commerce's subsequent scope inquiry review.[24]

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[20] Smart Papers, wound down its coated operations in 2011-12. *SMART Papers Holdings LLC Announces Orderly Wind Down of Its SMART Papers Business and Its SMART Power Energy Business*, BusinessWire, http://www.businesswire.com/news/home/20111013006294/en/SMART-Papers-Holdings-LLC-Announces-Orderly-Wind-Down, retrieved July 7, 2016.

Due to the manner in which Wausau shuttered, repurposed, and sold off its coated paper assets during the review period, no production records were available. ***, email message to USITC staff. August 23, 2016. ***, email message to USITC staff. August 29, 2016.

[21] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-470-471 and 731-TA-1169-1170 (Final)*, USITC Publication 4192, November 2010, pp. III-5 and III-6.

[22] Integrated producers accounted for *** percent of reported production of certain coated paper in 2009. *Inv. Nos. 701-470-471 and 731-TA-1169-1170 (Final): Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia—Staff Report*, INV-HH-102, October 14, 2010, pp. C-7 and C-8.

[23] Catalyst ***.

[24] A comparison of 2009 U.S. producer data from the original investigations and 2010 U.S. producer data from these first five-year reviews shows that packaging paperboard producers accounted for approximately *** of the total difference in U.S. production of certain coated paper between the two years. Staff worksheet, "U.S. producer data from original investigations compared to first reviews," November 4, 2016.

Table I-1
Certain coated paper: Comparative data from the original investigations and current reviews, 2007-15

Item	Original investigations		
	2007	2008	2009
	Quantity (short tons)		
U.S. consumption quantity	2,862,837	2,642,844	2,254,299
	Share of quantity (percent)		
Share of U.S. consumption:			
U.S. producers' share	60.7	62.4	65.5
U.S. importers' share:			
China	12.1	12.5	15.6
Indonesia	1.8	2.0	2.7
Subtotal, subject sources	13.9	14.5	18.3
All other sources	25.4	23.1	16.1
Total imports	39.3	37.6	34.5
	Value (1,000 dollars)		
U.S. consumption	2,820,192	2,712,759	2,153,830
	Share of value (percent)		
Share of U.S. consumption:			
U.S. producers' share	61.0	62.5	66.6
U.S. importers' share:			
China	11.3	11.8	13.8
Indonesia	1.6	1.8	2.4
Subtotal, subject sources	12.9	13.6	16.2
All other sources	26.1	24.0	17.1
Total imports	39.0	37.5	33.4
	Quantity (short tons); value (1,000 dollars); and unit value (dollars per short ton)		
U.S. imports from China:			
Quantity	345,768	329,307	352,555
Value	318,066	319,306	297,527
Unit value	$920	$970	$844
Indonesia:			
Quantity	52,541	52,938	61,039
Value	45,543	48,765	52,384
Unit value	$867	$921	$858
Subject sources:			
Quantity	398,309	382,245	413,593
Value	363,609	368,071	349,911
Unit value	$913	$963	$846
Nonsubject sources:			
Quantity	727,306	611,626	363,472
Value	737,251	650,135	368,605
Unit value	$1,014	$1,063	$1,014
All countries:			
Quantity	1,125,615	993,872	777,066
Value	1,100,860	1,018,206	718,516
Unit value	$978	$1,024	$925

Table continued on the next page.

Table I-1—Continued
Certain coated paper: Comparative data from the original investigations and current reviews, 2007-15

Item	Current reviews					
	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons)					
U.S. consumption quantity	2,459,373	2,441,152	2,429,945	2,399,446	2,403,763	2,302,490
	Share of quantity (percent)					
Share of U.S. consumption: U.S. producers' share	49.6	49.9	50.1	48.2	49.8	48.0
U.S. importers' share: China	2.9	0.0	0.0	0.0	0.0	0.0
Indonesia	0.6	0.0	0.0	0.0	0.0	0.0
Subtotal, subject sources	3.5	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	45.8	48.8	48.1	49.8	48.1	50.1
Sheeter roll CCP	1.1	1.3	1.8	2.0	2.1	1.9
All nonsubject sources	46.9	50.1	49.9	51.8	50.2	52.0
Total imports	50.4	50.1	49.9	51.8	50.2	52.0
	Value (1,000 dollars)					
U.S. consumption	2,433,475	2,533,277	2,470,848	2,431,109	2,417,997	2,311,075
	Share of value (percent)					
Share of U.S. consumption: U.S. producers' share	51.7	51.7	52.4	51.4	53.0	52.1
U.S. importers' share: China	2.6	0.0	0.0	0.0	0.0	0.0
Indonesia	0.5	0.0	0.0	0.0	0.0	0.0
Subtotal, subject sources	3.1	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	44.3	47.2	46.0	46.9	45.3	46.1
Sheeter roll CCP	0.9	1.1	1.6	1.8	1.8	1.8
All nonsubject sources	45.2	48.3	47.6	48.6	47.0	47.9
Total imports	48.3	48.3	47.6	48.6	47.0	47.9

Table continued on the next page.

Table I-1—Continued
Certain coated paper: Comparative data from the original investigations and current reviews, 2007-15

Item	Current reviews					
	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons); value (1,000 dollars); and unit value (dollars per short ton)					
U.S. imports[1] from China:						
Quantity	71,706	0	0	0	0	0
Value	63,243	0	0	0	0	0
Unit value	$882	---	---	---	---	---
Indonesia:						
Quantity	14,510	0	0	0	0	0
Value	12,531	0	0	0	0	0
Unit value	$864	---	---	---	---	---
Subject sources:						
Quantity	86,216	0	0	0	0	0
Value	75,774	0	0	0	0	0
Unit value	$879	---	---	---	---	---
Nonsubject sources of free sheet CCP:						
Quantity	1,126,283	1,192,315	1,169,430	1,194,147	1,157,334	1,153,830
Value	1,077,277	1,196,763	1,136,151	1,139,356	1,094,453	1,066,559
Unit value	$956	$1,004	$972	$954	$946	$924
Sheeter roll CCP:						
Quantity	27,909	31,332	43,797	47,820	49,297	43,312
Value	22,977	27,558	39,763	43,359	43,063	40,639
Unit value	$823	$880	$908	$907	$874	$938
All nonsubject sources:						
Quantity	1,154,192	1,223,647	1,213,227	1,241,967	1,206,631	1,197,142
Value	1,100,254	1,224,321	1,175,914	1,182,715	1,137,516	1,107,198
Unit value	$953	$1,001	$969	$952	$943	$925
All countries:						
Quantity	1,240,408	1,223,647	1,213,227	1,241,967	1,206,631	1,197,142
Value	1,176,028	1,224,321	1,175,914	1,182,715	1,137,516	1,107,198
Unit value	$948	$1,001	$969	$952	$943	$925

Table continued on the next page.

Table I-1—Continued
Certain coated paper: Comparative data from the original investigations and current reviews, 2007-15

Item	Original investigations		
	2007	2008	2009
	Quantity (short tons); value (1,000 dollars); and unit value (dollars per short ton)		
U.S. industry:			
Capacity (quantity)	2,064,211	1,942,813	2,017,243
Production (quantity)	1,945,013	1,856,583	1,665,021
Capacity utilization (percent)	94.2	95.6	82.5
U.S. shipments:			
Quantity	1,737,222	1,648,972	1,477,233
Value	1,719,332	1,694,553	1,435,315
Unit value	$990	$1,028	$972
Ending inventory	***	***	***
Inventories/total shipments	***	***	***
Production workers	***	***	***
Hours worked (1,000)	***	***	***
Wages paid (1,000 dollars)	***	***	***
Hourly wages	***	***	***
Productivity (short tons per 1,000 hours)	***	***	***
Financial data:			
Net sales:			
Quantity	2,053,224	1,987,806	1,738,109
Value	1,944,652	1,941,218	1,638,035
Unit value	$947	$977	$942
Cost of goods sold	1,679,590	1,718,204	1,469,203
Gross profit or (loss)	265,061	223,013	168,832
SG&A expense	121,033	127,943	107,067
Operating income or (loss)	144,029	95,070	61,765
Unit COGS	$818	$864	$845
Unit operating income	$70	$48	$36
COGS/ Sales (percent)	86.4	88.5	89.7
Operating income or (loss)/ Sales (percent)	7.4	4.9	3.8

Table continued on the next page.

Table I-1—Continued
Certain coated paper: Comparative data from the original investigations and current reviews, 2007-15

Item	Current Reviews					
	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons); value (1,000 dollars); and unit value (dollars per short ton)					
U.S. industry:						
Capacity (quantity)	1,448,647	1,472,878	1,491,248	1,560,309[(1)]	1,458,388	1,461,547
Production (quantity)	1,318,974	1,272,961	1,277,789	1,225,049	1,216,593	1,161,227
Capacity utilization (percent)	91.0	86.4	85.7	78.5	83.4	79.5
U.S. shipments:						
Quantity	1,218,965	1,217,505	1,216,718	1,157,479	1,197,132	1,105,348
Value	1,257,447	1,308,956	1,294,934	1,248,394	1,280,481	1,203,877
Unit value	$1,032	$1,075	$1,064	$1,079	$1,070	$1,089
Ending inventory	216,714	244,449	253,777	236,250	242,447	240,702
Inventories/total shipments	16.1	18.3	19.1	18.5	18.7	20.0
Production workers	2,415	2,412	2,412	2,352	2,197	2,232
Hours worked (1,000)	4,865	4,880	4,901	4,740	4,456	4,521
Wages paid (1,000 dollars)	132,667	134,869	137,030	133,769	127,143	129,981
Hourly wages	$27.27	$27.64	$27.96	$28.22	$28.53	$28.75
Productivity (short tons per hour)	271.1	260.9	260.7	258.4	273.0[(2)]	256.9
Financial data:						
Net sales:						
Quantity	1,293,204	1,296,647	1,280,865	1,231,982	1,221,374	1,179,591
Value	1,266,465	1,331,588	1,305,678	1,266,976	1,259,384	1,224,133
Unit value	$979	$1,027	$1,019	$1,028	$1,031	$1,038
Cost of goods sold	1,085,524	1,128,423	1,159,036	1,117,947	1,106,899	1,050,078
Gross profit or (loss)	180,941	203,165	146,642	149,029	152,485	174,055
SG&A expense	79,145	77,335	77,041	74,513	69,467	77,596
Operating income or (loss)	101,796	125,830	69,601	74,516	83,018	96,459
Unit COGS	$839	$870	$905	$907	$906	$890
Unit operating income	$79	$97	$54	$60	$68	$82
COGS/ Sales (percent)	85.7	84.7	88.8	88.2	87.9	85.8
Operating income or (loss)/ Sales (percent)	8.0	9.4	5.3	5.9	6.6	7.9

[1] The increase in certain coated paper capacity in 2013 is due to ***. Staff telephone interview with *** and *** producer questionnaire response, section II-11.
[2] Increased productivity in 2014 is the result of a decline in hours worked that year by half of the U.S. producers that submitted questionnaire responses in these first five-year reviews, ***.

Source: Compiled from data submitted in response to Commission questionnaires and supplemented with proprietary Customs data (see footnote 19 in Part I of this report).

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 coated paper as collected in the reviews is presented in appendix C. U.S. industry data are based on the usable questionnaire responses of 11 U.S. integrated producers and 6 U.S. converters. These 17 firms are believed to have accounted for virtually all of U.S. production of certain coated paper in 2015. U.S. import data and related information are based on the questionnaire responses of 18 U.S. importers that are believed to have accounted for slightly more than half of all of imports of in scope free sheet CCP (by quantity) and virtually all imports

of out-of-scope sheeter roll CCP (by quantity) in 2015, and supplemented with proprietary Customs data.[25] Foreign industry data and related information are based on the questionnaire responses of seven producers. Four producers in China are believed to have accounted for *** of free sheet CCP production in China. Three producers in Indonesia are believed to have accounted for all free sheet CCP production in Indonesia. Responses by U.S. producers, importers, purchasers, and foreign producers 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.

COMMERCE'S REVIEWS

Administrative reviews

Commerce initiated one administrative review of the outstanding countervailing duty order on subject merchandise from China, and one administrative review of the outstanding countervailing duty order on subject merchandise from Indonesia.[26] Commerce later rescinded both administrative reviews at the request of the petitioners of the reviews.[27] [28]

Changed circumstances reviews

Commerce has not conducted any duty absorption findings or anti-circumvention findings with respect to subject merchandise from China and Indonesia since the imposition of the antidumping and countervailing duty orders.

Scope inquiry reviews

Commerce has conducted one scope inquiry review with respect to free sheet CCP from China and Indonesia. Gold East Paper (Jiangsu) Co. Ltd. ("Gold East") (including its subsidiaries Ningbo Zhonghua Paper Co., Ltd. ("Ningbo Zonghua") and Ningbo Asia Pulp and Paper Co., Ltd. ("Ningbo Asia")), Global Paper Solutions, Inc. ("GPS"), Pindo Deli Pulp and Paper Mills, PT. Indah Kiat Pulp & Paper Tbk, and Paper Max, Ltd. ("Paper Max") (collectively "APP") requested that Commerce review its playing card board (Ningbo Poker) and four of its folding packaging board

[25] See footnote 19 in Part I of this report.

[26] *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 79392, December 30, 2013.

[27] *Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From the People's Republic of China: Rescission of Countervailing Duty Administrative Review; 2012*, 79 FR 27574, May 14, 2014.

[28] *Notice of Rescission of Countervailing Duty Administrative Review: Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From Indonesia*, 79 FR 45181, August 4, 2014.

products (Ningbo Fold, Zenith, Sinar Vanda and Savvi Coat).[29] Commerce determined that "packaging paperboard paperboard products covered by this inquiry with a thickness of 310 µm or more and a density of less than .70 g/cm^{3}are not suitable for high-quality print graphics."[30] Therefore, APP's Zenith packaging paperboard with a basis weight of 215 grams per square meter ("gsm"), APP's Sinar Vanda packaging paperboard with a basis weight of 210 gsm, and APP's blue-center playing card board were determined to be within the scope of the antidumping duty and countervailing duty orders. APP's Zenith packaging paperboard (except with a basis weight of 215 gsm), APP's Sinar Vanda packaging paperboard (except with a basis weight of 210 gsm), and APP's grey-center playing card board and black-center playing card board were determined to be outside the scope of the antidumping duty and countervailing duty orders.[31]

Five-year reviews

Commerce has issued the final results of its expedited reviews of the countervailing and antidumping duty orders for both subject countries.[32] Table I-2 presents the countervailable subsidy margins for Chinese firms calculated by Commerce in its original investigations and first five-year reviews. Table I-3 presents the dumping margins for Chinese firms calculated by Commerce in its original investigations and first five-year reviews.

[29] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia and the People's Republic of China: Final Scope Rulings for Certain Playing Card Products and Certain Packaging Paperboard Products*, Memorandum to Christian Marsh from Susan H. Kuhbach, September 13, 2012.

[30] Ibid.

[31] *Notice of Scope Rulings*, 77 FR 50084, August 20, 2012.

[32] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia and the People's Republic of China: Final Results of Expedited First Sunset Reviews of the Antidumping Duty Orders*, 81 FR 907, January 8, 2016; and *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia: Final Results of Expedited First Sunset Review of the Countervailing Duty Order*, 81 FR 6234, February 5, 2016; and *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order*, 81 FR 7081, February 10, 2016.

Table I-2
Free sheet CCP: Commerce's original and first five-year countervailable subsidy for producers/exporters in China

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)
Gold East Paper (Jiangsu) Co., Ltd.	19.46[(1)]	19.46
Gold Huasheng Paper Co., Ltd.	19.46	19.46
Gold East Trading (Hong Kong) Company Ltd.	19.46	19.46
Ningbo Zhonghua Paper Co., Ltd.	19.46	19.46
Ningbo Asia Pulp & Paper Co., Ltd.	19.46	19.46
Shandong Sun Paper Industry Joint Stock Co., Ltd.	202.84[(2)]	202.84
Yanzhou Tianzhang Paper Industry Co., Ltd.	202.84	202.84
All others	19.46	19.46

[1] Amended by Commerce from an initial countervailable subsidy of 17.64 percent for the following Chinese companies: Gold East Paper (Jiangsu) Co., Ltd.; Gold Huasheng Paper Co., Ltd.; Ltd.; Gold East (Hong Kong) Trading Co., Ltd; Ningbo Zhonghua Paper Co., Ltd.; Ningbo Asia Pulp and Paper Co.; and all others. *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 59212, September 27, 2010.

[2] Amended by Commerce from an initial countervailable subsidy 178.03 percent. *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 75 FR 59212, September 27, 2010.

Source: *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 75 FR 70201, November 17, 2010 and *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order,* 81 FR 7081, February 10, 2016.

Table I-3
Free sheet CCP: 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*)
Gold East Paper (Jiangsu) Co., Ltd.	7.60	3.64[(1)]
Gold Huasheng Paper Co., Ltd.	7.62[(2)]	3.64
Ningbo Zhonghua Paper Co., Ltd.	7.60	3.64
Ningbo Asia Pulp and Paper Co., Ltd.	7.60	3.64
Gold East (Hong Kong) Trading Co., Ltd.	7.60	3.64
Shandong Chenming Paper Holdings Ltd.	7.62[(2)]	7.62
All others	135.84[(3)]	135.84

[1] Following a 2015 ruling by the Court of International Trade, Commerce revised the dumping margin down to 3.64 percent for the following Chinese companies: Gold East Paper (Jiangsu) Co., Ltd.; Gold Huasheng Paper Co., Ltd.; Ningbo Zhonghua Paper Co., Ltd.; Ningbo Asia Pulp and Paper Co., Ltd.; Gold East (Hong Kong) Trading Co., Ltd. *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Notice of Court Decision Not in Harmony With Final Determination of Sales at Less Than Fair Value and Notice of Amended Final Determination of Sales at Less Than Fair Value Pursuant to Court Decision*, 80 FR 77603, December 15, 2015.

[2] Amended by Commerce from an initial dumping margin of 7.60 percent. *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Final Determination of Sales at Less Than Fair Value,* 75 FR 59217, September 27, 2010.

[3] Amended by Commerce from an initial dumping margin of 135.83 percent. *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Final Determination of Sales at Less Than Fair Value,* 75 FR 59217, September 27, 2010.

Source: *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Order*, 75 FR 70203, November 17, 2010 and *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia and the People's Republic of China: Final Results of Expedited First Sunset Reviews of the Antidumping Duty Orders*, 81 FR 907, January 8, 2016.

Table I-4 presents the countervailable subsidy margins for Indonesian firms calculated by Commerce in its original investigations and first five-year reviews. Table I-5 presents the dumping margins for Indonesian firms calculated by Commerce in its original investigations and first five-year reviews.

Table I-4
Free sheet CCP: Commerce's original and first five-year countervailable subsidy for producers/exporters in Indonesia

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)
PT. Pabrik Kertas Tjiwi Kimia	17.94	17.94
PT. Pindo Deli Pulp and Paper Mills	17.94	17.94
PT. Indah Kiat Pulp and Paper	17.94	17.94
All others	17.94	17.94

Source: *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia: Countervailing Duty Order*, 75 FR 70206, November 17, 2010 and *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia: Final Results of Expedited First Sunset Review of the Countervailing Duty Order,* 81 FR 6234, February 5, 2016

Table I-5
Free sheet CCP: Commerce's original and first five-year dumping margins for producers/exporters in Indonesia

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)
PT. Pabrik Kertas Tjiwi Kimia	20.13	20.13
PT. Pindo Deli Pulp and Paper Mills	20.13	20.13
PT. Indah Kiat Pulp and Paper	20.13	20.13
All others	20.13	20.13

Source: *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia: Antidumping Duty Order*, 75 FR 70205, November 17, 2010 and *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia and the People's Republic of China: Final Results of Expedited First Sunset Reviews of the Antidumping Duty Orders*, 81 FR 907, January 8, 2016.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of these reviews as follows:[33]

> *Certain coated paper and paperboard[34] in sheets suitable for high quality print graphics using sheet-fed presses; coated on one or both sides with kaolin (China*

[33] The original definition of the scope of these investigations, as set forth in the petition, included sheeter roll CCP. After consultations with Commerce, petitioners removed sheeter roll CCP from the definition of the scope. *See* Petitioners' October 9, 2009 submission to Commerce. The altered scope language dropped references to unfinished product and rolls as well as the corresponding HTS numbers that reference rolls.

or other clay), calcium carbonate, titanium dioxide, and/or other inorganic substances; with or without a binder; having a GE brightness level of 80 or higher;[35] *weighing not more than 340 grams per square meter; whether gloss grade, satin grade, matte grade, dull grade, or any other grade of finish; whether or not surface-colored, surface-decorated, printed (except as described below), embossed, or perforated; and irrespective of dimensions ("Certain Coated Paper").*

Certain Coated Paper includes: (a) coated free sheet paper and paperboard that meets this scope definition; (b) coated groundwood paper and paperboard produced from bleached chemi-thermo-mechanical pulp ("BCTMP") that meets this scope definition; and (c) any other coated paper and paperboard that meets this scope definition.

Certain Coated Paper is typically (but not exclusively) used for printing multi-colored graphics for catalogues, books, magazines, envelopes, labels and wraps, greeting cards, and other commercial printing applications requiring high quality print graphics.

Specifically excluded from the scope are imports of paper and paperboard printed with final content printed text or graphics.

Imports of the subject merchandise are provided for under the following statistical categories of the HTSUS: 4810.14.11, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.6000, 4810.14.70, 4810.19.1100, 4810.19.1900, 4810.19.2010, 4810.19.2090, 4810.22.1000, 4810.22.50, 4810.22.6000, 4810.22.70, 4810.29.1000, 4810.29.5000, 4810.29.6000, 4810.29.70, 4810.32, 4810.39, 4810.92.

While HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.[36]

(…*continued*)

[34] "Paperboard" refers to free sheet CCP that is heavier, thicker and more rigid than coated paper, but which otherwise meets the product description. In the context of coated paper, paperboard typically is referred to as "cover," to distinguish it from "text."

[35] One of the key measurements of any grade of paper is brightness. Generally speaking, the brighter the paper the better the contrast between the paper and the ink. Brightness is measured using a GE Reflectance Scale, which measures the reflection of light off a grade of paper. One is the lowest reflection, or what would be given to a totally black grade, and 100 is the brightest measured grade.

[36] *Issues and Decision Memorandum for the Final Results of the Expedited First Sunset Reviews of the Antidumping Duty Orders on Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia and the People's Republic of China*, Memorandum from Christian Marsh to Paul Piquado, January 4, 2015.

Tariff treatment

The provisions applicable to the subject merchandise in the Harmonized Tariff Schedule of the United States ("HTSUS" or "HTS") have been modified in some respects, and new statistical reporting numbers have in some cases been added, since the conclusion (in November 2010) of the final phase of the original investigations: 4810.29.1000, 4810.29.7020, 4810.92.1200, 4810.92.1400. [37] Certain coated paper in sheets is currently imported under HTS statistical reporting numbers 4810.14.1100, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.6000, 4810.14.7000, 4810.19.1100, 4810.19.1900, 4810.19.2010, 4810.19.2090, 4810.22.1000, 4810.22.5000, 4810.22.6000, 4810.22.7000, 4810.29.1000, 4810.29.5000, 4810.29.6000, 4810.29.7000, 4810.92.1200, and 4810.92.1400.[38] [39] Imports of certain coated paper that qualify for normal trade relations are eligible to enter the United States at a column 1-general duty rate of "free." Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE SUBJECT PRODUCT

Description and applications[40]

Certain coated paper is coated on one or both sides with kaolin (China or other clay), calcium carbonate, titanium dioxide, and/or other inorganic substances. Paper and paperboard coated with these substances have a better printing surface than uncoated paper and paperboard. Other important physical characteristics of certain coated paper include: (1) brightness, (2) basis weight, (3) finish, (4) opacity, (5) smoothness, and (6) caliper.

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[37] The following revisions to the HTS statistical reporting numbers have been made since the original investigations:

4810.29.1000 was subdivided into "in rolls" (1025) and "in sheets" (1035),
4810.29.7020 was subdivided into "in rolls" (7025) and "in sheets" (7035),
4810.92.1200 was subdivided into "in rolls" (1225) and "in sheets" (1235),
4810.92.1400 was subdivided into "in rolls" (1425) and "in sheets" (1435).

[38] In its final determinations, Commerce added the final three HTS subheadings to its scope definition (4810.32, 4810.39, and 4810.92). *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final),* USITC Publication 4192, November 2010, p. I-11.

[39] The parties agreed that product within the scope of the original investigations is not properly classified under HTS subheadings 4810.32 and 4810.39. Ibid., p. I-4.

[40] Unless otherwise noted, this information is based on *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final)*, USITC Publication 4192, November 2010, pp. I-15 through I-17 and ***.

Brightness

Brightness is a measure of the paper's ability to reflect light. The higher the brightness, the greater the contrast between the paper and the colors printed upon it. Brightness ranges from 1, a totally black grade, to 100, the brightest measured grade.

Basis weight

Basis weight, a traditional unit of measurement for the paper industry in the United States, is the weight in pounds of a ream of paper (500 sheets of paper) of a given size (the basis). Certain coated paper is also sold on a grams per square meter basis.

Finish

The finish of certain coated paper refers to the characteristics of the surface of the paper or paperboard. The most common finishes are gloss, dull, and matte. Certain coated paper with a gloss finish has a very hard and smooth surface, which results in a printed image that is lustrous and shiny in appearance. Certain coated paper with a dull finish has a smooth surface but lacks luster or gloss; certain coated paper with a matte finish also has a smooth surface but lacks gloss.

Opacity

Opacity is a measure of the ability of certain coated paper to have a printed image on one side without the image showing through to the other side. The measurement ranges from zero to 100 percent. The higher the percentage, the more opaque the paper; conversely, the lower the percentage, the more transparent the paper.

Smoothness

Smoothness is the even and consistent continuity of the surface of certain coated paper. Smoothness can be measured by a number of methods. The Bekk method measures smoothness in units of time (seconds) for a given volume of air to pass across the surface of the paper. The longer the time, the smoother the paper.

Caliper

Caliper is the thickness of certain coated paper, measured in thousandths of an inch and typically expressed as points (e.g., 10 points equals 0.010 inch, 8 points equals 0.008 inch, and so on).

Categories of certain coated paper[41]

Certain coated paper includes the following categories of paper products: (1) coated paper other than coated paperboard, (2) coated paperboard used in the commercial printing industry as "cover" stock, and (3) coated packaging paperboard. These three categories of paper products are described further below.

Coated paper other than coated paperboard

Coated paper other than coated paperboard includes (1) text grades of coated free sheet paper and (2) coated groundwood paper produced from bleached chemi-thermo-mechanical pulp.[42] Coated free sheet is a clay coated paper predominately composed of chemically obtained fibers (90 percent or more by weight). Coated groundwood is a clay coated paper made with substantial proportions of mechanically derived pulp.

U.S. producers typically sell coated paper other than coated paperboard in one of three grades, with Grade No. 1 having the highest brightness levels, Grade No. 2 having the next highest brightness levels, and Grade No. 3 having the lowest brightness levels. The brightness levels of these papers and their classification into a particular grade can vary by producer.[43] Nonetheless, all three grades of these papers have brightness levels well over 80. Coated paper other than coated paperboard has basis weights ranging from 60 pounds to 100 pounds. The finish of this paper is typically gloss, dull, or matte, and the caliper is usually below 7 points. Coated paper other than coated paperboard is generally used for printing multi-colored graphics for books, catalogues, magazines, envelopes, labels and wraps, and any other commercial printing applications requiring high quality print graphics.

Coated paperboard used in the commercial printing industry as "cover" stock

Coated paperboard used in the commercial printing industry as "cover" stock includes: (1) cover grades of coated free sheet paper and (2) coated paperboard produced by firms that traditionally service the packaging industry and that sell coated paperboard to commercial printers for use as cover stock. These two product categories are heavier, thicker, and more rigid than text grades of coated free sheet paper and coated groundwood paper produced from bleached chemi-thermo-mechanical pulp. Although each of these two product categories is

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[41] Unless otherwise noted, this information is based on *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final)*, USITC Publication 4192, November 2010, pp. I-17 through I-19 and ***.

[42] Bleached chemi-thermo-mechanical pulp is a type of mechanical pulp produced by chemicals, heat, pressure, and grinding techniques, after which the pulp is bleached. According to domestic interested parties, coated paper containing more than 10 percent bleached chemi-thermo-mechanical pulp has all the quality attributes of coated free sheet and consequently can be sold as such in the market.

[43] ***.

generally manufactured by different producers, they are generally interchangeable in the marketplace.

Cover grades of coated free sheet paper generally have brightness levels well over 80 and, like text grades of coated free sheet paper, are typically sold in one of three grades (Grade No. 1, Grade No. 2, and Grade No. 3). The weight of the paper, on a grams per square meter basis, ranges from approximately 176 to 352. The finish of this paper is usually gloss, dull, or matte, and the caliper ranges from 7 points to 14 points. Coated cover stock also has brightness levels well over 80. The weight of this paper, on a grams per square meter basis, ranges from approximately 176 to 465. The finish of the paper can vary, and the caliper ranges from 8 points to 26 points.

Coated paperboard used in the commercial printing industry as "cover" stock is used for printing multi-colored graphics for items such as business cards, appointment cards, brochures, catalogue and magazine covers, postcards, and tickets.

Coated packaging paperboard

According to the Paperboard Packaging Alliance, there are three major grades of coated packaging paperboard in the United States:

> Solid bleached sulfate– a premium grade of coated paperboard that contains at least 80 percent virgin bleached wood pulp and used for packaging items such as medical goods, milk and juice, cosmetics and perfume, frozen food, and candy.
>
> Coated unbleached kraft paperboard– a superior strength grade of coated paperboard that contains at least 80 percent virgin unbleached wood pulp and used for packaging items such as frozen food, milk, and pharmaceuticals.
>
> Coated recycled paperboard– a multiply coated paperboard that is made from 100 percent recovered paperboard and used for packaging items such as soap and laundry detergent, cookies and crackers, facial tissue and napkins, cake mix, breakfast cereal, and other types of dry food.

Coated packaging paperboard has brightness levels of 80 or higher but generally lower than the brightness levels of coated paper other than coated paperboard and coated paperboard used in the commercial printing industry as "cover" stock. The weight of coated packaging paperboard ranges from approximately 185 grams per square meter to 545 grams per square meter. The finish of the paperboard is generally between a gloss finish and a dull finish, and the caliper ranges from 10 points to 24 points.

Some of the U.S. production of these three grades of coated packaging paperboard falls outside of the scope of these orders because some products within these three grades are in the form of web rolls or fail to meet the brightness and/or the basis weight specifications described in the scope language and modified through the 2012 scope inquiry reviews.

Manufacturing processes[44]

Many of the production facilities of U.S. producers of certain coated paper are integrated operations, producing these products (as well as web rolls) in one continuous process from the harvested log to the intermediate product (pulp) to the final paper product.[45] This production process is similar for all the producers.

Manufacture of pulp

The manufacturing process begins with the removal of the bark from the hardwood and softwood logs in a debarking machine. The logs are then chipped into small uniformly sized chips in a chipper. The wood chips next undergo a chemical pulping process whereby they are cooked under pressure with water and chemicals in a digester-cooking vessel to separate the cellulose fibers from the lignin, the glue that holds the fibers together, and other impurities. The resulting wood pulp is washed and bleached to attain a level of whiteness and brightness required for the grade of paper or paperboard being produced and then refined to enable the wood fibers to mesh and to increase their bonding properties. Different materials are added to the pulp, including kaolin clay and calcium carbonate for brightness, opacity, and smoothness, dyes for shade control,[46] optical brighteners for whiteness, and sizing agents for moisture

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[44] Unless otherwise noted, this information is based on *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final)*, USITC Publication 4192, November 2010, pp. I-19 through I-22 and ***.

[45] Certain coated paper is made from both hardwood pulp and softwood pulp. The short hardwood fibers help to provide a good printing surface, while the longer softwood fibers provide strength to the sheet. Some U.S. producers also repulp recycled paper and use this recycled pulp solely, or in combination with virgin pulp, in the production of some of their certain coated paper; they may also purchase chemical pulp (described infra) or bleached chemi-thermo-mechanical pulp on the open market to supplement their own pulp production.

[46] Shade is a measurement of the color of paper and is usually measured by the CIE LAB model. There are three generally accepted groups of white shades: true white, cream white, and blue white. A true white shade of paper reflects all the colors of the color spectrum equally. A cream white shade of paper absorbs more of the blue light and generally has a yellowish tint, while a blue white shade of paper absorbs more of the red and green lights and tends to have a bluish tint. Book publishers often use paper with a true white shade or a cream white shade as these papers are easier on the reader's eyes. For content containing mostly bluish colors and black color (for text), a blue white shade of paper produces a better print image. For content having colors mostly more akin to skin tones, a true white shade of paper may produce the best print image. Xerox Corporation, "Demystifying Three Key Paper Properties," 2005. All of these shades of paper are sold in the United States. Hearing transcript, pp. 125-126 (Hannigan). Respondent interested parties stated that changing the dyes in order to change the shade of paper being produced on the paper machine requires a machine shutdown of at least a day. Respondent interested parties prehearing brief, pp. 19, 20. Domestic interested parties noted that changing the dyes to change the shade of paper is a simple process taking no more than a few minutes

(*continued*...)

control. The exact proportions of these materials are determined by the specifications for the particular type of coated paper or paperboard that is being produced. A large volume of water is also added.

Post-pulp paper manufacturing process

At this stage of the manufacturing process, the pulp mixture is 99.5 percent water and is ready to be run continuously through a paper machine. A paper machine has three major parts–the base sheet forming section (the wet end), the press section, and the dryer section. The mixture is pumped out onto a continuously moving wire web that is usually oriented horizontally and which loops around rollers at both ends. As the wire web moves, water drains through it, the fibers begin to bond, and a sheet (web) of paper begins to form on the wire. The web at this point has an 80 percent water content. The web of paper leaves the moving wire and enters the press section, where a set of steel rollers squeezes more water out of the web, reducing its water content to about 65 percent. The web then proceeds into the dryer section and passes over and under successive steam-heated drying cylinders. This drying process removes most of the remaining water from the web of paper.[47]

Coating process

At this point, the web is now ready for coating and, if need be, calendering. Coating equipment is either integrated in line with the paper machine (on-line coating) or separate from the paper machine (off-line coating). For on-line coating, the paper enters the coating equipment after leaving the dryer section. If the coating is to occur off-line, the paper is wound onto large reels after the drying process and transported over to the off-line coating equipment. In either case, the coating and calendering processes are the same. The coating to be applied to the paper consists of a variety of chemicals and other materials mixed in certain proportions according to the requirements of the paper or paperboard being produced. These chemicals and other materials may include kaolin clay, other types of clay, calcium carbonate, titanium dioxide, latex, starches, dyes, lubricants, thickeners, plastic pigments, optical brighteners, and biocides. These mixtures brighten the paper, increase its opacity and gloss, help bind the coating to the paper, and control the buildup of fungus and mold.

When the paper web enters the coating equipment, a thin coat is applied evenly to one side, which is then dried, followed by the coating and drying of the other side of the web. One method of applying the coating to the paper involves a blade coating process, whereby extra

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to less than an hour without any disruption to the paper production process. Hearing transcript, p. 29 (Weinhold) and p. 35 and p. 124 (Osterberg).

[47] Some coated packaging paperboard has a multiply structure, i.e., the paperboard consists of multiple layers or plies of fiber that are formed separately at the wet end of the paper machine and subsequently bonded together to form a single sheet during pressing and drying. Smook, Gary. *3rd Edition Handbook for Pulp & Paper Technologists,* p. 299. Bellingham, Washington: Angus Wilde Publications Inc., 2002.

coating is applied to the paper and then scraped off by a steel blade. The pressure of the steel blade against the surface results in a uniform surface. After the coating process, the paper or paperboard is rewound onto large reels, in preparation for the calendering process. A calender is a set of steel rolls, stacked one on top of the other, through which the paper web is passed. The rolls apply heat and pressure to the paper, increasing the smoothness and gloss of the surface. Paper with a gloss or dull finish is typically calendered, while paper with a matte finish is not. After calendering, the paper is rewound again onto large reels.

Certain coated paper in sheeter rolls and sheets

Certain coated paper is produced and sold in the United States in both sheeter rolls and in sheets. These terms are generally defined as follows:

> Free sheet CCP– coated paper other than coated packaging paperboard and coated packaging paperboard that have been sheeted (cut) into certain sheet sizes from sheeter rolls by paper producers or by independent converters for use in sheet-fed presses. These presses generally print only one side of the sheet at a time and tend to have smaller print runs. Sheets have high moisture levels and certain mechanical properties that allow them to run through a sheet-fed press without curling or losing print and color fidelity.
>
> Sheeter roll CCP– rolls of coated paper other than coated packaging paperboard and coated packaging paperboard intended to be sheeted into various sheet sizes by paper producers or independent converters. Sheeter roll CCP and free sheet CCP are identical in physical characteristics but for the sheeting process.

The large reels of paper or paperboard (jumbo rolls) are transported to the finishing department where a slitter/rewinder unwinds and slits them into smaller width rolls and rewinds them onto narrower reels. The various widths of these narrower rolls are dictated by the width of the presses for which they are intended.[48] At this point in the production process,

[48] In order to use as much of the jumbo roll as possible in the process of slitting it into smaller width rolls, thereby reducing paper loss, producers try to match up their orders for sheeter roll CCP and free sheet CCP such that the various widths of the smaller rolls closely approximate the width of the jumbo roll. Producers are helped in this regard by the fact that they sell a variety of sizes of paper. Nevertheless, there is usually some loss of paper from any given jumbo roll. Hearing transcript, pp. 121-122 (Weinhold). Respondent interested parties contend that the machine width of one of their paper machines at the Pindo Deli mill, and thus the width of the jumbo roll off that machine, is such that the machine cannot cost effectively serve the U.S. for free sheet CCP. They attribute this to the fact that the U.S. market for free sheet CCP consists primarily of just two sheet sizes, and the fact that the U.S. market does not accept mixed grain (short grain) coated paper. Respondent interested parties' prehearing brief, pp. 16-18.

(*continued*...)

sheeter roll CCP (that is to be sheeted by independent converters) is wrapped and labeled for delivery to customers. The remaining sheeter roll CCP is processed on a sheeter, which cuts the rolls into sheets, performs a quality check of the surface of the paper, removes faulty sheets, counts and packages the sheets in ream quantities, and stacks them on pallets ready for delivery. U.S. producers primarily sell both coated paper other than coated packaging paperboard and coated packaging paperboard in the form of free sheet CCP. Until the free sheet CCP and sheeter roll CCP actually leave the paper mill for the customer, they are kept in climate-controlled areas and monitored carefully via inventory control software.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission defined the domestic like product as coated paper meeting the physical specifications of Commerce's scope definition and sheeter rolls. The principle domestic like product issues explored in the original investigation were (1) whether coated paper and paperboard are separate like products, (2) whether sheeter rolls[49] should be included in the domestic like product, and (3) whether web rolls should be included in the domestic like product.[50] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price.

Regarding whether coated paper and paperboard are separate like products, the Commission concluded there is no clear dividing line between coated paper and paperboard

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(…*continued*)

During paper manufacturing, the paper fibers typically line up parallel to the direction of the paper machine, i.e., long grain—the grain direction is parallel to the long dimension of the sheet. Short grain paper is paper where the grain direction is parallel to the short dimension of the sheet. The grain of the paper can affect the printing process because paper folds smoother in the grain direction but cracks or roughens when folded cross grain. Also, paper is stiffer in the grain direction. Spicers Paper. "Paper Properties and Their Impact on the Printing Process."

Domestic interested parties note that the width of the paper machine cited by the respondent interested parties is quite close in width to some of the domestic interested parties' own machines. Domestic interested parties also note that the U.S. market for free sheet CCP consists of many different sheet sizes with sizeable volumes, not just the two sheet sizes indicated by the respondent interested parties. Consequently, domestic interested parties assert that respondent interested parties should be able to cost effectively serve the U.S. market by matching up their orders to all of their paper machines, thereby incurring a paper loss that is no greater than that experienced by U.S. producers. Hearing transcript, p. 28 (Weinhold), p. 35 (Osterberg), and pp. 121-122 (Weinhold).

[49] Throughout this report, the term "sheeter rolls" refers to rolls of coated paper matching the product description (aside from being in sheet form) as defined in Commerce's scope and that are intended to be sheeted into the in-scope merchandise.

[50] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final)*, USITC Publication 4192, November 2010, pp. 6 and 7.

that it determined to be within the scope definition. Both coated paper and paperboard are used in commercial printing applications, and they overlap on such physical characteristics as brightness, basis weight, and caliper. To the extent that the products overlap in these physical characteristics, they are considered broadly interchangeable in the marketplace, and are sold in similar channels of distribution. In addition, coated paper and paperboard are usually made by different producers, although they are typically produced using similar processes and equipment. Finally, the record in the original investigations did not indicate that market participants perceive coated paper and paperboard as distinct products.[51]

Regarding whether sheeter rolls should be included in the domestic like product, the Commission applied its "semifinished product" like product analysis. It found that virtually all sheeter roll CCP is used in the production of free sheet CCP, and there is at most a small market for sheeter roll CCP. Moreover, sheeter roll CCP represents a substantial proportion of the cost and value of the finished product and undergo only one other production step (being cut into sheets) before transformation into free sheet CCP.[52]

Lastly, regarding whether web rolls should be included in the domestic like product, the Commission concluded that there is a clear dividing line distinguishing web rolls from coated paper. While web rolls and coated paper have similar channels of distribution, are produced using the same processes and equipment, and are used in similar printing applications, there are clear distinctions between them. Each is produced to meet distinct requirements of particular printing presses, and thus differ in moisture content, porosity, and mechanical characteristics such as flatness. The evidence did not indicate that they are broadly interchangeable; to the contrary, in-line sheeters are infrequently used to sheet web rolls in sheet-fed presses. Moreover, the Commission found that coated paper and web rolls are priced differently, and the record in the original investigations did not indicate that market participants perceive the products to be broadly similar.[53]

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.[54] According to their responses to the notice of institution, the domestic interested parties agreed with the Commission's definition without qualifications.[55] Respondent interested parties agreed with the current domestic like product definition while noting that they reserve the right to argue otherwise;[56] they further stated that the domestic

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[51] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final)*, USITC Publication 4192, November 2010, pp. 6 and 7.

[52] Ibid., p. 7.

[53] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final)*, USITC Publication 4192, November 2010, p. 11.

[54] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From China and Indonesia; Institution of Five-Year Reviews*, 80 FR 59189, October 1, 2015.

[55] *Domestic Interested Parties' Response to Notice of Institution*, November 2, 2015, p. 24.

[56] *Indonesian Interested Parties' Response to Notice of Institution*, November 2, 2015, p. 8.

industry definition should include producers of packaging that contains high-quality graphics.[57] No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires.[58] No other interested party provided further comment on the domestic like product. In their prehearing brief, domestic interested parties' continued to agree with the Commission's definition of the domestic like product and its definition of the domestic industry, but reserved the right to argue that *** should be excluded from the domestic industry.[59] In their prehearing brief, respondent interested parties continued to agree with the Commission's definition of the domestic like product and its definition of the domestic industry.[60]

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigations, 11 integrated producers and four U.S. converters supplied the Commission with usable information on their U.S. operations with respect to certain coated paper.[61] [62] The integrated producers were believed to account for the vast majority of U.S. production of certain coated paper in 2009, while the responding U.S. converters were estimated to account for less than *** percent of U.S. independent conversion activities in 2008.[63] In these current proceedings, the Commission issued U.S. producers' questionnaires to 11 potential integrated producers, all of which provided the Commission with usable information on their certain coated paper operations, and 116 potential U.S. converters, six of which provided the Commission with usable information on their certain coated paper operations. These firms are believed to have accounted for the vast majority of U.S. production of certain coated paper in 2015.[64]

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[57] Ibid, p. 8.

[58] Following Commerce's August 20, 2012 scope ruling, the respondent interested parties requested that *** receive and respond to the Commission's questionnaires. *Indonesian Interested Parties' Comments on Draft Questionnaires*, July 1, 2016, p. 1.

[59] Domestic interested parties' prehearing brief, pp. 6-7.

[60] Respondent interested parties' prehearing brief, pp. 5-6.

[61] The 11 integrated producers that supplied the Commission with usable questionnaire information during the original investigations were: Appleton, Cascades, Clearwater, Georgia-Pacific, International Paper, MeadWestvaco, Mohawk, NewPage, Rock-Tenn, Sappi, and Smart.

The four U.S. converters that supplied the Commission with usable questionnaire information during the original investigations were: Clampitt, Nekoosa, Wausau, and Williams.

[62] Three converters supplied the Commission with unusable questionnaire information during the original investigations: Case, National Converting, and Resource One.

[63] *Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final): Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia—Staff Report*, USITC Publication 4192, November 2010, p. III-1.

[64] Integrated producers are believed to account for approximately 80 percent of U.S. production of free sheet CCP, with U.S. converters accounting for the remainder.

Table I-6 presents a list of current domestic producers of certain coated paper and each company's position on continuation of the orders, production locations, and share of reported production of certain coated paper in 2015.

Table I-6
Certain coated paper: U.S. producers, their positions on orders, U.S. production locations, and shares of 2015 reported U.S. production

Firm	Position on orders	Production location(s)	Share of free sheet CCP production (percent)	Share of sheeter roll production (percent)
Appleton	***	Combined Locks, WI	***	***
Case	***	Philadelphia, PA Chicago, IL Miami, FL	***	***
Catalyst	***	Rumford, ME	***	***
Clearwater	***	Lewiston, Idaho Cypress Bend, Arkansas	***	***
Georgia-Pacific	***	Crossett, AR Naheola, AL Brewton, AL Crossett, AR St. Marys, GA	***	***
Gould	***[1]	Carrollton, TX	***	***
Graphic Packaging[2]	***	West Monroe, LA Macon, GA Middletown, OH Kalamazoo, MI Battle Creek, MI Santa Clara, CA	***	***
Huston Patterson	***	Decatur, IL	***	***
International Paper	***	Riegelwood, NC Augusta, GA Hazleton, PA Greensboro, NC Sturgis, MI Springhill, LA	***	***
Mohawk	***	Cohoes, NY	***	***
Nekoosa	***	Nekoosa, WI	***	***

Table continued on the next page.

Table I-6—Continued
Certain coated paper: U.S. producers, their positions on orders, U.S. production locations, and shares of 2015 reported U.S. production

Firm	Position on orders	Production location(s)	Share of free sheet CCP production (percent)	Share of sheeter roll production (percent)
PaperWorks	***	Philadelphia, PA & Wabash, IN Richmond, VA Mendon, MI Dallas, TX Wilkes Barrie, PA Hagerstown, IN	***	***
Perez	***	Miami, Florida	***	***
Sappi	***	Cloquet, Minnesota Skowhegan, Maine Allentown, Pennsylvania	***	***
Verso	***	Memphis, TN Jay, ME Escanaba MI Luke, Maryland Wisconsin Rapids, WI Wickliffe KY (Closed)	***	***
WestRock	***	Covington, VA Evadale, TX Low Moor, VA	***	***
Williams	***	Saint Louis, MO	***	***
Total			100.0	100.0

[1] ***.*** producer questionnaire response, section I-3.
[2] ***.

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

As indicated in table I-7, two U.S. producers are related to foreign producers (all in nonsubject countries) of certain coated paper in free sheet or sheeter rolls form, and four U.S. producers are related to importers or exporters of certain coated paper in free sheet or sheeter roll form ***. In addition, as discussed in greater detail in Part III, three U.S. producers directly imported free sheet CCP (none of which was subject merchandise), one U.S. producer directly imported both free sheet CCP (some of which was subject merchandise in 2010) and sheeter roll CCP, and two U.S. producers reported purchasing sheeter roll CCP from U.S. importers.

Table I-7
Certain coated paper: U.S. producers' ownership, related and/or affiliated firms

* * * * * * *

U.S. importers

In the original investigations, 11 firms supplied the Commission with usable information on their operations involving the importation of certain coated paper, accounting for the majority of U.S. imports of subject merchandise from China and Indonesia during 2009.[65] Of the responding U.S. importers, three were domestic producers: Appleton, Mohawk, and Sappi.[66]

In the current proceedings, the Commission issued U.S. importers' questionnaires to 159 potential importers of certain coated paper, as well as to all U.S. producers of certain coated paper. Usable questionnaire responses were received from 19 firms.[67] Table I-8 lists all responding U.S. importers of certain coated paper from China, Indonesia, and other sources, their locations, and their shares of U.S. imports in 2015.

[65] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final)*, USITC Publication 4192, November 2010, p. IV-1.

[66] Ibid., p. IV-2.

[67] No importers reported any imports of subject merchandise from China. *** reported importing *** short tons of subject merchandise from Indonesia ***.

Table I-8
Certain coated paper: U.S. importers, their headquarters, and shares of imports by source in 2015

Firm	Headquarters	Share of free sheet CCP imports by source (percent)				
		China	Indonesia	Subject sources	All other sources	All sources
Appleton	Combined Locks, WI	***	***	***	***	***
Cellmark	Norwalk, CT	***	***	***	***	***
Charta Global	Anaheim, CA	***	***	***	***	***
Clampitt	Dallas, TX	***	***	***	***	***
Domtar	Fort Mill, SC	***	***	***	***	***
Georgia-Pacific	Atlanta, GA	***	***	***	***	***
Graphic Packaging	Sandy Springs, GA	***	***	***	***	***
Hansol	Fort Lee, NJ	***	***	***	***	***
H. Saga	Taipei City, Taiwan	***	***	***	***	***
JPP	Los Angeles, CA	***	***	***	***	***
Metsä	Espoo, Finland	***	***	***	***	***
Midland	Wheeling, IL	***	***	***	***	***
Mohawk	Cohoes, NY	***	***	***	***	***
Moorim	Denver, CO	***	***	***	***	***
Perez	Miami, FL	***	***	***	***	***
Sappi	Boston, MA	***	***	***	***	***
Stora Enso	Stamford, CT	***	***	***	***	***
Tembec	Montreal, QC	***	***	***	***	***
UPM	Naperville, IL	***	***	***	***	***
All other firms[1]	Various	***	***	***	***	***
Total					100.0	100.0

Table continued on the next page

Table I-8—Continued
Certain coated paper: U.S. importers, their headquarters, and shares of imports by source in 2015

Firm	Share of sheeter roll CCP (percent)					Total U.S. imports[2]
	China	Indonesia	China and Indonesia combined	All other sources	All sources	
Appleton	***	***	***	***	***	***
Cellmark	***	***	***	***	***	***
Charta Global	***	***	***	***	***	***
Clampitt	***	***	***	***	***	***
Domtar	***	***	***	***	***	***
Georgia-Pacific	***	***	***	***	***	***
Graphic Packaging[3]	***	***	***	***	***	***
Hansol	***	***	***	***	***	***
H. Saga	***	***	***	***	***	***
JPP	***	***	***	***	***	***
Metsä	***	***	***	***	***	***
Midland	***	***	***	***	***	***
Mohawk	***	***	***	***	***	***
Moorim	***	***	***	***	***	***
Perez	***	***	***	***	***	***
Sappi	***	***	***	***	***	***
Stora Enso	***	***	***	***	***	***
Tembec	***	***	***	***	***	***
UPM	***	***	***	***	***	***
All other firms[1]	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Import data for all other firms was compiled using proprietary Customs data (see footnote 19 in Part I of this report).
[2] Total U.S. imports represents the universe of imports that otherwise corresponds to the Commission's previous domestic like product finding, which includes in-scope free sheet CCP and out-of-scope sheeter roll CCP.
[3] ***.

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

U.S. purchasers

The Commission received 17 usable questionnaire responses from firms that purchased free sheet CCP during 2010 through June 2016.[68] Eleven responding purchasers were distributors, two were publishing houses, three were other end users, and two were other.[69] In general, responding U.S. purchasers were based in all regions of the continental United States except the Mountains region.[70] The largest purchasers of free sheet CCP in 2015 were, in order of their purchases, ***. These three distributors represent 85.4 percent of the purchases reported by the responding purchasers.[71] These three firms' purchases represented *** percent of apparent consumption in 2015.[72]

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of certain coated paper are shown in table I-9 and figure I-1. Apparent U.S. consumption of certain coated paper declined by 6.4 percent by quantity and by 5.0 percent by value from 2010 to 2015. U.S. producers' U.S. shipments of free sheet CCP decreased by 9.3 percent by quantity and 4.3 percent by value from 2010 to 2015. By quantity, imports of free sheet CCP from nonsubject sources increased by 6.0 percent from 2010 to 2013, while by value they increased by 5.8 percent from 2010 to 2013 before returning close to 2010 levels by 2015.

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[68] Of the 16 purchaser responses, in 2015, 15 purchased the domestic free sheet CCP, 8 purchased imports of free sheet CCP from China, three purchased imports of free sheet CCP from Indonesia, and 14 purchased imports of free sheet CCP from other sources. Purchasers reporting that they purchased free sheet CCP from subject countries were contacted in order to understand why so many reported purchasing from China and Indonesia when no imports of free sheet CCP were reported from these countries. Some firms reported converting sheeter rolls produced in China or Indonesia and purchasers may have identified the source of paper production rather than conversion.

[69] "Other end users" included ***. "Other" included ***.

[70] Location of the purchasers was determined by the state purchasers reported in their addresses. Many firms sell free sheet CCP in additional regions.

[71] ***.

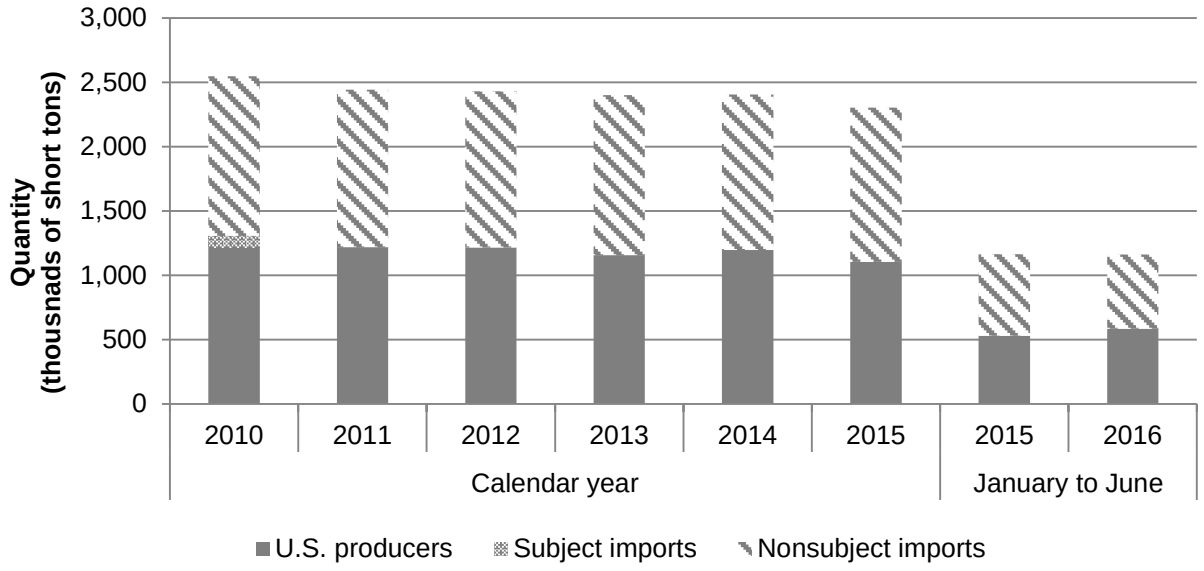
[72] Purchasers reported purchasing more free sheet CCP than was reported in apparent consumption. This may reflect double counting of purchases as purchasers may purchase from distributors as well as producers and/or importers or purchases may include double counting as purchasers include sheeter roll CCP as well and free sheet CCP. It may also reflect undercounting of apparent U.S. consumption.

Table I-9
Certain coated paper: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
U.S. producers' U.S. shipments	1,218,965	1,217,505	1,216,718	1,157,479	1,197,132	1,105,348	529,026	585,885
U.S. imports[1] from.--								
China	71,706	0	0	0	0	0	0	0
Indonesia	14,510	0	0	0	0	0	0	0
Subject sources	86,216	0	0	0	0	0	0	0
Nonsubject sources of free sheet CCP	1,126,283	1,192,315	1,169,430	1,194,147	1,157,334	1,153,830	611,692	552,461
Sheeter roll CCP	27,909	31,332	43,797	47,820	49,297	43,312	23,494	23,177
Nonsubject sources	1,154,192	1,223,647	1,213,227	1,241,967	1,206,631	1,197,142	635,186	575,638
All sources	1,240,408	1,223,647	1,213,227	1,241,967	1,206,631	1,197,142	635,186	575,638
Apparent U.S. consumption	2,459,373	2,441,152	2,429,945	2,399,446	2,403,763	2,302,490	1,164,212	1,161,523
	Value (1,000 dollars)							
U.S. producers' U.S. shipments	1,257,447	1,308,956	1,294,934	1,248,394	1,280,481	1,203,877	571,431	634,252
U.S. imports[1] from.--								
China	63,243	0	0	0	0	0	0	0
Indonesia	12,531	0	0	0	0	0	0	0
Subject sources	75,774	0	0	0	0	0	0	0
Nonsubject sources of free sheet CCP	1,077,277	1,196,763	1,136,151	1,139,356	1,094,453	1,066,559	569,505	500,810
Sheeter roll CCP	22,977	27,558	39,763	43,359	43,063	40,639	21,455	22,010
Nonsubject sources	1,100,254	1,224,321	1,175,914	1,182,715	1,137,516	1,107,198	590,960	522,820
All sources	1,176,028	1,224,321	1,175,914	1,182,715	1,137,516	1,107,198	590,960	522,820
Apparent U.S. consumption	2,433,475	2,533,277	2,470,848	2,431,109	2,417,997	2,311,075	1,162,391	1,157,072

Source: Compiled from data submitted in response to Commission questionnaires and supplemented with proprietary Customs data (see footnote 19 in Part I of this report).

Figure I-1
Certain coated paper: Apparent U.S. consumption, 2010-15, January-June 2015, and January-June 2016



Source: Compiled from data submitted in response to Commission questionnaires and supplemented with proprietary Customs data (see footnote 19 in Part I of this report).

U.S. MARKET SHARES

U. S. market share data are presented in table I-10. U.S. producers' U.S. shipments as a share of apparent consumption decreased by 1.6 percentage points from 2010 to 2015.

Table I-10
Certain coated paper: Apparent U.S. consumption and market shares, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
Apparent U.S. consumption	2,459,373	2,441,152	2,429,945	2,399,446	2,403,763	2,302,490	1,164,212	1,161,523
	Share of quantity (percent)							
U.S. producers' U.S. shipments	49.6	49.9	50.1	48.2	49.8	48.0	45.4	50.4
U.S. imports[1] from.--								
China	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subject sources	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	45.8	48.8	48.1	49.8	48.1	50.1	52.5	47.6
Sheeter roll CCP	1.1	1.3	1.8	2.0	2.1	1.9	2.0	2.0
Nonsubject sources	46.9	50.1	49.9	51.8	50.2	52.0	54.6	49.6
All sources	50.4	50.1	49.9	51.8	50.2	52.0	54.6	49.6
	Value (1,000 dollars)							
Apparent U.S. consumption	2,433,475	2,533,277	2,470,848	2,431,109	2,417,997	2,311,075	1,162,391	1,157,072
	Share of value (percent)							
U.S. producers' U.S. shipments	51.7	51.7	52.4	51.4	53.0	52.1	49.2	54.8
U.S. imports[1] from.--								
China	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subject sources	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	44.3	47.2	46.0	46.9	45.3	46.1	49.0	43.3
Sheeter roll CCP	0.9	1.1	1.6	1.8	1.8	1.8	1.8	1.9
Nonsubject sources	45.2	48.3	47.6	48.6	47.0	47.9	50.8	45.2
All sources	48.3	48.3	47.6	48.6	47.0	47.9	50.8	45.2

Source: Compiled from data submitted in response to Commission questionnaires and supplemented with proprietary Customs data (see footnote 19 in Part I of this report).

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

U.S. MARKET CHARACTERISTICS

Free sheet CCP is used in printed materials requiring high-gloss sheets, including annual company reports, high-end brochures, catalogues, magazines, direct mail advertisements, light weight packaging, and labels. Purchasers consist of paper merchants/distributors and end users, which are commercial printers. Final end-use customers include large corporations, publishing houses, and advertising agencies. Sheeter rolls are generally sold for conversion into sheets.

Apparent U.S. consumption of certain coated paper decreased during 2010-15. Overall, apparent U.S. consumption in 2015 was 6.4 percent lower than in 2010. Industry sources report that "***."[1]

CHANNELS OF DISTRIBUTION

U.S. producers and importers from nonsubject countries sold free sheet CCP mainly to distributors as shown in table II-1. Subject imports were ***.[2] U.S.-produced sheeter roll CCP were sold mainly to distributors followed by end-users, while sheeter roll CCP imported from both Indonesia and nonsubject countries were mainly sold to distributors. No information was reported for imports from China.

[1] RISI North American Graphic paper 15-Year Forecast, 2016, p. 1. RISI reports on product that differs from free sheet CCP.

[2] ***.

Table II-1
Certain coated paper: U.S. producers' and importers' share of reported U.S. commercial shipments (percent), by sources and channels of distribution, January 2010 to June 2016[1]

Item	Period							
	Calendar year						January-June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Share of reported shipments (*percent*)							
Free sheet CCP								
U.S. producers' U.S. commercial shipments:								
Distributors	63.0	62.5	63.4	62.5	59.1	56.5	55.7	54.9
End users	29.7	29.3	30.6	31.6	34.7	37.2	37.8	38.5
Through PDB program	7.3	8.2	6.0	5.9	6.1	6.3	6.5	6.6
U.S. importers' U.S. commercial shipments from Indonesia:								
Distributors	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
End users	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Through PDB program	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
U.S. importers' U.S. commercial shipments from all other countries:								
Distributors	88.5	88.0	86.6	86.1	87.1	87.2	88.2	86.4
End users	11.5	12.0	13.4	13.9	12.9	12.8	11.8	13.6
Through PDB program	0.0	0.0	0.0	0.0	0.5	0.3	0.4	0.4
Sheeter roll CCP								
U.S. producers' U.S. commercial shipments:								
Distributors	51.4	50.9	51.3	47.7	42.7	45.8	47.1	43.3
End users	20.1	21.2	20.6	26.0	30.3	29.2	26.3	37.5
Through PDB program	1.0	3.6	6.2	6.8	6.7	8.1	7.8	7.6
To converters	27.5	24.3	21.9	19.4	20.3	17.0	18.8	11.7
U.S. importers' U.S. commercial shipments from all countries:								
Distributors	82.9	83.5	71.5	66.6	52.5	66.7	80.5	60.9
End users	17.1	16.5	28.5	30.5	42.9	28.5	12.0	35.2
Through PDB program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
To converters	0.0	0.0	0.0	2.9	4.7	4.8	7.5	3.9

[1] No information was provided for channels of distribution for Chinese free sheet CCP, therefore this table excludes rows for Chinese product.

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

Less than 10 percent of U.S. product and no imports were sold under paper direct buy (PDB) programs.[3] Respondent interested parties claim that Indonesian material has been unable to compete in this sector of the market.[4]

Domestic interested parties point to the consolidation of purchasers since 2010.[5] For instance, according to industry sources, the sales of the largest U.S. printer increased by 17 percent between 2010 and 2015 while in the same period, the sales of the third, fourth, and

[3] Under PDB programs the ultimate end user (i.e., a magazine publisher) negotiates price, volume, and specifications directly with the paper manufacturer. The paper is delivered to the specified printer, and that printer must then use the paper specified in the PDB purchase, and may only charge for its printing services, not the raw material cost of the paper.

[4] Respondent interested parties prehearing brief, p. 8.

[5] Hearing transcript, p. 39 (Clancy).

fifth largest printers declined by from 15 to 20 percent.[6] Domestic interested parties show that, since 2010, 10 distributors that provided questionnaires in the initial investigations have acquired other distributors, been acquired by other distributors, or merged.[7]

GEOGRAPHIC DISTRIBUTION[8]

U.S. producers reported selling certain coated paper to all regions in the United States (table II-2). One importer of certain coated paper from Indonesia reported that it sold product in ***. For U.S. producers, 7.7 percent of sales were within 100 miles of their production facility, 68.2 percent of sales were between 101 and 1,000, and 24.1 percent were over 1,000 miles. No importers reported commercial shipments of free sheet CCP from subject countries in 2015 and no importer reported distances shipped. [9]

Table II-2
Certain coated paper: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	U.S. imports from	
		China	Indonesia
Northeast	8	0	***
Midwest	11	0	***
Southeast	10	0	***
Central Southwest	11	0	***
Mountain	7	0	***
Pacific Coast	7	0	***
Other[1]	5	0	***
All regions (except Other)	7	0	***

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

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

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[6] Domestic interested parties' prehearing brief, exhibit 40. For value of sales in 2015, see attachment 2. For value of sales in 2010, see attachment 11.

[7] Unisource and Expedia merged to form Veritive; CNG acquired Spicers, Ariva, and a number of other distributors; Japan Pulp and Paper acquired Gould Paper; Charta Global acquired Global Paper Solutions and PaperMax; Mohawk acquired Bravo Solutions; and Mac Papers acquired a number of distributors of packaging products. Domestic interested parties' prehearing brief, exhibit 41.

[8] The remainder of Part II focuses primarily on free sheet CCP.

[9] In the original investigations importers of certain coated paper from China reported that approximately *** percent of sales in 2009 occurred within 100 miles of their storage facilities, *** percent of sales occurred within 101 to 1,000 miles, and *** occurred within distances over 1,000 miles. Importers of certain coated paper from Indonesia reported that approximately *** percent of sales by value in 2009 occurred within 100 miles of their storage facilities, *** percent of sales occurred within 101 to 1,000 miles, and *** occurred within distances over 1,000 miles. *Certain Coated Paper Suitable For High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final),* Staff report to the Commission INV-HH-102, November 2010, pp. V-1-V-2.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of U.S.-produced certain coated paper to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, and the ability to produce alternate products on the same equipment.

Industry capacity

Domestic capacity utilization for certain coated paper decreased from 91.0 percent in 2010 to 79.5 percent in 2015. This relatively moderate level of capacity utilization suggests that U.S. producers may have some ability to increase production of free sheet CCP in response to an increase in prices. Capacity to produce sheeter rolls is more constrained than sheeting capacity.

On November 1, 2016, Verso announced the closure of its coated paper machine at its mill in Jay, Maine. Verso reports that this will "reduce annual coated paper production about 200,000 tons." Some of this material may be subject coated paper, thus a permanent closure of this machine may reduce U.S. excess capacity.[10]

Alternative markets

U.S. producers' exports, as a percentage of total shipments of free sheet CCP, decreased during the period.[11] U.S. producers' export shipments declined from 7.2 percent in 2010 to 5.1 percent in 2015, indicating that U.S. producers may have limited ability to shift shipments between the U.S. market and other markets in response to price changes. Difficulties U.S. producers reported in shifting their shipments to other markets included: lack of distribution partners; the high value of the dollar; sheeter roll CCP rather than free sheet CCP tends to be exported; preference for U.S. market sales because of higher profit margins; and barriers associated with inland locations.

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[10] Domestic interested parties' posthearing brief, p. 14 and exhibit 3. "Production will be transferred to lower-cost machines. And if the … machine is not restarted… layoffs of" 190 workers "could become permanent." Domestic interested parties' posthearing brief, exhibit 3, p. 2.

[11] Sheeter rolls are primarily consumed internally for sheet production.

Inventory levels

Relative to total shipments, U.S. producers' inventories of free sheet CCP increased from 11.2 percent in 2010 to 13.1 percent in 2015.[12] These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Twelve of 17 responding U.S. producers stated that they produced other products on the same equipment they used to produce free sheet CCP. These other products produced on the same equipment increased from 56.4 percent of total production on shared equipment in 2010 to 64.2 percent in 2015.[13] Other products that producers reportedly can produce on the same equipment as free sheet CCP are other coated paper products, uncoated paper, and ***.

All 10 U.S. producers of coated sheeter rolls also reported producing other products on the same equipment. Coated sheeter rolls share of production on shared equipment declined from 17.5 percent in 2010 to 15.9 in 2015.

Supply constraints

One of the 12 responding producers reported supply constraints that occasionally occur due to production issues or unanticipated demand.

Subject imports from China[14]

The responsiveness of supply of imports from China to changes in price in the U.S. market is affected by such factors as capacity utilization rates and the availability of home markets and other export markets. Based on available information, APP-China has the capability to respond to changes in demand with *** changes in the quantity of shipments of free sheet CCP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are ***.

Domestic interested parties' argue that Chinese unused capacity is understated and this indicates China is more able to increase sales to the U.S. market.[15] In addition, domestic interested parties claim that APP's export of sheeter rolls to the United States indicates

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[12] Sheeter rolls are primarily consumed internally for sheet production.

[13] Most of the increase in production of products other than certain coated paper in 2015 reflects ***.

[14] For data on the number of responding foreign firms and their share of U.S. imports from China, please refer to Part IV, "Subject Country Producers."

[15] Domestic interested parties' prehearing brief, pp. 18-20.

knowledge of and interest in the U.S. market which would allow it to enter the U.S. market more quickly if the orders are revoked.[16]

Industry capacity

The capacity utilization rate for APP-China of free sheet CCP decreased from *** percent in 2010 to *** percent in 2015. Reported capacity increased from *** short tons in 2010 to *** short tons in 2015 and production increased from *** short tons in 2010 to *** short tons in 2015. These capacity utilization rates indicate that APP-China has *** excess capacity available to increase shipments to the United States in response to duty removal.

Domestic interested parties report that Chinese capacity is understated because some Chinese producers did not respond to the foreign producers' questionnaire. They estimate that Chinese capacity to producer certain coated paper increased by at least *** since 2010.[17] Domestic interested parties also assert that Chinese capacity utilization rates are overstated. Thus, domestic interested parties assert that Chinese producers have a relatively large amount of excess capacity to increase sales to the U.S. market.

Alternative markets

Available data indicate that APP-China has *** ability to divert shipments to or from alternative markets in response to changes in the price of free sheet CCP. Specifically, *** shipments went to the United States between 2010 and 2015. The share of shipments by APP-China to export markets other than the United States *** from *** percent of shipments in 2010 to *** percent in 2015. APP-China's shipments to the home market *** from *** percent of total shipments in 2010 to *** percent in 2015. ***. The *** share of Chinese free sheet CCP exported to other markets may allow APP-China to *** shipments to the United States.

Inventory levels

Relative to total shipments, inventories of APP-China *** from *** percent in 2010 to *** percent in 2015. APP-China may have *** ability to increase shipment from inventories.

Production alternatives

APP-China reported producing *** on the same equipment used to convert sheeter roll CCP. The share of free sheet CCP's to overall production on shared equipment ranged between a low of *** percent in 2015 and a high of *** percent in 2014, and *** from *** percent in 2010 to *** percent in 2015. The *** share of production accounted for by other products

[16] Domestic interested parties' prehearing brief, pp. 21-22.
[17] Domestic interested parties' prehearing brief, p. 13.

indicates that APP-China may have *** shipments to the United States by shifting production from other products to coated paper.

Subject imports from Indonesia[18]

The responsiveness of supply of imports from Indonesia to changes in price in the U.S. market is affected by such factors as capacity utilization rates and the availability of product to shift from home markets and other export markets. Based on available information, APP-Indonesia has the capability to respond to changes in demand with *** changes in the quantity of shipments of free sheet CCP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are ***.

Industry capacity

During the period for which data were collected, the capacity utilization rate for APP-Indonesia of free sheet CCP decreased from *** percent in 2010 to *** percent in 2015. APP-Indonesia's overall reported capacity decreased from *** short tons in 2010 to *** short tons in 2015, while production decreased from *** short tons in 2010 to *** short tons in 2015. The reported data indicate that there is *** excess capacity allowing a *** increase in production of free sheet CCP for shipments to the United States.

Domestic interested parties allege that APP-Indonesia's reported decrease in capacity *** that will not limit sales to the U.S. market.[19] Further, domestic interested parties claim that Indonesian capacity to produce free sheet CCP has increased between 2010 and 2015[20] and that capacity utilization has fallen from *** percent in 2010[21] to *** percent in 2015 and reductions in capacity reflect "a temporary" shift to nonsubject product.[22]

Respondent interested parties respond that Indonesian capacity to produce free sheet CCP did not increase with the addition of new equipment because this equipment produces uncoated paper.[23]

Respondent interested parties also claim that Indonesian manufacturers' capacity to shift sales to the U.S. market is limited because "the configuration of the machinery at one of its mills (Pindo Deli) prevents it from producing the most common sizes of sheets in the United

[18] For data on the number of responding foreign firms and their share of U.S. imports from Indonesia, please refer to Part IV, "Subject Country Producers."

[19] Domestic interested parties' prehearing brief, pp. 27-28.

[20] Domestic interested parties' prehearing brief, pp. 28-29. According domestic interested parties, ***. Domestic interested parties' posthearing brief, answer to Chairman Williamson's question 2, p. 5.

[21] Domestic interested parties' prehearing brief, p. 30.

[22] Domestic interested parties' posthearing brief, answer to Chairman Williamson's question 2, pp. 2-3.

[23] The increased capacity was for uncoated paper not for free sheet CCP. Hearing transcript pp. 140-141 (Gupta).

States," sizes 19 inch x 25 inch and 28 inch x 40 inch, "in a cost efficient manner."[24] Respondents estimated that 70 to 75 percent U.S. demand is for these sizes.[25] Pindo Deli's inefficiency in producing these sizes is reflected by the relatively small share of exports to the U.S. market in the original investigations.[26]

Domestic interested parties claim that 1) the U.S. market is not dominated by two sheet sizes to the extent respondents claim, for example, these sizes represent ***; 2) paper producers cut a variety of different widths out of each jumbo roll to minimize trim loss "by changing the position of slitter knives on the winder to cut sheet rolls of different widths;" and 3) "some trim loss is inevitable" and will not prevent increased exports to the U.S. market.[27]

Alternative markets

Available data indicate that APP-Indonesia has *** ability to divert shipments to or from alternative markets in response to changes in the price of free sheet CCP. Specifically, *** of APP-Indonesia's shipments went to the United States between 2010 and 2015. The share of APP-Indonesia's sales to export markets other than the United States *** from *** percent of shipments in 2010 to *** percent in 2015. APP-Indonesia's commercial shipments to the home market *** from *** percent of total shipments in 2010 to *** percent in 2015. The share of internal consumption by APP-Indonesia varied *** from year to year but was *** in both 2010 and 2015.

Respondent interested parties testified that Indonesian demand for free sheet CCP increased 5 percent per year in the last five years.[28] In addition, they claim that demand in Indian, Bangladesh, Pakistan, and other regional markets has not been as affected by the shift to digital media as the U.S. market and "those markets continue to grow."[29]

Inventory levels

APP-Indonesia's inventories, as a share of total shipments, increased from *** percent in 2010 to *** percent in 2015. These inventories levels indicate that APP-Indonesia has *** ability to increase shipments from inventories.

Respondent interested parties claim that Indonesian inventories will not be used for exports to the United States because the paper has been cut to dimensions that are not those typically used in the U.S. market.[30]

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[24] Respondent interested parties' prehearing brief, pp. 16-17.
[25] Respondent interested parties' prehearing brief, p. 17.
[26] Respondent interested parties' prehearing brief, pp. 17-18.
[27] Domestic interested parties' posthearing brief response to Commissioner Kieff's question 2, pp. 5-8.
[28] Hearing transcript, p. 143 (Gupta).
[29] Hearing transcript, pp. 143-144 (Gupta).
[30] Respondent interested parties' prehearing brief, p. 24.

Production alternatives

APP-Indonesia reports that ***. The reported data indicate that there were *** amounts of production capacity for other products that could be shifted to produce sheeter rolls CCP for sale to the United States.

Nonsubject imports

The largest sources of nonsubject imports of free sheet CCP during 2010-15 were Canada, Korea, Germany, and Finland. Combined, these countries accounted for 80.5 percent of imports under the relevant HTS statistical reporting numbers in 2015.[31]

Respondent interested parties predict that any increase in imports from Indonesia caused by the termination of the orders on Indonesia will mainly compete against nonsubject imports.[32] Domestic interested parties claim that the Commission's data understates the increase in consumption of U.S.-produced free sheet CCP caused by the orders both because of errors in the data collected in the original investigation and incomplete data in the prehearing report.[33] Domestic interested parties also claim that nonsubject imports tended to be low in 2009, because, during the 2008 recession, nonsubject imports were suppressed "because people from a long distance were not shipping product in, in a distressed market situation."[34]

New suppliers

Five of 17 responding purchasers indicated that new suppliers had entered the U.S. market since January 1, 2010, and one expects additional entrants. Purchasers cited West Linn, Catalyst, Sappi, and "foreign products" as new supply sources.

U.S. demand[35]

Based on available information, the overall demand for free sheet CCP is likely to experience moderate changes in response to changes in price. The main contributing factors

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[31] Official U.S. import statistics under HTS statistical reporting numbers 4810.14.1120, 4810.14.1140, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.6000, 4810.19.1100, 4810.19.1900, 4810.19.2010, 4810.19.2090, 4810.22.1000, 4810.22.5044, 4810.22.5080, 4810.22.6000, 4810.29.1000, 4810.29.1035, 4810.29.5000, 4810.29.6000, 4810.92.1200, 4810.92.1235, 4810.92.1400, 4810.92.1425, and 4810.92.1435, accessed September 17, 2016.

[32] Respondent interested parties' prehearing brief, pp. 22-24.

[33] Hearing transcript, pp. 93-94 (Stewart).

[34] Hearing transcript, p. 106 (Stewart).

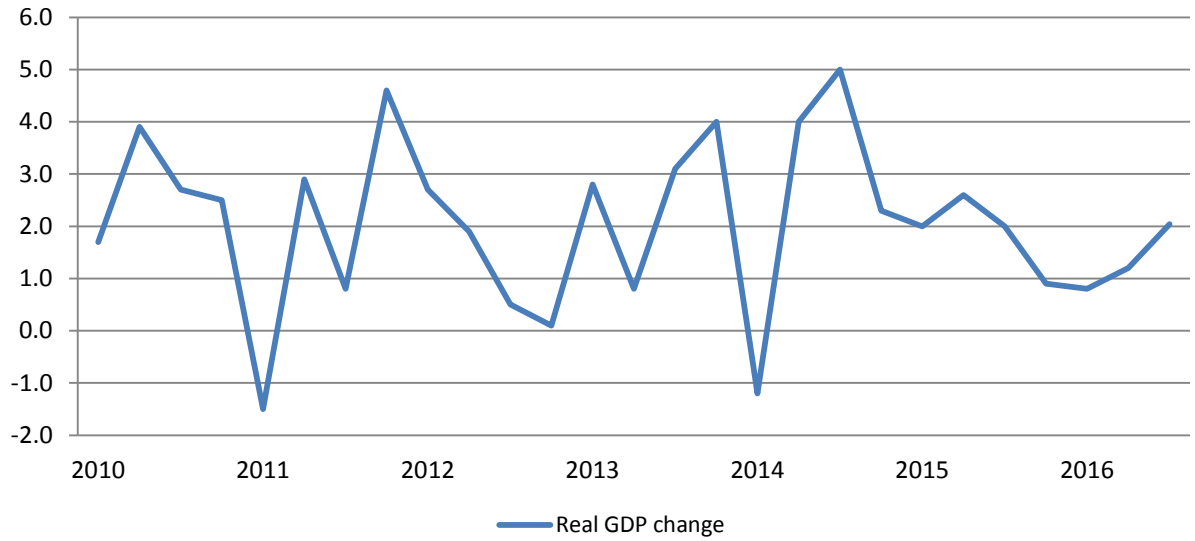
[35] Purchasers of sheeter roll CCP were typically converters and were requested to fill out producer questionnaires for their operations. Converters were requested to submit purchaser questionnaires only if they also purchased free sheet CCP.

are the availability of substitute products and the large cost share of free sheet CCP in most of its end-use products.

Overall demand for free sheet CCP appears to have declined since 2010. The general shift away from the use of printed material to electronic media has reduced demand for free sheet CCP in end-uses such as advertising. On the other hand, demand for free sheet CCP used in packaging may have increased with economic growth. In the past, demand for free sheet CCP was largely determined by the strength of the overall economy. Between 2010 and 2015, the U.S. GDP growth rate averaged 2.0 percent per year but apparent consumption of certain coated paper has declined. Figure II-1 shows quarterly real GDP growth at seasonally adjusted annual rates.

Domestic interested parties explain that they expect U.S. demand for certain coated paper to continue to decline. They estimate that U.S. demand will decline by "less than 1 percent in 2017 and"… "around 1.7 or 1.8 percent in 2018."[36]

Figure II-1
GDP growth: Real GDP growth, January 2010-September 2016



Source: Bureau of Economic Analysis. http://www.bea.gov/National/index.htm , Retrieved Nov. 8, 2016.

End uses

U.S. demand for free sheet CCP depends on the demand for U.S.-produced downstream products. Reported end-uses include annual reports, brochures, high-end catalogs, direct mailing, packaging, printing, advertising, folding cartons, inserts, top sheets, printed sheets, books, instore signage, "operational materials," and labels. Nine of 10 responding U.S. producers, all seven responding importers, eight of nine responding purchasers, and both

[36] Hearing transcript, p. 103 (Stewart).

responding foreign producers reported no changes in end uses since 2010.[37] All 10 responding U.S. producers, all seven responding importers, eight of nine responding purchaser, and both responding foreign producers reported that they expected no change in the end uses of free sheet CCP.

Cost share

Free sheet CCP accounts for a moderate-to-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

- Annual reports: 15 percent
- Catalogs: 15 percent
- Direct mailing: 15-55 percent
- Brochures: 15 to 20 percent
- Advertising: 20 percent
- Books: 20 percent
- Direct mailing: 20 to 55 percent
- Commercial printing: 20 to 95 percent
- Packaging: 25 to 87 percent
- Signage: 34 percent
- Inserts: 40 percent
- Labels: 45 to 60 percent
- "Operational materials": 55 percent
- Top sheets: 60 percent.

Business cycles

Four of 12 responding U.S. producers, 4 of 16 importers, and 5 of 17 responding purchasers indicated that the market was subject to business cycles or distinctive conditions of competition. Specifically, firms noted demand increased in August through November for back-to-school and holiday promotions, demand increases in election years, and demand is seasonal in certain segments such as wine boxes and dining out.

Two of four responding U.S. producers, one of five responding importers, and all five responding purchasers indicated that business cycles or conditions of competition had changed since 2010. Firms identified increased competition from Korean mills; growth in pharmaceutical packaging and declines in cigarette packaging; mill closures; declining demand and low prices that reduced the viability of paper mills; and increased imports caused by appreciation of the U.S. dollar.

[37] One firm reported that free sheet CCP's share of the cost in its uses had increased as prepress has been digitalized.

Demand trends

Most firms reported that U.S. demand for certain coated paper decreased since January 1, 2010 (table II-3). Most of these firms attributed the decline in demand to the shift from printed materials to electronic media. Most firms expect demand to decrease over the next two years, also mainly attributed to electronic media.

Table II-3
Certain coated paper: Firms' responses regarding U.S. demand

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	0	0	9	3
Importers	1	3	12	0
Purchasers	3	0	13	1
Foreign producers	0	0	1	0
Anticipated future demand				
U.S. producers	0	0	8	4
Importers	1	3	11	0
Purchasers	2	4	11	0
Foreign producers	0	0	1	0
Demand for purchasers' final products since 2010				
Purchasers	2	1	2	2

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

Substitute products

Substitutes for free sheet CCP include use of electronic media to replace printed media, other types of paper for printing, and other materials such as plastics for printing. Five of 12 responding U.S. producers, 3 of 12 responding importers, 4 of 17 responding purchasers, and *** responding foreign producers reported that there were substitutes for free sheet CCP. Reported substitutes included: electronic media, uncoated paper, coated groundwood paper, white top liner (for packaging), plastic film (for labels), synthetic materials (for instore advertising), and flexible packaging (for packaging).[38]

One producer and two purchasers reported that the price of substitutes affected demand for free sheet CCP, and provided a number of examples. For example, prices of coated groundwood paper and uncoated free sheet paper have fallen as demand for these products have fallen, which has increased price pressure on free sheet CCP. The price of plastic labels has fallen because of low oil prices; this has created pressure on the price of free sheet CCP used in label making applications. In addition, coated paper web rolls were reported to have become more competitive with sheeter roll and free sheet CCP as a result of improvements in web printing presses.

[38] Other products listed include TMP (thermal mechanical pulp), an input to lower quality paper, and coated recycled board (this product is within the scope of free sheet CCP if it is within the range of thickness and brightness definition).

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported free sheet CCP 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 a moderate-to-high degree of substitutability between domestically produced free sheet CCP and free sheet CCP imported from subject sources. Sheeter rolls (which are not within Commerce's scope) are not sold commercially in comparable volumes.

Lead times

Free sheet CCP is primarily produced-to-order.[39] U.S. producers reported that, in 2015, 70.2 percent of their commercial shipments were produced-to-order, with lead times averaging 27 days. The remaining 29.8 percent of their commercial shipments came from inventories, with lead times averaging 5 days.

Knowledge of country sources

Seventeen purchasers indicated they had marketing/pricing knowledge of domestic product, 6 of product from China, 6 of product from Indonesia, and 11 of product from nonsubject country products.[40]

As shown in table II-4, purchasers were more likely than their customers to make purchase decisions based on producer. Most responding purchasers either usually or sometimes make purchase decisions based on producers or country of origin. Most of the purchasers' customers sometimes make purchasing decisions based on the producer or country of origin. Eleven of the 18[41] responding purchasers always or usually make decisions based on the manufacturer. Three firms gave one or more reasons including: retail customers are influenced by brand; producer must meet the purchaser's standards; purchase from committed partners; quality and relationship; and prefer to buy domestic product.

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[39] No importer reported lead times for its imports of free sheet CCP from China or Indonesia in 2015. ***.

[40] Nonsubject countries listed included Austria, Finland, France, Germany, Italy, Japan, Korea, Netherlands, Spain, and Sweden.

[41] ***.

Table II-4
Certain coated paper: Purchasing decisions based on producer, country of origin, and FSC (or similar) certification

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	4	7	6	1
Purchaser's customers make decision based on producer	0	2	13	1
Purchaser makes decision based on country	3	5	6	4
Purchaser's customers make decision based on country	0	2	9	5
Purchaser makes decision based on certification	0	2	11	5
Purchaser's customers make decision based on certification	0	2	13	2

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

Purchasers were requested to list factors that determine the quality of free sheet CCP. Quality factors included: "runability" (performance on equipment); printability (ink hold, consistent print quality); appearance (whiteness, shade,[42] brightness, opacity, print gloss); surface (smoothness, coating); other paper characteristics (density, tensile strength, stiffness, basis weight, thickness, caliper); consistency (lack of contamination); durability; able to pass certification; and ability to mount and die cut for displays and boxes.

Factors affecting purchasing decisions

The most often cited top three factors that purchasers consider in their purchasing decisions for free sheet CCP were price (16 firms), quality (13 firms), and availability (8 firms) as shown in table II-5. Quality was the most frequently cited first most important factor (cited by 10 firms); while price was the most frequently reported second-most important factor (6 firms); and third-most important factor (8 firms).

Table II-5
Certain coated paper: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Price	2	6	8	16
Quality	10	1	2	13
Availability/supply/reliability	2	5	1	8
Relationship/ease of doing business	0	3	1	4
Delivery/on time performance/assurance of supply	0	0	3	3
Product range	0	1	1	2
Other[1]	3	1	1	5

[1] Other factors include for first factor, customer preference for mill or product, brand recognition, and ***; environmental certification for second factor; and for third factor service.

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

[42] For further discussion on shade, see the section "Comparison of U.S.-produced and imported free sheet CCP" below.

The majority of purchasers (12 of 17) reported that they sometimes purchase the lowest-priced product for their purchases. Three usually purchase lowest priced product, and two never purchased lowest priced product.

When asked if they purchased free sheet CCP from one source although a comparable product was available at a lower price from another source, 13 purchasers reported reasons including: quality (U.S. product has better ply bond, print surface, and consistency); consistent runability; availability; reliability; supply chain; lead time (Asia's longer lead times require holding extra stock); delivery terms; customer preference for domestic product; program with foreign suppliers; and brand qualification.

Three of 16 responding purchasers reported that certain types of product were only available from a single source. Two purchasers reported products available from a single source including some paper board grades, and that Chinese coated paper is made from weaker fibers and, as a result, is not used by ***.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 17 factors in their purchasing decisions (table II-6). The factors rated as "very important" by more than half of purchasers responses were price and product consistency (17 each), availability and reliability of supply (16 each), quality meets industry standards and ability to meet custom specifications (15 each), delivery time (12), minimum quantity requirement (11), and product range and delivery terms (10 each). Factors that three or more purchasers reported were not important included extension of credit (4) and ability to meet custom specifications and environmental certification (3 each).

Table II-6
Certain coated paper: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Ability to meet custom specifications	15	0	3
Availability	16	2	0
Delivery terms	10	6	1
Delivery time	12	4	1
Discounts offered	9	7	2
Environmental compliance	4	11	3
Extension of credit	5	8	4
Minimum quantity requirements	11	6	1
Packaging	4	13	1
Price	17	1	0
Product consistency	17	0	1
Product range	10	8	0
Quality exceeds industry standards	7	11	0
Quality meets industry standards	15	2	0
Reliability of supply	16	2	0
Technical support/service	9	8	1
U.S. transportation costs	8	8	2

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

Environmental certification

Purchasers were asked if they required their suppliers to be environmentally certified and, if so, what type of certification they required. Six of 17 responding purchasers reported requiring environmental certification. When asked which certification was used, five listed both SFI (Sustainable Forestry Initiative) and FSC (Forest Stewardship Council),[43] and one listed only FSC. [44] [45] Three required certification for all their purchases, the remaining three required certification for 98 percent, 80 percent, and 5 percent of their purchases.[46]

Respondents contend that they lack FSC certification and this reduces their competitiveness in the U.S. market.[47] Domestic interested parties contend that FSC certification is not required to participate in the U.S. market and "only a small minority of end users require an FSC certification." Domestic interested parties note that some Chinese producers have FSC certification and APP has PEFC certification which is "readily accepted."[48]

Other qualifications

Five of 16 responding purchasers required qualification other than environmental certification. Qualification requirements or factors included: trial printing and binding runs; ability to provide the products; supply chain; price; reputation; financial stability; site visits;

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[43] According to TargetMarketing, paper that has FSC certification is automatically eligible for SFI and PEFC certifications, TargetMarketing, "Evaluating environmental certifications for paper," http://www.targetmarketingmag.com/article/evaluating-environmental-certifications-paper, retrieved November 3, 2016, reports that "some paper companies even offer triple certification, which generally means that they received FSC certification first and thus automatically qualified for the SFI and PEFC certifications." Some sources claim that SFI certification is controlled by the industry and thus less meaningful than FSC certification. http://conversations.marketing-partners.com/2011/03/greenwash/, retrieved November 3, 2016.

[44] SFI reports that its standards promote forestry practices for biodiversity, and protection of water quality, wild life habitat, and valuable forests. Guide to 2015-2019 Standards – SFI, http://www.sfiprogram.org/sfi-standard/guide-to-2015-2019-standards/, retrieved September 28, 2016. To achieve FSC Forest Management certification, the forest manager or owner contracts with an FSC-accredited Certification Body or joins a Forest Management Group. In either case, the forest is audited to FSC's Forest Management standards. https://us.fsc.org/en-us/certification/forest-management-certification, retrieved September 28, 2016.

[45] One of the firms listing SFI and FSC also listed PEFC (Program for Endorsement of Forest Certification).

[46] *** reported requiring certification when it is specified by its customers. It required certification for *** of its purchase.

[47] Respondent interested parties' prehearing brief, pp. 21-22.

[48] Hearing transcript, pp. 44, 69 (Hannigan Gardner). Customers are, however, "interested in how you source your products and from sustainably managed forests or not, as they have an interest in all environmental aspects." Hearing transcript, p. 71 (Weinhold). APP lost their FSC certification. Hearing transcript, p. 74 (Stewart).

compliance with laws; disaster recovery plan; and ***. Average time required for qualification ranged from 75 days to 272 days.

Two of 17 responding purchasers reported that a domestic or foreign supplier had failed in its attempt to qualify product, or had lost its approved status since January 1, 2010. One disqualified *** because it stopped producing of the grade it wanted, and one disqualified *** because of quality.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2010 (table II-7). Reasons for decreases in purchases of U.S. product were the slowing economy and the loss of business. Reasons for increased purchases of U.S. product included U.S. product replaced Chinese product, company expansion, and U.S. product had replaced another source. Reasons for reduced purchases of Chinese product included that it is not consistently available and the duties caused by the orders.[49] Purchases from nonsubject countries increased because demand increased; to replace Chinese product; because of quality, price; and to add to product lines.[50]

Table II-7
Certain coated paper: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	1	1	9	6	1
China	5	8	0	0	1
Indonesia	9	5	0	1	0
Other	1	1	11	3	2
Sources unknown	9	0	1	1	0

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

Respondent interested parties assert that most of the market share lost by subject imports in 2010-2011 shifted to nonsubject imports. Thus they predict that if the orders on Indonesia are revoked, any increase in Indonesian imports will be largely at the expense of nonsubject imports.[51]

Eleven of 17 responding purchasers reported that they had changed suppliers since January 1, 2010. Specifically, firms dropped or reduced purchases from APP-China (because of the order), U.S. producers, Fusion Paper Board (mill closed), New Page (firm sold mills), Verso, and Westrock; and firms based in nonsubject countries Cellmark and Hansol.[52] Firms added or increased purchases from firms based in nonsubject countries Lecta, Moorim, Manchester, Sappi, and Burgo; and U.S. producers Appleton, Verso, and Catalyst. Five of 17 purchasers

[49] No reasons were reported for why purchases of Indonesian product changed.

[50] *** reported that it both reduced imports from Korea and increased purchases from Sweden. *** reported that it switched its purchases from nonsubject sources to U.S. sources of free sheet CCP.

[51] Respondent interested parties prehearing brief, pp. 9-11.

[52] The purchaser reported that they had first added Cellmark/Hanson then they had dropped it.

reported new suppliers: U.S. producers West Linn and Catalyst, and nonsubject source Sappi. Only one purchaser reported that it expected new suppliers, and it gave no explanation.

Importance of purchasing domestic product

All 16 responding purchasers reported that purchasing U.S.-produced product was not required for all of their purchases of free sheet CCP. Eleven of these reported that U.S. product was not required for 90 percent or more of their purchases. Seven reported that domestic product was required by law (for 1 to 10 percent of their purchases); nine reported it was required by their customers (for 5 to 50 percent of their purchases); and two (***) reported other preferences for domestic product for (30 and 55 percent of their purchase). One purchaser (***) reported that it preferred domestic product because of grade preference, product availability, and availability of special sizes.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing free sheet CCP produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 17 factors (table II-8) for which they were asked to rate the importance. Most responding purchasers reported that U.S. and Chinese product were comparable for nine factors. Most responding purchasers reported that U.S. product was superior for ability to meet custom specifications, availability, delivery terms, delivery time, environmental compliance, reliability of supply, technical support/service, and U.S. transportation costs. Most responding purchasers reported that U.S. and Indonesian product were comparable for 10 factors. Most responding purchasers reported that U.S. free sheet CCP was superior to Indonesian product for five factors: availability, delivery time, environmental compliance, reliability of supply, and technical support/services. Four firms each reported that U.S. product was superior and that U.S. and Indonesian product were comparable for delivery terms and U.S. transportation costs. Most responding purchasers reported that free sheet CCP from China and Indonesia was comparable for all 17 factors.

Table II-8
Certain coated paper: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. Indonesia			China vs. Indonesia		
	S	C	I	S	C	I	S	C	I
Ability to meet custom specifications	8	6	0	4	5	0	0	9	0
Availability	12	1	1	6	1	2	0	8	1
Delivery terms	9	4	1	4	4	1	0	9	0
Delivery time	12	1	1	7	0	2	0	8	1
Discounts offered	1	10	2	1	5	4	0	9	0
Environmental compliance	7	6	0	7	2	0	0	9	0
Extension of credit	3	10	0	3	6	0	0	9	0
Minimum quantity requirements	5	8	1	4	5	1	0	9	0
Packaging	5	7	0	3	6	0	0	9	0
Price[1]	0	11	3	0	8	2	1	8	0
Product consistency	5	8	0	3	5	1	1	8	0
Product range	3	10	0	1	7	1	0	9	0
Quality exceeds industry standards	6	7	0	2	7	0	0	9	0
Quality meets industry standards	5	8	0	3	6	0	1	8	0
Reliability of supply	10	3	1	6	3	1	1	8	0
Technical support/service	11	2	1	6	3	1	0	9	0
U.S. transportation costs[1]	7	5	1	4	4	1	0	9	0
Factor	**U.S. vs. China**			**U.S. vs. Indonesia**			**China vs. Indonesia**		
	S	C	I	S	C	I	S	C	I
Ability to meet custom specifications	5	7	0	0	6	3	0	4	2
Availability	8	4	0	0	5	4	0	3	3
Delivery terms	7	5	0	0	9	0	0	6	0
Delivery time	8	4	0	1	4	4	1	2	3
Discounts offered	2	9	1	2	7	0	1	4	1
Environmental compliance	3	9	0	0	6	3	0	3	3
Extension of credit	1	11	0	1	8	0	0	6	0
Minimum quantity requirements	3	9	0	0	8	1	0	5	1
Packaging	3	9	0	1	7	1	0	6	0
Price[1]	1	10	1	1	7	1	1	5	0
Product consistency	1	11	0	1	5	3	0	4	2
Product range	2	10	0	1	5	3	0	5	1
Quality exceeds industry standards	0	12	0	0	6	3	0	4	2
Quality meets industry standards	1	11	0	1	6	2	0	6	0
Reliability of supply	7	5	0	0	5	4	0	4	2
Technical support/service	5	7	0	0	4	5	0	4	2
U.S. transportation costs[1]	3	9	0	1	8	0	0	5	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.

Most purchasers reported that U.S. and nonsubject product were comparable on 13 factors and that U.S. product was superior for availability, delivery terms, delivery time, and reliability of supply. Most responding purchasers reported that Chinese and nonsubject product were comparable for 15 factors; most reported that Chinese product was inferior on technical support/service; and for delivery time four reported that Chinese product was inferior to nonsubject and four reported Chinese product was comparable to nonsubject countries' product. Most purchasers reported that Indonesian and nonsubject product were comparable on 14 factors. For availability and environmental certification, three purchasers reported Indonesian and nonsubject product were comparable and Indonesian product was inferior to nonsubject product, respectively. Three of the six responding purchasers reported that Indonesian product was inferior to nonsubject product on delivery time; two reported that they were comparable, and one reported that Indonesian product was superior on delivery time.

Comparison of U.S.-produced and imported free sheet CCP

In order to determine whether U.S.-produced free sheet CCP can generally be used in the same applications as imports from China and Indonesia, 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-9, most producers, importers, and purchasers reported that product from all country pairs was either "always" or "frequently" interchangeable. Differences reported included: interchangeability depended on the quality and needs of the end users; imports do not have reliable quality and delivery; U.S. producers provide a better range of product line than do Chinese and Indonesian suppliers; Chinese and Indonesian suppliers' long supply chains limit their ability to provide special sizes or large orders; shipping Chinese and Indonesian free sheet CCP to the East Coast costs more; and Chinese product is made from weaker fibers and thus is of lower quality than domestic product.

Table II-9
Certain coated paper: Interchangeability between free sheet CCP produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. China	3	5	2	1	4	4	3	0	3	9	2	1
U.S. vs. Indonesia	3	5	2	1	4	3	3	0	3	8	2	0
Subject countries comparisons:												
China vs. Indonesia	3	6	0	0	4	3	2	0	6	5	0	0
Nonsubject countries comparisons:												
U.S. vs. nonsubject	3	5	2	0	4	7	2	0	3	10	1	0
China vs. nonsubject	3	6	0	0	4	4	2	0	5	7	0	0
Indonesia vs. nonsubject	3	6	0	0	4	3	2	0	4	5	2	0

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

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

As can be seen from table II-10, 9 of 17 responding purchasers reported that domestically produced product "always" met minimum quality specifications. Most responding purchasers reported that Chinese (8 of 11) and Indonesian (7 of 10) product "usually" met minimum quality specifications. Most responding purchasers (7 of 13) reported both that free sheet CCP from other countries "usually" met minimum quality specifications.

Table II-10
Certain coated paper: Ability to meet minimum quality specifications, by source[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	9	8	0	0
China	3	8	0	0
Indonesia	2	7	1	0
Other	6	7	0	0

[1] Purchasers were asked how often domestically produced or imported free sheet CCP meets minimum quality specifications for their own or their customers' uses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of free sheet CCP from the United States, subject, or nonsubject countries. As seen in table II-11, most responding producers reported that there were "sometimes" differences other than price for product from all country pairs. Importers' most common response for all country pairs was "sometimes," but in most instances at least as many importers reported "always" and "frequently" as reported "sometimes" differences other than price when comparing product from import sources. Purchasers' responses varied; most responding purchasers reported that there were either "always" or "sometimes" differences other than price between U.S. product compared to product from all imports sources. In contrast, most purchasers reported that there were either "sometimes" or "never" differences other than price when comparing product from import sources.

Table II-11
Certain coated paper: Significance of differences other than price between free sheet CCP produced in the United States and in other countries, by country pair

	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
Country pair	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. China	1	1	7	1	3	2	5	0	7	1	7	0
U.S. vs. Indonesia	1	1	7	1	3	2	4	0	7	1	5	0
Subject countries comparisons:												
China vs. Indonesia	0	1	4	2	2	2	3	0	1	0	5	5
Nonsubject countries comparisons:												
U.S. vs. nonsubject	1	1	7	1	3	2	8	0	7	2	4	0
China vs. nonsubject	0	1	5	1	2	2	4	0	1	2	6	3
Indonesia vs. nonsubject	0	1	5	1	2	2	3	0	1	1	6	3

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

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

Other reported differences other than price in addition to those reported under interchangeability included that Indonesian product is not as stiff as U.S. product; that U.S. product was superior for availability and lead times; that Chinese product can be less bright and glossy than U.S. product; and that there are differences in continuity of supply and inventory carrying costs.

Respondent interested parties claim differences other than price between U.S. and Indonesian free sheet CCP including, differences in shade,[53] U.S. non-acceptance of mixed grain sheets, differences in FSC certification,[54] and all imports have longer lead times that result in their prices being lower than domestic producers' prices.[55] Respondent interested parties assert that Chinese product is superior to Indonesian product.[56]

Domestic interested parties respond that the shade of paper APP currently produces is similar to shades U.S. producers manufacture.[57] U.S. producers can easily change the shade of their paper on their machines and ***.[58]

Domestic interested parties also claim that much of U.S.-produced coated paper, ***, "APP is pursuing an FSC certification" and APP was able to gain back large customers without an FSC certification because it announced "a zero deforestation policy."[59]

ELASTICITY ESTIMATES

This section discusses elasticity estimates; no parties commented on these estimates.

U.S. supply elasticity

The domestic supply elasticity[60] for certain coated paper measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of certain coated paper. The elasticity of domestic supply depends on several factors including the level of excess 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 coated paper.

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[53] Domestic interested parties assert that changing paper shade is "a routine matter that takes minutes and does not disrupt the product proves in any way." Hearing transcript, p. 29 (Weinhold). Respondent interested parties in contrast assert that changing paper shade "is not such a simple or easy thing." Firms must clean out the full machine and run trials, changes take at least 12 to 16 hours and then trial runs. Hearing transcript, pp. 157-158, 160 (Gupta). Respondents speculate that the U.S. producers "must possess ***" that the Indonesian Industry ***. Respondent interested parties' posthearing brief, response to Commission questions, p. 14.

[54] Respondents interested parties' prehearing brief, pp. 16-22.

[55] Respondent interested parties' posthearing brief, response to Commission questions, p. 26.

[56] Hearing transcript, p. 159 (Gupta).

[57] Domestic interested parties' posthearing brief, p. 8.

[58] Domestic interested parties' posthearing brief, answer to Commissioner Kieff's question 2, pp. 1-5.

[59] Domestic interested parties' posthearing brief, p. 9.

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

Analysis of these factors above indicates that U.S. producers have some ability to increase or decrease shipments to the U.S. market; an estimate in the range of 3 to 5 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for certain coated paper measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of certain coated paper. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products and the component share of certain coated paper in the production of downstream products. Based on the available information, the aggregate demand elasticity for free sheet CCP is likely to be in the range of -0.75 to -1.25.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality and conditions of sale (availability, sales terms/discounts, etc.). Based on available information, the elasticity of substitution between U.S.-produced free sheet CCP and imports of subject merchandise from China and Indonesia is likely to be in the range of 2 to 4.

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. Eleven integrated producers and six U.S. converters, which are believed to account for the vast majority of U.S. production of certain coated paper, supplied usable information on their operations in these reviews.[1] [2]

Developments in the domestic industry

Table III-1 presents important industry events that have occurred since the original investigations concluded in 2010.

[1] The 11 integrated producers that provided usable questionnaire responses in these first five-year reviews are: Appleton; Catalyst; Clearwater Paper Corporation ("Clearwater"); Georgia-Pacific Bleached Board LLC ("Georgia-Pacific"); Graphic Packaging; International Paper Company ("International Paper"); Mohawk Fine Papers Inc. ("Mohawk"); PaperWorks; Sappi; Verso; and WestRock Virginia, LLC ("WestRock"). *** submitted a questionnaire response with only partially usable data.

Of the 11 integrated producers that provided usable questionnaire responses in the original investigations, one, Smart, is not captured in the data compiled on these first five-year reviews.

[2] The six converters that provided usable questionnaire responses in these first five-year reviews are: Case; Gould; Huston Patterson; Nekoosa Coated Products ("Nekoosa"); Perez; and Williams Paper Company, Inc. ("Williams"). Of the four U.S. converters that provided usable questionnaire responses in the original investigations, two (Clampitt and Wausau) are not captured in the data compiled in these first five-year reviews.

Table III-1
Certain coated paper: Important industry events, since 2010

Date	Firm	Event
January 2011	PaperWorks	PaperWorks acquired Manchester Industries.[1]
May 2011	International Paper	International Paper re-opened its previously shuttered paper mill in Franklin, VA.[2]
June 2011	Cascades	Cascades sold two of its boxboard manufacturing subsidiaries to OpenGate Capital. The two subsidiaries proceeded to operate under the unified brand name Fusion Paperboard.[3]
September 2011	NewPage	New Page filed for Chapter 11 bankruptcy. It won court approval to exit bankruptcy in December 2012.[4]
October 2011	Smart	Smart announced an orderly wind-down of its papers business. It had recently finalized the sale of the majority of its assets at its Hamilton facilities to Hilco Industrial.[5]
December 2011	Wausau	Wausau announced the sale of its premium print and color brands to Neenah Paper and plans to close its Brokaw, WI mill in the first quarter of 2012.[6]
January 2012	Mohawk	Mohawk (formally Smart) shut down its coated paper mill in Hamilton, OH.[7]
January 2014	Eagle Ridge	Eagle Ridge Paper Co. ***.[8]
September 2014	Cascades	Cascades permanently closed its coated paper mill in Versailles, Connecticut.[9]
October 2014	Catalyst	Catalyst agreed to purchase NewPage's Biron, WI and Rumford, ME paper mills.[10]
October 2014	Fusion	Fusion Paperboard (formerly Cascades) closed its Sprague, CT mill and placed it up for auction.[11]
January 2015	Verso	Verso Corporation acquired New Page Holdings Inc. for $1.4 billion. With the acquisition, Verso expects roughly $3.5 billion in annual sales in its eight mills, which employ 5,800 workers.[12] As part of an antitrust settlement with the Department of Justice, Verso sold its coated paper mill in Rumford, ME to Catalyst Papers (a Canadian company), prior to acquiring New Page.[13]
April 2015	International Paper	International Paper sold its Carolina Coated Bristols brand to MeadWestvaco and announced it was converting its Riegelwood, NC mill to a fluff and softwood pulp production facility.[14]

Table continued on the next page.

Table III-1--Continued
Certain coated paper: Important industry events, since 2010

Date	Firm	Event
July 2015	PaperWorks	PaperWorks acquired CanAmPac, the parent company of coated recycled board producer Strathcona Paper.[15]
July 2015	WestRock	MeadWestvaco completed its merger with Rock-Tenn to become WestRock.[16]
August 2015	Verso	Verso announced plans to shut down its No. 1 pulp dryer and No. 2 paper machine in its Jay, ME mill and to idle its Wickliffe, KY mill in the fourth quarter of 2015.[17]
September 2015	Catalyst	One of the machines at Catalyst's Rumsford, ME mill was permanently idled.[18]
January 2016	Verso	Verso Corporation and its subsidiaries filed voluntary petitions under Chapter 11 of U.S. Bankruptcy Code.[19]
April 2016	Verso	Verso announced the closure of its Wickliffe, KY paper mill.[20]
July 2016	Verso	Verso Corporation and its subsidiaries successfully emerged from bankruptcy.[21]

[1] *In January of 2011, Manchester Industries was acquired by an affiliate of Sun Capital Partners and is now part of PaperWorks Industries, Inc.*, Manchester Industries, http://www.manind.com/, retrieved September 22, 2016.
[2] *Domestic Interested Parties' Response to Notice of Institution*, November 2, 2015, exh. 3.
[3] Ibid.
[4] Ibid., p. 12 and exh. 3.
[5] *SMART Papers Holdings LLC Announces Orderly Wind-Down of Its SMART Papers Business and Its SMART Power Energy Business*, October 13, 2011, Business Wire, http://www.businesswire.com/news/home/20111013006294/en/SMART-Papers-Holdings-LLC-Announces-Orderly-Wind-Down, retrieved July 7, 2016.
[6] *Wausau Paper selling brands to Neenah Paper, closing Brokaw mill,* December 7, 2011, Milwaukee Business Journal, http://www.bizjournals.com/milwaukee/news/2011/12/07/wausau-paper-selling-brands-to-neenah.html, retrieved September 17, 2016.
[7] *Domestic Interested Parties' Response to Notice of Institution*, November 2, 2015, p. 12 and exh. 3.
[8] *Respondent Interested Parties' Response to Staff's Supplemental Questions*, November 17, 2015, p. 1.
[9] *Domestic Interested Parties' Response to Notice of Institution*, November 2, 2015, p. 12 and exh. 3.
[10] *Catalyst Paper Corporation to purchase paper mills in Maine and Wisconsin*, October 30, 2014, Catalyst Paper News, http://www.catalystpaper.com/media/news/corporate/catalyst-paper-corporation-purchase-paper-mills-maine-and-wisconsin, retrieved September 22, 2016.
[11] *Domestic Interested Parties' Response to Notice of Institution*, November 2, 2015, exh. 3.
[12] *Verso Completes Acquisition of NewPage,* January 7, 2015, Verso Investor Relations, http://mvestor.versoco.com/releasedetaiLcfm?ReleaseID=890112*,* retrieved November 4, 2015.
[13] *Domestic Interested Parties' Response to Notice of Institution*, pp. 12-13 and exh. 3.
[14] *WestRock Company Formed with Completion of Merger of MeadWestvaco and Rock-Tenn*, WestRock News, http://www.westrock.com/en-us/news.html, retrieved December 15, 2015.
[15] *Strathcona Paper bought by U.S. packaging company*, July 9, 2015, Midland Paper, http://www.midlandpaper.com/strathcona-paper-bought-by-u-s-packaging-company/, retrieved September 22, 2016.
[16] *Respondent Interested Parties' Response to Notice of Institution*, November 2, 2015, p. 7.
[17] *Domestic Interested Parties' Response to Notice of Institution*, p. 13 and exh. 3.
[18] Ibid., pp. 12-13 and exh. 3.
[19] *Verso Corporation Positions Company for Long-Term Success by Initiating Process to Restructure Debt*, January 26, 2016, PRNewswire, http://www.prnewswire.com/news-releases/verso-corporation-positions-company-for-long-term-success-by-initiating-process-to-restructure-debt-300209711.html, retrieved September 19, 2016.
[20] *Verso Announces Closure of Wickliffe, Kentucky Paper Mill*, April 5, 2016, PRNewswire, http://investor.versoco.com/2016-04-05-Verso-Announces-Closure-of-Wickliffe-Kentucky-Paper-Mill, retrieved September 19, 2016.
[21] *Verso Successfully Emerges from Bankruptcy*, July 15, 2016, PRNewswire, http://investor.versoco.com/2016-07-15-Verso-Successfully-Emerges-from-Bankruptcy, retrieved September 19, 2016.

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, 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 any other change in the character of their operations or organization relating to the production of certain coated paper since 2010. Ten of the 17 domestic producers indicated that they had experienced such changes; their responses are presented in table III-2.[3]

Table III-2
Certain coated paper: Changes in the character of U.S. operations since January 1, 2010

* * * * * * *

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 coated paper. Two of the 17 domestic producers which provided responses in these reviews indicated that they anticipate changes in their operations; their responses are presented in table III-3.

Table III-3
Certain coated paper: Anticipated changes in operations

* * * * * * *

Seven of the 17 domestic producers which provided responses in these reviews indicated that they anticipate changes in the event the orders on China and Indonesia are revoked. Their responses can be found in appendix D.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 presents U.S. producers' reported production, capacity, and capacity utilization for certain coated paper. With respect to certain coated paper in sheets, production decreased irregularly by 7.3 percent from 2010 to 2015. Capacity increased by 7.5 percent from 2010 to 2013 before declining by 2.0 percent from 2013 to 2014, and then declining by an additional 8.8 percent from 2014 to 2015.[4] Capacity utilization ranged from 71.3 in 2013 to 77.5 percent in 2010.

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[3] ***. Domestic interested parties' posthearing brief, p. 14 and Exhibit 1.

[4] Capacity declined because ***. ***, email message to USITC staff, September 29, 2016. ***.

Table III-4
Certain coated paper: U.S. producers' production, capacity, and capacity utilization, 2010-15, January-June 2015, and January-June 2016

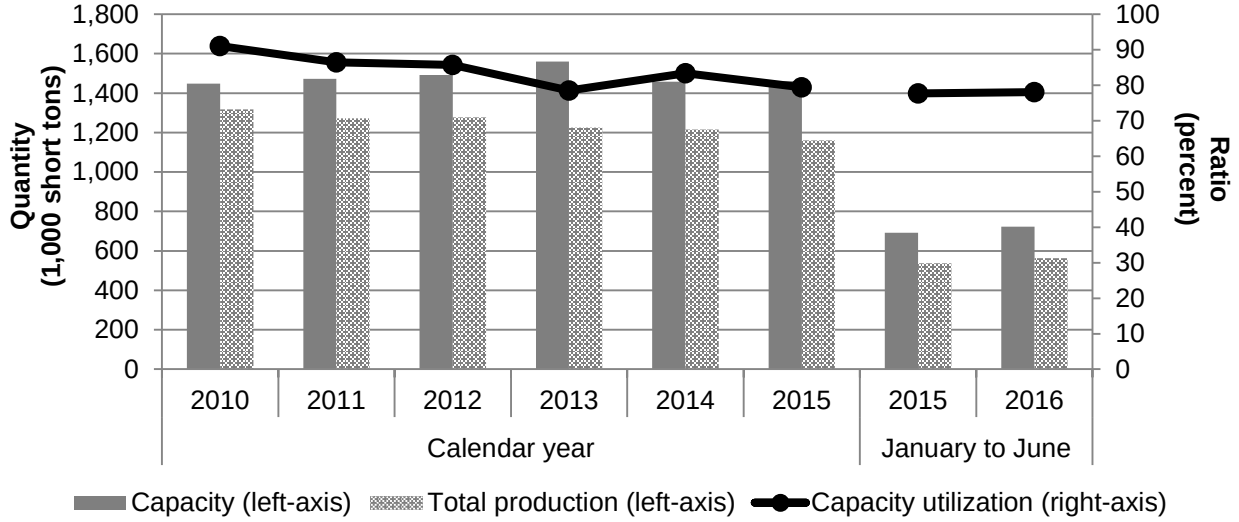
Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
Free sheet CCP:	**Quantity (short tons)**							
Capacity	1,536,393	1,567,538	1,595,265	1,651,084	1,617,973	1,475,151	724,463	731,602
Production.-- Using internally produced sheeter roll CCP	1,075,285	1,071,219	1,072,721	1,051,233	1,056,112	988,069	480,649	467,669
Using purchases of domestic sheeter roll CCP	***	***	***	***	***	***	***	***
Using purchases of imported sheeter roll CCP	***	***	***	***	***	***	***	***
Total production	1,190,858	1,185,356	1,195,329	1,177,296	1,175,510	1,103,581	535,620	531,237
	Shares and ratios (percent)							
Capacity utilization	77.5	75.6	74.9	71.3	72.7	74.8	73.9	72.6
Share of production.-- Using internally produced sheeter roll CCP	90.3	90.4	89.7	89.3	89.8	89.5	89.7	88.0
Using purchases of domestic sheeter roll CCP	***	***	***	***	***	***	***	***
Using purchases of imported sheeter roll CCP	***	***	***	***	***	***	***	***
Total production	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sheeter roll CCP:	**Quantity (short tons)**							
Capacity	1,424,561	1,448,819	1,457,514	1,518,716	1,421,312	1,422,322	672,345	702,243
Production	1,300,305	1,254,768	1,252,512	1,195,391	1,189,656	1,131,882	523,376	549,451
of which is sold commercially	223,830	200,652	190,811	159,960	164,491	170,585	77,055	102,980
	Ratio (percent)							
Capacity utilization	91.3	86.6	85.9	78.7	83.7	79.6	77.8	78.2
Certain coated paper:[1]	**Quantity (short tons)**							
Capacity[2]	1,448,647	1,472,878	1,491,248	1,560,309[(3)]	1,458,388	1,461,547[(4)]	691,484	722,996
Production[5]	1,318,974	1,272,961	1,277,789	1,225,049	1,216,593	1,161,227	537,526	564,520
	Ratio (percent)							
Capacity utilization	91.0	86.4	85.7	78.5	83.4	79.5	77.7	78.1

[1] Certain coated paper includes free sheet CCP (in-scope) plus sheeter roll CCP (out-of-scope), with adjustments to remove double counting. For further details, see footnote 2 in Part I as well as table III-10 of this report.
[2] ***.
[3] The increase in certain coated paper capacity in 2013 is due to ***. Staff telephone interview with *** and *** producer questionnaire response, section II-11.
[4] *** Staff telephone interview with *** and *** email message to USITC staff, September 29, 2016.
[5] ***.

Note.--*** did not report any data for 2010 ***. *** reported January to June 2010 data from the original investigations was used instead, supplemented by calculations based on the company's 2011 data reported in these reviews. ***, email message to USITC staff. September 23, 2016.

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

Figure III-1
Certain coated paper: U.S. producers' production, capacity, and capacity utilization, 2010-15, January-June 2015, and January-June 2016



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

With respect to certain coated paper in sheeter roll form, production decreased by 13.0 percent from 2010 to 2015. Capacity increased by 6.6 percent from 2010 to 2013 before returning close to 2010 levels by 2015. Capacity utilization decreased by 11.7 percentage points from 2010 to 2015.

On a consolidated basis, certain coated paper production decreased by 12.0 percent from 2010 to 2015, while capacity increased by 7.7 percent from 2010 to 2013 before returning to 2010 levels by 2015. Capacity utilization decreased irregularly by 11.5 percentage points from 2010 to 2015.

Thirteen of the 17 responding U.S. producers reported the ability to produce other types of products on the same equipment and machinery used to produce certain coated paper, including the following: coated free sheet web, coated groundwood web, coated one-side label papers, other coated paper and paperboard, uncoated paper and paperboard, food packaging paper, plastic rolls and sheets, release liner, solid bleached sulfate paperboard, and folding box board. Reported factors that affect the ability to shift production capacity between products include: market demand, price, capacity, machinery adjustments, and production schedule.

Table III-5 presents production and capacity on the same machinery as certain coated paper in free sheet form. Production of certain coated paper in free sheet form as a share of total sheet production remained virtually unchanged from 2010 to 2014 before declining by 6.2 percentage points from 2014 to 2015.[5]

[5] ***. *** producer questionnaire response, section II-5a.

Table III-5
Certain coated paper: U.S. producers' overall capacity and production on shared free sheet CCP machinery, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
Overall capacity	3,579,441	3,646,046	3,845,780	3,807,183	3,743,692	3,886,695	1,961,386	1,955,304
Production:								
Free sheet CCP	1,190,858	1,185,356	1,195,329	1,177,296	1,175,510	1,103,581	535,620	531,237
Other coated paper products	***	***	***	***	***	***[1]	***	***
Uncoated paper	***	***	***	***	***	***	***	***
Other products	***	***	***	***	***	***	***	***
Out-of-scope production	1,539,789	1,593,760	1,717,362	1,639,263	1,621,793	1,977,471	1,017,477	1,013,412
Total production	2,730,647	2,779,116	2,912,691	2,816,559	2,797,303	3,081,052	1,553,097	1,544,649
	Ratios and shares (percent)							
Capacity utilization	76.3	76.2	75.7	74.0	74.7	79.3	79.2	79.0
Share of production:								
Free sheet CCP	43.6	42.7	41.0	41.8	42.0	35.8	34.5	34.4
Other coated paper products	***	***	***	***	***	***	***	***
Uncoated paper	***	***	***	***	***	***	***	***
Other products	***	***	***	***	***	***	***	***
Out-of-scope production	56.4	57.3	59.0	58.2	58.0	64.2	65.5	65.6
Total production	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] ***. *** producer questionnaire response, section II-5a.

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

Table III-6 presents production and capacity on the same machinery as certain coated paper in sheeter roll form. Production of certain coated paper in sheeter roll form as a share of total roll production declined by 1.6 percentage points from 2010 to 2015.

Table III-6
Certain coated paper: U.S. producers' overall capacity and production on shared sheeter roll CCP machinery, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
Overall capacity	8,215,143	8,285,443	8,259,343	8,255,538	8,196,948	8,269,047	4,034,760	3,895,218
Production:								
Sheeter roll CCP	1,300,305	1,254,768	1,252,512	1,195,391	1,189,656	1,131,882	523,376	549,451
Other coated paper rolls	2,974,918	2,927,177	2,994,741	2,967,361	3,020,579	3,008,520	1,491,571	1,465,881
Uncoated paper rolls	***	***	***	***	***	***	***	***
Other products	***	***	***	***	***	***	***	***
Out-of-scope production	6,125,283	6,112,578	5,994,577	6,062,917	6,031,871	5,989,227	3,010,227	2,864,837
Total production	7,425,588	7,367,346	7,247,089	7,258,308	7,221,527	7,121,109	3,533,603	3,414,288
	Ratios and shares (percent)							
Capacity utilization	90.4	88.9	87.7	87.9	88.1	86.1	87.6	87.7
Share of production:								
Sheeter roll CCP	17.5	17.0	17.3	16.5	16.5	15.9	14.8	16.1
Other coated paper products	40.1	39.7	41.3	40.9	41.8	42.2	42.2	42.9
Uncoated paper rolls	***	***	***	***	***	***	***	***
Other products rolls	***	***	***	***	***	***	***	***
Out-of-scope production	82.5	83.0	82.7	83.5	83.5	84.1	85.2	83.9
Total production	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.

Constraints on capacity

Ten of the 17 responding U.S. producers reported constraints in their free sheet CCP manufacturing process. Constraints include: sheet size, the speed at which the machines can operate, the number of machines, basis weight requirements, and order quantities. Seven of the 11 responding integrated U.S. producers reported constraints in the sheeter roll CCP manufacturing process. Constraints include those shown above, plus: time allocated to other roll products and drying speed. In order based on the manufacturing process, the constraints are as follows: papermaking capacity, raw material (pulping) capacity, and sheeting capacity.[6]

Related firms

U.S. producers were asked to indicate if they had any related firms, either domestic or foreign, engaged in importing or producing certain coated paper. One producer, ***, reported importing subject merchandise from Indonesia. ***. Four producers reported related firms that import certain coated paper from nonsubject countries,[7] while four producers reported related firms that produce certain coated paper.[8] *** reported directly importing free sheet CCP, while

[6] Hearing transcript, pp. 130-131 (Weinhold).
[7] ***.
[8] ***.

*** reported directly importing both free sheet CCP and sheeter roll CCP.[9] *** purchased sheeter roll CCP from importers.

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

Table III-7 presents U.S. producers' U.S. shipments, export shipments, and total shipments with respect to certain coated paper in sheets. U.S. shipments increased by 2.9 percent (by quantity) from 2010 to 2014 before declining by 3.8 percent from 2014 to 2015. Unit values increased by 4.7 percent from 2010 to 2015. U.S. shipments as a share of total shipments (by quantity) increased from 92.8 percent in 2010 to 94.9 percent in 2015, with export shipments accounting for the remainder.[10]

Table III-8 presents U.S. producers' U.S. shipments, export shipments, and total shipments with respect to certain coated paper in sheeter roll form. U.S. shipments decreased by 11.3 percent (by quantity) from 2010 to 2015. Unit values increased by 10.3 percent from 2010 to 2015, and were equivalent to approximately 80 percent of the unit value of free sheet CCP shipped commercially over the same period. U.S. shipments as a share of total shipments (by quantity) *** from 2010 to 2015. Of total shipments (by quantity), internal consumption accounted for approximately *** percent, with commercial U.S. shipments accounting for an additional *** percent and exports accounting for virtually all of the remainder.[11]

Table III-9 presents U.S. producers' U.S. shipments for use in apparent consumption. U.S. shipments of free sheet CCP from purchases of imported sheeter rolls increased by 50.0 percent (by quantity) and 57.1 percent (by value) from 2010 to 2015 but remained less than 3.5 percent of total U.S. shipments of free sheet CCP during the review period. Domestic interested parties argue that imports of sheeter rolls from China and Indonesia have increased at a faster rate than sheeter roll imports from all other sources, and that this increase came during a time of declining sheeter roll exports to the rest of the world by each subject country, thereby showing that subject producers continue to have a strong interest in the U.S. market.[12] Respondent interested parties argue that the quantities of sheeter rolls imports from Indonesia are insignificant and peaked in 2014, showing that imports of subject merchandise from Indonesia in the event that the orders are revoked would be limited.[13] Sheeter roll import volumes, by source, are presented in table IV-1 of this report.

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[9] ***.

[10] U.S. producers identified Australia, Canada, Europe, Japan, Mexico, and the United Kingdom as export markets for certain coated paper in free sheet form.

[11] U.S. producers identified the Asia-Pacific region, Canada, and Mexico as export markets for certain coated paper in sheeter roll form.

[12] Domestic interested parties' posthearing brief, Commissioner Schmidtlein-2, pp. 2-4.

[13] Respondent interested parties' posthearing brief, Exhibit 1, pp. 18-20.

Table III-7
Certain coated paper: U.S. producers' U.S. shipments, exports shipments, and total shipments of free sheet CCP, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
U.S. shipments	1,084,584	1,107,550	1,116,863	1,085,975	1,116,524	1,074,126	522,227	526,375
Export shipments	84,646	73,954	79,711	75,210	67,438	58,231	26,782	26,491
Total shipments	1,169,230	1,181,504	1,196,574	1,161,185	1,183,962	1,132,357	549,009	552,866
	Value (1,000 dollars)							
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
U.S. shipments	1,192,226	1,254,432	1,249,670	1,222,533	1,246,643	1,235,974	594,794	594,712
Export shipments	87,427	82,656	90,038	83,705	74,367	62,689	28,687	28,472
Total shipments	1,279,653	1,337,088	1,339,708	1,306,238	1,321,010	1,298,663	623,481	623,184
	Unit value (dollars per short ton)							
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
U.S. shipments	1,099	1,133	1,119	1,126	1,117	1,151	1,139	1,130
Export shipments	1,033	1,118	1,130	1,113	1,103	1,077	1,071	1,075
Total shipments	1,094	1,132	1,120	1,125	1,116	1,147	1,136	1,127
	Share of quantity (percent)							
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
U.S. shipments	92.8	93.7	93.3	93.5	94.3	94.9	95.1	95.2
Export shipments	7.2	6.3	6.7	6.5	5.7	5.1	4.9	4.8
Total 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	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
U.S. shipments	93.2	93.8	93.3	93.6	94.4	95.2	95.4	95.4
Export shipments	6.8	6.2	6.7	6.4	5.6	4.8	4.6	4.6
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.

Table III-8
Certain coated paper: U.S. producers' U.S. shipments, exports shipments, and total shipments of sheeter roll CCP, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Internal consumption	959,804	962,702	970,733	932,694	942,332	876,686	401,558	421,422
Transfers to related firms	***	***	***	***	***	***	***	***
Subtotal, U.S. shipments	1,186,657	1,168,237	1,166,592	1,099,017	1,113,442	1,052,343	481,694	526,623
Export shipments	***	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***	***
	Value (1,000 dollars)							
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Internal consumption	775,858	831,382	834,841	830,383	832,277	776,982	344,172	388,572
Transfers to related firms	***	***	***	***	***	***	***	***
Subtotal, U.S. shipments	951,218	1,003,133	996,323	974,697	980,171	930,962	413,459	485,392
Export shipments	***	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***	***
	Unit value (dollars per short ton)							
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Internal consumption	808	864	860	890	883	886	857	922
Transfers to related firms	***	***	***	***	***	***	***	***
Subtotal, U.S. shipments	802	859	854	887	880	885	858	922
Export shipments	***	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***	***
	Share of quantity (percent)							
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
Subtotal, 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)							
Commercial U.S. shipments	***	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***	***	***
Subtotal, 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.

Table III-9
Certain coated paper: U.S. producers' U.S. shipments for use in apparent consumption, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January-June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
US shipments of free sheet CCP.-- from internal consumption	976,980	999,482	1,002,177	970,665	1,008,812	907,527	439,014	469,739
from domestic purchases of sheeter rolls	89,449	90,697	90,956	88,456	83,883	79,515	37,440	41,389
from purchases of imported sheeter rolls	18,155	17,371	23,730	26,854	23,829	27,236	12,957	13,166
Commercial US shipments of sheeter rolls net of those used and reported by producers as free sheet CCP	134,381	109,955	99,855	71,504	80,608	91,070	39,615	61,591
Total U.S. producers' U.S. shipments	1,218,965	1,217,505	1,216,718	1,157,479	1,197,132	1,105,348	529,026	585,885
	Value (1,000 dollars)							
US shipments of free sheet CCP.-- from internal consumption	1,061,839	1,118,810	1,105,537	1,072,395	1,106,494	1,018,714	487,592	522,622
from domestic purchases of sheeter rolls	108,372	114,092	112,951	114,394	109,764	107,304	49,434	53,771
from purchases of imported sheeter rolls	22,015	21,530	31,182	35,744	30,385	34,589	16,551	16,428
Commercial US shipments of sheeter rolls net of those used and reported by producers as free sheet CCP	65,221	54,524	45,264	25,861	33,838	43,270	17,854	41,432
Total U.S. producers' U.S. shipments	1,257,447	1,308,956	1,294,934	1,248,394	1,280,481	1,203,877	571,431	634,252
	Unit value (dollars per short ton)							
US shipments of free sheet CCP.-- from internal consumption	1,087	1,119	1,103	1,105	1,097	1,123	1,111	1,113
from domestic purchases of sheeter rolls	1,212	1,258	1,242	1,293	1,309	1,349	1,320	1,299
from purchases of imported sheeter rolls	1,213	1,239	1,314	1,331	1,275	1,270	1,277	1,248
Commercial US shipments of sheeter rolls net of those used and reported by producers as free sheet CCP	485	496	453	362	420	475	451	673
Total U.S. producers' U.S. shipments	1,032	1,075	1,064	1,079	1,070	1,089	1,080	1,083
	Share of quantity (percent)							
US shipments of free sheet CCP.-- from internal consumption	80.1	82.1	82.4	83.9	84.3	82.1	83.0	80.2
from domestic purchases of sheeter rolls	7.3	7.4	7.5	7.6	7.0	7.2	7.1	7.1
from purchases of imported sheeter rolls	1.5	1.4	2.0	2.3	2.0	2.5	2.4	2.2
Commercial US shipments of sheeter rolls net of those used and reported by producers as free sheet CCP	11.0	9.0	8.2	6.2	6.7	8.2	7.5	10.5
Total U.S. producers' U.S. shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)							
US shipments of free sheet CCP.-- from internal consumption	84.4	85.5	85.4	85.9	86.4	84.6	85.3	82.4
from domestic purchases of sheeter rolls	8.6	8.7	8.7	9.2	8.6	8.9	8.7	8.5
from purchases of imported sheeter rolls	1.8	1.6	2.4	2.9	2.4	2.9	2.9	2.6
Commercial US shipments of sheeter rolls net of those used and reported by producers as free sheet CCP	5.2	4.2	3.5	2.1	2.6	3.6	3.1	6.5
Total U.S. producers' 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

Table III-10 presents U.S. producers' end-of-period inventories of certain coated paper and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** End-of-period inventories of free sheet CCP increased by 13.9 percent from 2010 to 2015, and each of the respective ratios increased by approximately two percentage points over the same period. End-of-period inventories of sheeter roll CCP increased irregularly by *** percent from 2010 to 2015, ***. ***.

Table III-10
Certain coated paper: U.S. producers' inventories, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
Free sheet CCP: U.S. producers' end-of-period inventories	130,381	144,306	148,878	151,043	151,176	148,458	152,576	163,174
	Ratio (percent)							
Ratio of inventories to.-- U.S. production	10.9	12.2	12.5	12.8	12.9	13.5	14.2	15.4
U.S. shipments	12.0	13.0	13.3	13.9	13.5	13.8	14.6	15.5
Total shipments	11.2	12.2	12.4	13.0	12.8	13.1	13.9	14.8
	Quantity (short tons)							
Sheeter roll CCP: U.S. producers' end-of-period inventories	***	100,143	104,899	85,207	91,271	92,244	***	***
	Ratio (percent)							
Ratio of inventories to.-- U.S. production	***	8.0	8.4	7.1	7.7	8.1	***	***
U.S. shipments	***	8.6	9.0	7.8	8.2	8.8	***	***
Total shipments	***	***	***	***	***	***	***	***
	Quantity (short tons)							
Total CCP: U.S. producers' end-of-period inventories	***	244,449	253,777	236,250	242,447	240,702	***	***
	Ratio (percent)							
Ratio of inventories to.-- U.S. production	***	16.6	17.2	16.5	17.1	17.8	***	***
U.S. shipments	***	20.1	20.9	20.4	20.3	21.8	***	***
Total shipments	***	***	***	***	***	***	***	***

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-11 presents data on individual U.S. producers' U.S. production and U.S imports of certain coated paper, and the ratio of such imports to U.S. production. Three U.S. producers, ***, reported importing free sheet CCP, while one U.S. producer, ***, reported importing sheeter roll CCP. *** stated that it imported a type of free sheet CCP ***.[14] *** stated that it imported free sheet CCP *** and that it imported sheeter roll CCP ***.[15] *** stated that it imported free sheet CCP ***.[16] *** stated that it imported sheeter roll CCP ***.[17]

Table III-11
Certain coated paper: U.S. producers' U.S. production, imports, and import ratios to U.S. production, by firm, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

Table III-12 presents data on individual U.S. producers' reported purchases of certain coated paper imports, and the ratio of such purchases to U.S. production. *** reported purchasing imported certain coated paper in sheeter roll form ***, but did not provide a reason for doing so.[18] *** reported purchasing imported certain coated paper in sheeter roll form ***, and reported doing so because ***.[19] *** reported purchasing imported certain coated paper in sheeter roll form ***, and reported doing so because ***.[20] *** reported purchasing imported sheeter roll CCP ***,[21] and reported doing so because ***.[22]

Table III-12
Certain coated paper: U.S. producers' U.S. production, purchases of imports, and purchase ratios to U.S. production, by firm, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

[14] *** importer questionnaire response, section II-6.
[15] *** importer questionnaire response, section II-6.
[16] *** importer questionnaire response, section II-6.
[17] *** importer questionnaire response, section II-6. Note that ***.
[18] *** producer questionnaire response, section II-10b.
[19] *** producer questionnaire response, section II-10b.
[20] *** producer questionnaire response, section II-10b.
[21] *** producer questionnaire response, section II-10b.
[22] Staff telephone interview with ***.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-13 shows U.S. producers' employment-related data. Production and related workers (PRWs) decreased by 7.6 percent from 2010 to 2015, while total hours worked decreased by 7.1 percent and hours worked per PRW generally remained stable over the same period. Wages paid increased by 3.3 percent from 2010 to 2012 before declining by 5.1 percent from 2012 to 2015. Hourly wages increased by 5.4 percent from 2010 to 2015. Productivity ranged from a high of 273.0 short tons per 1,000 hours in 2014 to a low of 256.9 in 2015, and unit labor costs increased by 11.3 percent from 2010 to 2015, with a downward spike occurring in 2014.

Table III-13
Certain coated paper: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
Production and related workers (PRWs) (number)	2,415	2,412	2,412	2,352	2,197	2,232	1,938	1,961
Total hours worked (1,000 hours)	4,865	4,880	4,901	4,740	4,456	4,521	2,145	2,178
Hours worked per PRW (hours)	2,014	2,023	2,032	2,015	2,028	2,026	1,107	1,111
Wages paid ($1,000)	132,667	134,869	137,030	133,769	127,143	129,981	62,858	64,414
Hourly wages (dollars per hour)	$27.27	$27.64	$27.96	$28.22	$28.53	$28.75	$29.30	$29.57
Productivity (short tons per hour)	271.1	260.9	260.7	258.4	273.0[(1)]	256.9	250.6	259.2
Unit labor costs (dollars per short ton)	$100.58	$105.95	$107.24	$109.19	$104.51	$111.93	$116.94	$114.10

[1] Increased productivity in 2014 is the result of a decline in hours worked that year by half of the U.S. producers that submitted questionnaire responses in these first five-year reviews, ***.
Note.--*** were unable to reported employment-related data, so their data were estimated using reported industry averages.

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

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Thirteen U.S. producers provided useable financial data. [23] *** together accounted for *** percent of total sales by quantity and *** percent of total sales by value in 2015. *** but these two categories combined were less than *** percent of total sales. Nine of the firms reporting producing the sheeter rolls from which they produce coated cut paper ("integrated firms"), and four of the firms are "converters."[24]

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[23] The reporting firms are ***. ***. With the exception of ***, all the others have a fiscal year that ends on December 31. *** are converters while the other reporting firms are integrated producers. Most of the firms reported that coated paper accounted for between *** of their sales of all products. *** reported that coated paper accounted for *** percent of its sales while *** stated that coated paper accounted for a very small ***. The financial data of several firms were unusable or filed too late, or do not sell the domestic like product, including ***.

New Page Corp. (self-described as the largest U.S. producer of coated paper in 2010) commenced bankruptcy proceedings under Chapter 11 in September 2011 and began reorganization proceedings. NewPage operated as debtor-in-possession through 2014. In January 2014, it agreed to a merger with Verso Paper Corp. with the aim of becoming an indirect, wholly owned subsidiary of Verso. The U.S. Department of Justice agreed to the merger in December 2014, subject to the divestiture of NewPage's paper mills in Biron, Wisconsin and Rumford, Maine (which were acquired by a U.S. subsidiary of Catalyst Paper Corp.). Verso consummated the merger in January 2015 and reported financial data, based on NewPage's accounting, for the period 2010-14 and for its own operations from 2015 onwards, while Catalyst, which also acquired the two mills of NewPage, provided data only for the January-June 2016 period. Regarding size, see NewPage annual report on form 10-K for 2010, p. 4 (as filed); regarding bankruptcy, see NewPage current report on form 8-K, p. 2 (as filed), September 6, 2011; and regarding merger, see NewPage current report on form 8-K, p. 2 (as filed), December 31, 2014.

Verso, self-described as the leading North American producer of coated papers, filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code on January 26, 2016, and is operating as debtor in possession. The reorganization plan, announced on March 26, 2016, seeks to convert all of the firm's debt into equity. Verso describes itself as highly leveraged with indebtedness of $2.8 billion as of December 31, 2015, and was not in compliance with certain of the firm's debt covenants. See, Verso 2015 annual report on form 10-K, pp. 4, 21, and 31 (as filed). As described in the company's press release of July 15, 2016, Verso successfully emerged from bankruptcy less than six months after filing, completing a financial restructuring "as a much stronger company" with multimillion dollar credit lines, a $2.4 billion reduction in debt, and approval for the firm's common stock to begin trading on the New York Stock Exchange. Verso press release, July 15, 2016.

WestRock is the result of a business combination agreement of July 1, 2015 between RockTenn and MeadWestvaco.

[24] *** purchased sheeter rolls ***. *** likewise purchased sheeter rolls of certain coated paper from which it produced final free sheet merchandise.

Operations on certain coated paper

Table III-14 presents aggregated data on U.S. producers' operations in relation to certain coated paper.[25] This table includes data for the commercial sales and exports of free sheets of certain coated paper, the commercial sales and exports of sheeter rolls of certain coated paper, and the transfers of sheeter rolls of certain coated paper.[26] There is a certain amount of double counting of sales of sheeter rolls to converters where the sheeter roll is counted first as a commercial sale by the integrated U.S. producer and second as a sale of free sheets by a converter. Commission staff adjusted the questionnaire data of *** to eliminate the double counting of sales of sheeter rolls to ***.

[25] Selected financial data on a firm-by-firm basis are presented in appendix table E-1.

[26] Differences between the trade and financial sections of the Commission's questionnaire are due to timing differences, the use of limited trade data from ***, as well as omissions by certain companies in reporting. One firm (***) reported transfers of sheeter roll of certain coated paper, that were subsequently transformed into a product outside of the definition of the domestic like product, for example. *** did not include data for sheeter rolls of certain coated paper in its financial data for certain coated paper while ***.

Table III-14
Certain coated paper: Results of operations of U.S. producers, fiscal years, 2010-15, January-June 2015, and January-June 2016

Item	Fiscal year						January-June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
Total net sales	1,293,204	1,296,647	1,280,865	1,231,982	1,221,374	1,179,591	563,416	591,549
	Value (1,000 dollars)							
Total net sales	1,266,465	1,331,588	1,305,678	1,266,976	1,259,384	1,224,133	588,297	612,770
Cost of goods sold:								
Raw materials	511,740	550,261	562,060	558,260	572,569	513,970	245,640	258,640
Direct labor	191,583	192,688	201,225	195,182	176,566	175,553	85,932	87,652
Other factory costs	382,201	385,474	395,751	364,505	357,764	360,555	174,261	181,734
Total COGS	1,085,524	1,128,423	1,159,036	1,117,947	1,106,899	1,050,078	505,833	528,026
Gross profit	180,941	203,165	146,642	149,029	152,485	174,055	82,464	84,744
SG&A expense	79,145	77,335	77,041	74,513	69,467	77,596	38,683	39,791
Operating income	101,796	125,830	69,601	74,516	83,018	96,459	43,781	44,953
Other expense or (income), net[1]	82,124	80,112	***	16,749	62,761	61,467	28,599	22,392
Net income	19,672	45,718	***	57,767	20,257	34,992	15,182	22,561
Depreciation	69,878	70,867	***	61,835	58,434	78,483	31,373	28,097
Cash flow	89,550	116,585	***	119,602	78,691	113,475	46,555	50,658
	Ratio to net sales (percent)							
COGS:-								
Raw materials	40.4	41.3	43.0	44.1	45.5	42.0	41.8	42.2
Direct labor	15.1	14.5	15.4	15.4	14.0	14.3	14.6	14.3
Other factory costs	30.2	28.9	30.3	28.8	28.4	29.5	29.6	29.7
Total COGS	85.7	84.7	88.8	88.2	87.9	85.8	86.0	86.2
Gross profit	14.3	15.3	11.2	11.8	12.1	14.2	14.0	13.8
SG&A expense	6.2	5.8	5.9	5.9	5.5	6.3	6.6	6.5
Operating income	8.0	9.4	5.3	5.9	6.6	7.9	7.4	7.3
Net income	1.6	3.4	***	4.6	1.6	2.9	2.6	3.7
	Share of total COGS (percent)							
COGS:								
Raw materials	47.1	48.8	48.5	49.9	51.7	48.9	48.6	49.0
Direct labor	17.6	17.1	17.4	17.5	16.0	16.7	17.0	16.6
Other factory costs	35.2	34.2	34.1	32.6	32.3	34.3	34.5	34.4

Table continued on next page.

Table III-14 – Continued
Certain coated paper: Results of operations of U.S. producers, fiscal years, 2010-15, January-June 2015, and January-June 2016

Item	Fiscal year						January-June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Unit value (dollars per short ton)							
Total net sales	979	1,027	1,019	1,028	1,031	1,038	1,044	1,036
COGS:- Raw materials	396	424	439	453	469	436	436	437
Direct labor	148	149	157	158	145	149	153	148
Other factory costs	296	297	309	296	293	306	309	307
Total COGS	839	870	905	907	906	890	898	893
Gross profit	140	157	114	121	125	148	146	143
SG&A expense	61	60	60	60	57	66	69	67
Operating income	79	97	54	60	68	82	78	76
Net income	15	35	***	47	17	30	27	38
	Number of firms reporting							
Operating losses[2]	1	1	1	2	3	1	2	4
Net losses	3	2	1	2	3	3	2	4
Data	12	12	12	12	12	12	12	13

[1] ***.

[2] Operating losses were reported by ***. Net losses were reported by ***.

Note.– Appendix table E-1 presents data on a firm-by-firm basis. The data reflect adjustments by Commission staff to the U.S. producers' questionnaire data of ***.

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

Table III-15
Certain coated paper: Changes in average unit values for U.S. producers, between fiscal years 2010-15, and between January-June 2015 and January-June 2016

Item	Between fiscal years						Between Jan.-June
	2010-15	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Unit value (dollars per short ton)						
Total net sales	58.44	47.62	(7.58)	9.03	2.72	6.64	(8.29)
Cost of goods sold.-- Raw materials	40.00	28.66	14.44	14.33	15.65	(33.07)	1.24
Direct labor	0.68	0.46	8.50	1.33	(13.87)	4.26	(4.35)
Other factory costs	10.12	1.74	11.69	(13.10)	(2.95)	12.74	(2.08)
Average COGS	50.80	30.86	34.62	2.55	(1.16)	(16.07)	(5.18)
Gross profit	7.64	16.77	(42.20)	6.48	3.88	22.71	(3.11)
SG&A expense	4.58	(1.56)	0.51	0.33	(3.61)	8.91	(1.39)
Operating income	3.06	18.33	(42.70)	6.15	7.49	13.80	(1.71)
Net income	14.45	20.05	***	***	(30.30)	13.08	11.19

Note.—Positive numbers indicate an increase between periods of the average unit value; negative numbers indicate the opposite.

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

Net sales

As may be seen from the data in table III-14, net sales quantity and value declined irregularly during 2010-15 and but were higher in January-June ("interim") 2016 than in interim 2015. From the data in tables III-14 and III-15, the average unit value of total net sales irregularly increased over the full yearly periods (primarily reflecting a sharp increase between 2010 and 2011), and was higher in interim 2015 than in the period one year later. ***. According to the data in table III-14, the average unit value of sales increased between 2010 and 2015 (reflecting an increase recorded by most U.S. reporting firms, except ***), but was lower in interim 2016, reflecting the data of a majority of firms. According to the data in table E-1, ***.

Costs and expenses

As may be seen from the data in tables III-14, III-15, and E-1, total COGS declined irregularly from 2010 to 2015, rising in 2011, 2012, and 2013 from 2010 and then falling from 2013 onwards. Total COGS were higher in interim 2016 than in interim 2015. The lower value of total COGS in 2015 compared with 2010 largely reflects ***, higher level in January-June 2016 was due to a higher value reported by ***. The changes in the average unit value of total COGS reflected the changes in dollar value of the category.

The principal components of cost of sales are raw material costs, composed of chemicals, fiber, and energy, as well as labor and maintenance, and indirect manufacturing costs, including depreciation and amortization. [27] The costs of commodities, including chemicals, wood, and energy, are the most variable component of the cost of sales. The value of raw material costs increased irregularly between 2010 and 2015 (reaching its highest level in 2014). Raw material costs also increased irregularly as a ratio to total net sales (and were at their highest during 2014), rising from 40.4 percent in 2010 to 45.5 percent in 2014 before declining to 42.0 percent in 2015. Raw material costs accounted for a large share of total COGS, rising from 47.1 percent in 2010 to 51.7 percent in 2014 before declining to 48.9 percent in 2015; the ratio was higher in interim 2016 at 49.0 percent of total COGS compared with 48.6 percent in interim 2015. The average unit value of raw material costs increased between each of the full yearly periods, except 2015. The value of raw material costs and its per-unit value were greater in interim 2016 than in interim 2015. Direct labor costs and other factory costs declined irregularly from 2010 to 2015 and were higher in interim 2016. Direct labor costs rose in 2012 from 2011 but declined through 2015 (***). Other factory costs followed a similar

[27] Raw materials include wood pulp and fiber, chemicals, water, and energy. Purchase costs are market-related costs but vary regionally and are affected by fuel costs of logging and transportation to papermaking facilities. Paper production has been described as energy intensive and paper machines have been described as large complex systems that operate more efficiently when operated continuously, hence paper machine production and yield decline when a machine is stopped for any reasons. Paper companies generally are able to generate a large portion of their energy requirements from burning wood waste and other byproducts of the paper manufacturing process but also need to purchase fuel oil, natural gas, coal, and electricity from outside suppliers.

pattern, increasing from 2010 to 2012, with an irregular decline to 2015 and higher costs in interim 2016 than in interim 2015. ***.

SG&A expenses were relatively flat over the period; on a dollar basis, they declined from 2010 through 2014 before increasing in 2015 and were higher in interim 2016 than in interim 2015. The indicators of SG&A expenses as a percentage of sales and on a per-unit basis followed the trend of dollar values, except that they were *** lower in interim 2016 than in interim 2015.[28]

Profitability

Operating income for the reporting companies increased slightly from 2010 to 2011 before falling in 2012.[29] It then rose steadily from 2012 to 2015[30] and was greater interim 2016 than in interim 2015. Net income and cash flow followed a different pattern because of changes in interest expense, other expenses, and other income items. Between 2011 and 2012 interest expense fell by $*** and other income increased by $***.[31] These changes in other expense/income (***) and led to a dramatic increase in net income in 2012 from 2011. Subsequently, other income fell and interest expense and other expenses increased, which led to a decrease in net income in 2014. Other expense and income varied a little in 2015 and the increase in net income was similar to that of operating income. Both net income and cash flow were greater in interim 2016 than in the period one year earlier.

Variance analysis

A variance analysis for the operations of U.S. producers of coated paper is presented in table III-16.[32] The information for this variance analysis is derived from table III-14. This analysis

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[28] ***.

[29] The lower operating income in 2012 was mostly due to the data reported by ***.

[30] While the operating income of ***. See appendix table E-1.

[31] Verso reported ***, which were from the restructuring and reorganization (Chapter 11) of NewPage. ***. Verso referred to the negative impact on its net income from several restructuring events and the cost of integrating the NewPage acquisition into Verso's business in 2015, and the significant restructuring costs associated with the closure of the Bucksport mill and in connection with the NewPage acquisition in 2014. See Verso 2015 annual report on form 10-K, p. 37 (as filed) and footnote 16, earlier.

***.

[32] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the

(*continued*...)

indicates that operating income declined from 2010 to 2015 because an unfavorable net cost/expense variance (unit costs increased) combined with an unfavorable net volume variance were greater than the favorable price variance (unit sales values increased). The operating income variance was positive between January-June 2015-16 because the favorable net cost/expense and volume variances were greater than the unfavorable price variance. Variances differed within the yearly periods, each of the three was unfavorable between 2011 and 2012, for example.

Table III-16
Certain coated paper: Variance analysis on the operations of U.S. producers, fiscal years, 2010-15, January-June 2015, and January-June 2016

Item	Between fiscal years						Jan.-June
	2010-15	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Net sales:							
Price variance	68,932	61,751	(9,703)	11,128	3,317	7,832	(4,902)
Volume variance	(111,264)	3,372	(16,207)	(49,830)	(10,909)	(43,083)	29,375
Net sales variance	(42,332)	65,123	(25,910)	(38,702)	(7,592)	(35,251)	24,473
Cost of sales:							
Cost/expense variance	(59,922)	(40,009)	(44,347)	(3,145)	1,422	18,954	3,065
Volume variance	95,368	(2,890)	13,734	44,234	9,626	37,867	(25,258)
Total COS variance	35,446	(42,899)	(30,613)	41,089	11,048	56,821	(22,193)
Gross profit variance	(6,886)	22,224	(56,523)	2,387	3,456	21,570	2,280
SG&A expenses:							
Cost/expense variance	(5,404)	2,021	(647)	(412)	4,404	(10,505)	824
Volume variance	6,953	(211)	941	2,940	642	2,376	(1,932)
Total SG&A exp. variance	1,549	1,810	294	2,528	5,046	(8,129)	(1,108)
Operating income variance	(5,337)	24,034	(56,229)	4,915	8,502	13,441	1,172
Summarized as:							
Price variance	68,932	61,751	(9,703)	11,128	3,317	7,832	(4,902)
Net cost/expense variance	(65,326)	(37,988)	(44,995)	(3,557)	5,826	8,449	3,888
Net volume variance	(8,943)	271	(1,532)	(2,656)	(642)	(2,840)	2,186
Net income variance	15,320	26,046	***	***	(37,510)	14,735	7,379
Summarized as:							
Price variance	68,932	61,751	***	***	3,317	7,832	(4,902)
Net cost/expense variance	(51,884)	(35,758)	***	***	(40,330)	7,596	11,523
Net volume variance	(1,728)	52	***	***	(497)	(693)	758

Note.—These data are consistent with those in table III-14. Unfavorable variances are shown in parentheses; all others are favorable.

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

(…*continued*)
net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

Capital expenditures and research and development expenses

Table III-17 presents capital expenditures and research and development ("R&D") expenses by firm.

Table III-17
Certain coated paper: Capital expenditures and R&D expenses of U.S. producers, fiscal years, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

Firms were asked to describe the focus or nature of their capital expenditures. The responses are:

***.
***.
***.
***.
***.
***.

Assets and return on investment

Table III-18 presents data on the U.S. producers' total assets and the ratio of operating income to total net assets as well as the efficiency ratio of sales to total net assets.

Table III-18
Certain coated paper: U.S. producers' total assets and return on investment, fiscal years, 2010-15

Firm	Fiscal year					
	2010	2011	2012	2013	2014	2015
Total net assets (1,000 dollars)						
***[1]	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***[3]	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***[4]	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
Total net assets	1,009,792	984,592	910,061	931,861	800,016	949,078
Integrated	***	***	***	***	***	***
Converters	***	***	***	***	***	***
Ratio of operating income or (loss) to net assets ratio (percent)						
***[1]	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***[3]	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***[4]	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
Average	9.5	10.1	5.5	7.3	9.9	9.7
Integrated	***	***	***	***	***	***
Converters	***	***	***	***	***	***

Table continued on next page.

Table III-18 -- Continued
Certain coated paper: U.S. producers' total assets and return on investment, fiscal years, 2010-15

Firm	Fiscal year					
	2010	2011	2012	2013	2014	2015
	Asset turnover ratio (multiple)					
***[1]	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***[3]	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***[4]	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
Average	1.2	1.2	1.3	1.2	1.4	1.2
Integrated	***	***	***	***	***	***
Converters	***	***	***	***	***	***

[1] ***.
[2] No data reported.
[3] ***.
[4] ***.

Note.—Converters are ***; the other firms listed are integrated producers. ***.

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

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

U.S. IMPORTS

Overview

The Commission issued questionnaires to 159 firms believed to have imported certain coated paper since 2010. Nineteen firms provided data and information in response to the questionnaires, while 47 firms indicated that they had not imported certain coated paper since 2010.[1] Firms responding to the Commission's questionnaire reported no imports of subject merchandise from China or Indonesia after 2010.[2]

One responding importer, Charta Global, merged with Global Paper Solutions and PaperMax[3] in 2016 to become the exclusive carrier of Asia Pulp & Paper, Ltd. ("APP") products.[4] APP is a leading producer of subject merchandise in both China and Indonesia.[5] In its

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[1] The Commission issued questionnaires to those firms identified in domestic interested parties' response to the Commission's notice of institution, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have imported greater than one percent of total imports under HTS subheadings 4810.14.1120, 4810.14.1140, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.6000, 4810.19.1100, 4810.19.1900, 4810.19.2010, 4810.19.2090, 4810.22.1000, 4810.22.5044, 4810.22.5080, 4810.22.6000, 4810.29.1000, 4810.29.1025, 4810.29.1035, 4810.29.5000, 4810.29.6000, 4810.92.1200, 4810.92.1225, 4810.92.1235, 4810.92.1400, 4810.92.1425, or 4810.92.1435 in any one year since 2010.

The 19 firms that provided importer questionnaire responses in these first five-year reviews are: Appleton; Cellmark Paper Inc. ("Cellmark"); Charta Global; Clampitt; Domtar; Georgia-Pacific; Graphic Packaging Holding Co ("Graphic Packaging"); H. Saga International Co., Ltd. ("H. Saga"); Hansol America, Inc. ("Hansol"); Japan Pulp & Paper (USA) Corporation ("JPP"); Metsä Board Corporation ("Metsa"); Midland Paper Packaging and Supplies ("Midland"); Mohawk; Moorim USA, Inc. ("Moorim"); Perez Trading Company, Inc. ("Perez"); Sappi; Stora Enso North American Sales Inc. ("Stora Enso"); Tembec General Partnerships Inc. ("Tembec"); and UPM-Kymmene, Inc. ("UPM").

Of the 11 firms that provided importer questionnaire responses in the original investigations, five also provided questionnaire data in these first five-year reviews. They are: Appleton; JPP; Mohawk; Moorim; and Sappi. Of the six importing firms from the original investigations that did not provide data in these first five-year reviews, Global Paper Solutions, Inc. and Paper Max Ltd. were sold to Charta; Asia Pulp & Paper Ltd. (Canada); O'Conner Paper Fibers, Inc. and Printing Papers did not respond to Commission requests; and Eagle Ridge Paper went out of business in 2014 and could not be reached by the Commission.

[2] ***.

[3] Global Paper Solutions and PaperMax each submitted importer questionnaire responses in the original investigations.

[4] *Global Paper Solutions and PaperMax Merging with Charta Global*, Charta Global Newsroom, http://www.chartaglobal.com/global-paper-solutions-papermax-merging-with-charta-global, retrieved November 3, 2016.

[5] For more on APP, see the "Subject country producers" section in part IV of this report.

questionnaire response, Charta Global reported ***.[6] It reported importing ***.[7] Upon revocation, Charta Global would likely be the sole distributor of subject merchandise from Indonesia, and would service the entire United States from a single location on the West Coast.[8]

In light of the data coverage by responses to the Commission's questionnaires and the inclusion of nonsubject products in the broad HTS statistical reporting numbers, import data in this report are based on questionnaire responses supplemented with proprietary Customs data.[9] The HTS statistical reporting numbers used to compile data in these first five-year reviews are largely consistent with those used in the original investigations, which relied on adjusted official Commerce statistics.[10]

Data compiled on certain coated paper includes coated paperboard meeting Commerce's scope definition. While there have been no exclusion orders or new shipper reviews since the original investigations, in 2012 Commerce completed a scope inquiry review that excluded from the scope certain types of packaging paperboard products deemed not suitable for high-quality print graphics.[11] As a part of these first five-year reviews, the Commission also collected data on nonsubject sheeter roll CCP, consistent with the inclusion of such rolls in the domestic like product.

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[6] ***. Staff telephone interview with ***.

[7] *** importer questionnaire response, section II-12.

[8] Respondent interested parties' posthearing brief, Exhibit 1, p. 23.

[9] 2010 import data for subject merchandise from China and Indonesia are compiled using January-June 2010 historical data from the original investigations, while all other 2010 import data and all import data subsequent to 2010 are compiled from data submitted in response to Commission questionnaires and supplemented with proprietary Customs data for free sheet CCP from nonsubject countries (for further details, see footnote 19 in Part I of this report).

[10] In the original investigations, staff utilized data for adjusted HTS statistical reporting number 4810.92.12, whereas data in these first five-year reviews rely on HTS statistical reporting number 4810.92.1235 (a 2012 subdivision applicable only to sheets). Additionally, data in the original investigations excluded HTS statistical reporting number 4810.92.14, whereas data in these first five-year reviews includes HTS statistical reporting number 4810.92.1435 (a 2012 subdivision applicable only to sheets), which aligns with Commerce's scope definition.

[11] For further details, see the "Scope inquiry reviews" section in Part I of this report.

Imports from subject and nonsubject countries

Table IV-1 presents information on U.S. imports of certain coated paper from China, Indonesia, and all other sources.[12] With respect to certain coated paper in free sheet form, imports from China and Indonesia totaled 86,216 short tons by quantity and $75.8 million by value in 2010. Imports from China comprised 83.2 percent and 83.5 percent of those totals, respectively. In 2010, the average unit value for imports from subject countries was $879, with the average unit value of imports from China being two percent higher than that of Indonesia. Imports from China and Indonesia declined to zero beginning in 2011.[13] Imports from nonsubject countries increased slightly (by quantity and value) from 2010 to 2013, before returning to 2010 levels by 2015. Average unit values followed a similar trend. The top sources of imports were ***.

[12] ***. *** email to USITC staff, November 7, 2016.

[13] APP has stated in a press release that it is committed to importing no more than $50 million worth of coated paper produced in Indonesia into the United States annually. Domestic interested parties' posthearing brief, p. 6 and Exhibit 1.

Table IV-1
Certain coated paper: U.S. imports, by source, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Quantity (short tons)							
U.S. imports of free sheet CCP from.--China	71,706	0	0	0	0	0	0	0
Indonesia	14,510	0	0	0	0	0	0	0
Subject sources	86,216	0	0	0	0	0	0	0
Nonsubject sources of free sheet CCP	1,126,283	1,192,315	1,169,430	1,194,147	1,157,334	1,153,830	611,692	552,461
All sources of free sheet CCP	1,212,499	1,192,315	1,169,430	1,194,147	1,157,334	1,153,830	611,692	552,461
U.S. imports of sheeter roll CCP from.--China	***	***	***	***	***	***	***	***
Indonesia	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Other sources of sheeter roll CCP	***	***	***	***	***	***	***	***
All sources of sheeter roll CCP[1]	27,909	31,332	43,797	47,820	49,297	43,312	23,494	23,177
U.S. imports of nonsubject free sheet CCP and sheeter roll CCP	1,154,192	1,223,647	1,213,227	1,241,967	1,206,631	1,197,142	635,186	575,638
U.S. imports of all forms from all sources	1,240,408	1,223,647	1,213,227	1,241,967	1,206,631	1,197,142	635,186	575,638
	Value (1,000 dollars)							
U.S. imports of free sheet CCP from.--China	63,243	0	0	0	0	0	0	0
Indonesia	12,531	0	0	0	0	0	0	0
Subject sources	75,774	0	0	0	0	0	0	0
Nonsubject sources of free sheet CCP	1,077,277	1,196,763	1,136,151	1,139,356	1,094,453	1,066,559	569,505	500,810
All sources of free sheet CCP	1,153,051	1,196,763	1,136,151	1,139,356	1,094,453	1,066,559	569,505	500,810
U.S. imports of sheeter roll CCP from.--China	***	***	***	***	***	***	***	***
Indonesia	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Other sources of sheeter roll CCP	***	***	***	***	***	***	***	***
All sources of sheeter roll CCP	22,977	27,558	39,763	43,359	43,063	40,639	21,455	22,010
U.S. imports of nonsubject free sheet CCP and sheeter roll CCP	1,100,254	1,224,321	1,175,914	1,182,715	1,137,516	1,107,198	590,960	522,820
U.S. imports of all forms from all sources[1]	1,176,028	1,224,321	1,175,914	1,182,715	1,137,516	1,107,198	590,960	522,820
	Unit value (dollars per short ton)							
U.S. imports of free sheet CCP from.--China	882	0	0	0	0	0	0	0
Indonesia	864	0	0	0	0	0	0	0
Subject sources	879	0	0	0	0	0	0	0
Nonsubject sources of free sheet CCP	956	1,004	972	954	946	924	931	907
All sources of free sheet CCP	951	1,004	972	954	946	924	931	907
U.S. imports of sheeter roll CCP from.--China	***	***	***	***	***	***	***	***
Indonesia	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Other sources of sheeter roll CCP	***	***	***	***	***	***	***	***
All sources of sheeter roll CCP	823	880	908	907	874	938	913	950
U.S. imports of nonsubject free sheet CCP and sheeter roll CCP	953	1,001	969	952	943	925	930	908
U.S. imports of all forms from all sources	948	1,001	969	952	943	925	930	908

Table continued on the next page.

Table IV-1—Continued
Certain coated paper: U.S. imports, by source, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
	Share of quantity (percent)							
U.S. imports of free sheet CCP from.--China	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subject sources	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	90.8	97.4	96.4	96.1	95.9	96.4	96.3	96.0
All sources of free sheet CCP	97.8	97.4	96.4	96.1	95.9	96.4	96.3	96.0
U.S. imports of sheeter roll CCP from.--China	***	***	***	***	***	***	***	***
Indonesia	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Other sources of sheeter roll CCP	***	***	***	***	***	***	***	***
All sources of sheeter roll CCP[1]	2.2	2.6	3.6	3.9	4.1	3.6	3.7	4.0
U.S. imports of nonsubject free sheet CCP and sheeter roll CCP	93.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
U.S. imports of all forms from all sources	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)							
U.S. imports of free sheet CCP from.--China	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subject sources	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	91.6	97.7	96.6	96.3	96.2	96.3	96.4	95.8
All sources of free sheet CCP	98.0	97.7	96.6	96.3	96.2	96.3	96.4	95.8
U.S. imports of sheeter roll CCP from.--China	***	***	***	***	***	***	***	***
Indonesia	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Other sources of sheeter roll CCP	***	***	***	***	***	***	***	***
All sources of sheeter roll CCP	2.0	2.3	3.4	3.7	3.8	3.7	3.6	4.2
U.S. imports of nonsubject free sheet CCP and sheeter roll CCP	93.6	100.0	100.0	100.0	100.0	100.0	100.0	100.0
U.S. imports of all forms from all sources	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Sheeter roll imports may be understated. ***. *** email to USITC staff, ***.

Source: Compiled from data submitted in response to Commission questionnaires and supplemented with proprietary Customs data (see footnote 19 on page I-5 of this report).

With respect to certain coated paper in sheeter roll form, imports from China *** and increased slightly from by quantity from 2012 to 2014 before declining *** percent (by quantity) and *** percent (by value) from 2014 to 2015.[14] Average unit values ranged from a high of *** in 2013 to a low of *** in 2015. From 2010 to 2014, imports from Indonesia increased *** percent by quantity and *** percent by value before returning close to 2010 levels in 2015.[15] Average unit values ranged from a low of *** in 2014 to a high of *** in 2011 and 2015. Imports from nonsubject countries increased *** percent by quantity and *** percent by value from 2010 to 2015. The average unit value increased by *** percent over the same period. From 2010 to 2015, imports of sheeter roll CCP from all sources as a share of total import quantities increased by 1.4 percentage points. The top sources of imports were Canada, Indonesia, and Korea.[16]

Imports of both in-scope and out-of-scope merchandise from all sources decreased 3.5 percent by quantity and 5.9 percent by value from 2010 to 2015.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2016

The Commission requested that importers indicate whether they had imported or arranged for imports of subject merchandise from China or Indonesia for delivery after June 30, 2016. No firms reported any such arrangement for imports from China or Indonesia.

U.S. IMPORTERS' INVENTORIES

Table IV-2 presents data for inventories of U.S. imports of certain coated paper from China, Indonesia, and all other sources, held in the United States. With respect to certain coated paper in free sheet form, importers that provided questionnaire responses reported no inventories of imports from China or Indonesia. Inventories of imports from nonsubject countries increased by 110.6 percent from 2010 to 2011, before declining by 52.0 percent from 2011 to 2015.[17] From 2010 to 2015, the ratio of inventories of imports from nonsubject countries to U.S. imports, to U.S. shipments of imports, and to total shipments of imports remained virtually the same, with an upward spike occurring for each in 2011.

[14] *** is the only importer that reported any imports of sheeter rolls from China in its questionnaire response.

[15] Four importers reported importing sheeter rolls from Indonesia in their questionnaire response. They are: ***.

[16] ***. *** importer questionnaire response, section II-12.

[17] In 2011, ***.

Table IV-2

Certain coated paper: U.S. importers' end-of-period inventories of imports, by source, 2010-15, January-June 2015, and January-June 2016

Item	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
Imports from subject sources:								
Inventories (short tons)	0	0	0	0	0	0	0	0
Imports from nonsubject sources of free sheet CCP:								
Inventories (short tons)	15,819	33,326[(1)]	20,888	18,625	17,467	15,980	18,053	24,792
Ratio to U.S. imports (percent)	1.4	2.8	1.8	1.6	1.5	1.4	1.5	2.2
Ratio to U.S. shipments of imports (percent)	1.4	2.9	1.8	1.6	1.5	1.4	1.5	2.3
Ratio to total shipments of imports (percent)	1.4	2.8	1.8	1.6	1.5	1.4	1.5	2.3
Imports from all sources of free sheet CCP:								
Inventories (short tons)	15,819	33,326	20,888	18,625	17,467	15,980	18,053	24,792
Ratio to U.S. imports (percent)	1.3	2.8	1.8	1.6	1.5	1.4	1.5	2.2
Ratio to U.S. shipments of imports (percent)	1.3	2.9	1.8	1.6	1.5	1.4	1.5	2.3
Ratio to total shipments of imports (percent)	1.3	2.8	1.8	1.6	1.5	1.4	1.5	2.3
Imports from nonsubject sources of sheeter roll CCP:								
Inventories (short tons)	***	***[(2)]	***	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***	***	***	***
Imports from all sources:								
Inventories (short tons)	***	***	***	***	***	***	***	***
Ratio to U.S. imports (percent)	***	***	***	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***	***	***	***
Ratio to total shipments of imports (percent)	***	***	***	***	***	***	***	***

[1] ***.

[2] ***.

Source: Compiled from data submitted in response to Commission questionnaires and supplemented with proprietary Customs data (see footnote 19 on page I-5 of this report).

With respect to certain coated paper in sheeter roll form, inventories of imports increased by *** percent from 2010 to 2011 before declining by *** percent from 2011 to 2015.[18] From 2010 to 2015, the ratio of inventories of imports to U.S. imports, to U.S. shipments of imports, and to total shipments of imports decreased by less than one percentage point each, with an upward spike occurring for each in 2011.

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

[18] *** is the only firm that reported any inventories of imports of sheeter roll CCP, ***. It reported *** in 2011.

distribution, and (4) simultaneous presence in the market. There have been no imports of free sheet CCP from China and Indonesia since 2010. However, in the original investigations, the Commission found subject merchandise from each country to have had a reasonable degree of fungibility with the domestic like product, to have entered the United States through geographically dispersed U.S. ports of entry, to have shared similar channels of distribution with the domestic like product, and to have been simultaneously present in the U.S. market throughout the entire period.[19] Domestic interested parties argue that China and Indonesia should be cumulated because subject imports from both countries experienced similar trends during the investigation period, because a variety of shades are accepted in the U.S. market and paper shade is easy to change, because a wide array of stock sheet sizes allow rolls to be cut in a number of different ways to minimize trim loss, and because FSC certification is not important to the vast majority of U.S. purchasers.[20] Respondent interested parties argue that differences between China and Indonesia in the size of each industry, the shade of each industry's paper, the price of subject imports from each country during the investigation period, and the shares of each industry's global capacity all result in enough differences in the conditions of competition faced by each subject country to warrant decumulation.[21]

SUBJECT COUNTRY PRODUCERS

The Commission issued foreign producers'/exporters' questionnaires to 14 potential producers of certain coated paper in China and Indonesia, eight of which provided the Commission with usable information on their operations. Chinese producers Gold East Paper (Jiangsu) Co., Ltd. ("Gold East"), Gold Huasheng (SuZhou Industrial Park) Co., Ltd. ("Gold Huasheng"), Ningbo Asia Pulp & Paper Co., Ltd. ("Ningbo");[22] Ningbo Zhonghua Paper Co., Ltd. (also "Ningbo"), and Hainan Jinhai Pulp and Paper Co., Ltd.("Jinhai"), collectively "APP-China," submitted a single joint questionnaire response and are believed to account for approximately *** of Chinese production of the subject merchandise.[23] Indonesian producers PT. Pindo Deli Pulp and Paper Mills ("Pindo Deli"), PT. Pabrik Kertas Tjiwi Kimia Tbk ("Tjiwi Kimia"), and PT Indah Kiat Pulp & Paper Tbk ("Indah Kiat"), collectively "APP-Indonesia," submitted a single joint questionnaire response and are believed to account for all[24] Indonesian production of the

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[19] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final),* USITC Publication 4192, November 2010, pp. 15-16.

[20] Domestic interested parties' posthearing brief, pp. 7-9.

[21] Respondent interested parties' posthearing brief, Exhibit 1, pp. 15-17.

[22] Asia Ningbo, which submitted a questionnaire response in the original investigations, was not named in APP-China's questionnaire response in these reviews, but its data were included. Staff telephone interview with ***.

[23] ***. *Inv. Nos. 701-470-471 and 731-TA-1169-1170 (Final): Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia—Staff Report*, INV-HH-102, October 14, 2010, pp. VII-2, VII-4, and VII-5, fn. 6.

[24] Hearing transcript, p. 20 (Morgan).

subject merchandise.[25] All eight of the Chinese and Indonesian producers that provided questionnaire responses in these first five-year reviews are affiliated with Asia Pulp & Paper, Ltd. ("APP"), headquartered in Singapore, which in turn is a part of the multi-billion dollar Indonesian conglomerate, Sinar Mas Group.[26] The Sinar Mas Group was founded by by the Widjaya family, which continues to have majority control over the company.[27] In addition to the eight firms identified in its questionnaire responses, APP also operates the following paper mills: Guang Xi JinGui Pulp & Paper Co., Ltd. in China, which annually produces 750,000 short tons of pulp and 1 million short tons of food grade white cardboard that is applicable to food, drug, cosmetic, and cigarette product packages;[28] PT. Lontar Papyrus Pulp & Paper Industry in Indonesia, which produces pulp and tissue paper; and PT. Ekamas Fortuna in Indonesia, which produces packaging paper.[29] ***.[30]

APP-China's questionnaire response in these first five-year reviews represent only four of the 10 Chinese producers that provided usable questionnaire responses in the original investigations. The six from the original investigations that did not provide responses in these first five-year reviews are: Chenming, Daewoo, Renheng, Stora Enso, Sun Paper, and Tiger Forest. In 2009, these six firms reported a combined capacity and production of *** short tons and *** short tons, respectively, and accounted for *** percent of all reported exports of free sheet CCP to the United States.[31] In the original investigations, three Chinese firms which did not provided responses in these first five-year reviews reported expected changes to their capacity to produce free sheet CCP. Chenming reported ***.[32] ***.[33] ***.[34] Publically available information suggests that these expected changes to capacity did occur.[35]

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[25] PT. Pindo Deli Pulp and Paper Mills and PT. Pabrik Kertas Tjiwi Kimia Tbk were the only foreign producers that responded to the Commission's notice of institution for these first five-year reviews.

[26] *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final),* USITC Publication 4192, November 2010, p. VII-3.

[27] Domestic interested parties' posthearing brief, Commissioner Pinkert-3, p. 1.

[28] *Guang Xi JinGui Pulp & Paper Co., Ltd.*, APP About Us, https://www.asiapulppaper.com/about-app/mills, retrieved November 3, 2016.

[29] *Mills*, APP About Us, http://www.app.com.cn/en/about/info/id/116, retrieved November 1, 2016.

[30] Respondent interested parties' posthearing brief, Exhibit 1, p. 35 and Attachments 1-2.

[31] *Investigation Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final): Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia—Staff Report*, INV-HH-102, October 14, 2010, pp. VII-4.

[32] Ibid., p. VII-4, fn. 7.

[33] Ibid., p. VII-3, fn. 4.

[34] Ibid., p. VII-9, fn. 10.

[35] Domestic interested parties' prehearing brief, p. 13 and Exhibit 4.

COMBINED SUBJECT INDUSTRIES

Table IV-3 presents aggregate capacity, production, shipments, and inventories data for the industries in China and Indonesia combined. With respect to certain coated paper in free sheet form, subject countries' reported capacity and production increased by *** percent and *** percent, respectively, from 2010 to 2015. In 2015, the Chinese industry reported capacity that was approximately *** percent greater than the Indonesian industry's capacity, and production that was approximately *** percent greater than the Indonesian industry's production.[36] Subject countries' capacity utilization rates ranged from a high of *** percent in 2010 to a low of *** in 2011. Subject countries' end-of-period inventories as a share of total production and as a share of total shipments each increased by *** percentage points from 2010 to 2015. Export shipments accounted for between *** percent of total shipments from 2010 to 2015, with home market shipments accounting for ***. Based on data submitted in the foreign producer questionnaire responses, *** from 2010 to 2015 and January-June 2016.

Table IV-3

Certain coated paper: Overall capacity, production, shipments, and inventories of free sheet CCP in combined subject countries, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

THE INDUSTRY IN CHINA

Overview

Table IV-4 presents production, export, and shipment data for APP-China.[37] ***.[38]

[36] Respondent interested parties argue that after including firms in China that did not provide a questionnaire response in these first five-year reviews, the industry for coated paper in China is almost 20 times larger than the same industry in Indonesia. Respondent interested parties' posthearing brief, Exhibit 1, p. 16.

[37] APP-China submitted a joint questionnaire on behalf of four companies.

[38] Respondent interested parties' posthearing brief, Exhibit 12.

Table IV-4

Certain coated paper: Summary data on firms in China, 2015

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)
APP-China	***	***	***	***	***	***

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

Chinese producers were asked to indicate whether their firm has experienced any changes in relation to the production of certain coated paper since January 1, 2010. APP-China reported that ***. ***.

Operations on certain coated paper

Table IV-5 presents aggregate capacity, production, shipments, and inventories data for responding Chinese firms. With respect to certain coated paper in free sheet form, APP-China's reported capacity and production increased by *** percent and *** percent, respectively, from 2010 to 2015. [39] APP-China's capacity utilization rates ranged from a high of *** percent in 2010 to a low of *** in 2011.[40] APP-China's end-of-period inventories as a share of total production and as a share of total shipments increased by *** percentage points and by *** percentage points, respectively, from 2010 to 2015. Export shipments accounted for between *** percent of total shipments from 2010 to 2015, with home market shipments accounting for ***. APP-China reported ***.[41]

Table IV-5

Certain coated paper: Overall capacity, production, shipments, and inventories of free sheet CCP in China, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

[39] ***. Staff telephone interview with ***.

[40] Domestic interested parties argue that APP-China's capacity utilization rates are overstated based on RISI data. For more details on the RISI data, see the "Global markets" section in part IV of this report. Domestic interested parties prehearing brief, pp. 17-18.

[41] Respondent interested parties' posthearing brief, p. 4 and Exhibit 2.

When asked whether it produced products other than free sheet CCP on machinery and equipment used to produce free sheet CCP, APP-China reported ***. Table IV-6 presents APP-China's overall capacity and production of products on the same machinery used to produce free sheet CCP. Production of free sheet CCP as a share of total production decreased by *** percentage points from 2010 to 2015.

Table IV-6

Certain coated paper: Overall capacity and production of products on free sheet CCP machinery in China, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

When asked whether it produced products other than sheeter roll CCP on machinery and equipment used to produce sheeter roll CCP, APP-China reported ***. Table IV-7 presents APP-China's overall capacity and production of products on the same machinery used to produce sheeter roll CCP. Production of sheeter roll CCP as a share of total production *** from 2010 to 2015.

Table IV-7

Certain coated paper: Overall capacity and production of products on sheeter roll CCP machinery in China, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

When asked whether it is able to switch production between certain coated paper and other products using the same equipment and labor, APP-China reported that ***. When asked to describe the factors that affect the ability to shift production capacity between products and the degree to which these factors enhance or constrain such shifts, APP-China identified *** as constraints that set limits on shifting production capacity.

Table IV-8 presents data from the Global Trade Atlas for exports from China of coated paper and paperboard from 2010 to 2015, which include, but are not limited to, exports of free sheet CCP.[42] India accounted for the largest share of China's exports in 2015, followed by Taiwan and Thailand. APP-China reported ***.[43]

[42] The trade data presented are compiled from HS subheadings 4810.14, 4810.19, 4810.22, and 4810.29. The products covered under these HS subheadings include sheeter roll CPP, which is a part of the domestic like product but not included in Commerce's scope definition.

[43] Respondent interested parties' posthearing brief, p. 36.

Table IV-8

Coated paper and paperboard, in sheets and rolls: Exports from China by destination market, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons)					
China's exports to the United States	46,249	5,045	27,029	40,921	19,068	14,402
China's exports to other major destination markets.--						
India	84,647	147,680	126,147	159,849	168,127	121,782
Taiwan	44,645	39,028	65,059	52,017	83,811	88,107
Thailand	42,364	71,053	77,520	88,688	83,984	85,652
Turkey	50,511	61,213	66,631	76,669	93,929	84,867
Japan	97,715	160,273	155,993	90,445	91,291	76,159
Mexico	6,400	26,771	32,944	33,760	60,865	67,727
Vietnam	4,771	6,677	20,933	38,854	64,564	65,688
Hong Kong	102,698	105,194	94,490	65,827	64,774	62,905
Brazil	66,329	70,638	85,767	77,067	122,080	54,347
Canada	27,745	33,298	35,519	43,242	47,813	53,642
Argentina	10,680	6,019	4,632	11,071	12,342	14,278
All other destination markets	593,598	607,622	603,618	738,642	752,526	693,255
Total China exports	1,178,351	1,340,511	1,396,284	1,517,051	1,665,173	1,482,812
	Value (1,000 dollars)					
China's exports to the United States	34,688	4,772	21,237	32,252	15,628	13,563
China's exports to other major destination markets.--						
India	68,351	121,853	102,649	126,364	132,930	94,612
Taiwan	36,589	33,018	53,048	41,171	64,284	70,082
Thailand	32,810	62,379	68,318	73,888	68,560	68,916
Turkey	40,580	50,855	57,091	61,927	72,630	64,380
Japan	76,133	135,131	131,361	73,668	71,755	60,171
Mexico	5,465	23,394	27,371	27,802	49,149	55,013
Vietnam	3,617	6,998	31,831	30,413	46,737	52,847
Hong Kong	82,312	88,053	77,421	53,220	52,099	48,726
Brazil	54,657	58,371	67,906	59,210	93,676	40,989
Canada	21,345	28,550	29,535	34,285	37,675	41,406
Argentina	8,897	5,340	3,689	9,073	10,442	11,365
All other destination markets	474,888	513,649	502,372	582,715	586,903	543,078
Total China exports	940,334	1,132,362	1,173,829	1,205,990	1,302,467	1,165,148

Table continued on next page.

Table IV-8—Continued

Coated paper and paperboard, in sheets and rolls: Exports from China by destination market, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Unit value (dollars per short ton)					
China's exports to the United States	750	946	786	788	820	942
China's exports to other major destination markets.--						
India	807	825	814	791	791	777
Taiwan	820	846	815	792	767	795
Thailand	774	878	881	833	816	805
Turkey	803	831	857	808	773	759
Japan	779	843	842	815	786	790
Mexico	854	874	831	824	808	812
Vietnam	758	1,048	1,521	783	724	805
Hong Kong	802	837	819	808	804	775
Brazil	824	826	792	768	767	754
Canada	769	857	832	793	788	772
Argentina	833	887	796	820	846	796
All other destination markets	800	845	832	789	780	783
Total China exports	798	845	841	795	782	786
	Share of quantity (percent)					
China's exports to the United States	3.9	0.4	1.9	2.7	1.1	1.0
China's exports to other major destination markets.--						
India	7.2	11.0	9.0	10.5	10.1	8.2
Taiwan	3.8	2.9	4.7	3.4	5.0	5.9
Thailand	3.6	5.3	5.6	5.8	5.0	5.8
Turkey	4.3	4.6	4.8	5.1	5.6	5.7
Japan	8.3	12.0	11.2	6.0	5.5	5.1
Mexico	0.5	2.0	2.4	2.2	3.7	4.6
Vietnam	0.4	0.5	1.5	2.6	3.9	4.4
Hong Kong	8.7	7.8	6.8	4.3	3.9	4.2
Brazil	5.6	5.3	6.1	5.1	7.3	3.7
Canada	2.4	2.5	2.5	2.9	2.9	3.6
Argentina	0.9	0.4	0.3	0.7	0.7	1.0
All other destination markets	50.4	45.3	43.2	48.7	45.2	46.8
Total China exports	100.0	100.0	100.0	100.0	100.0	100.0

Source: Official Chinese exports statistics under HTS subheadings 4810.14, 4810.19, 4810.22, and 4810.29 as reported by China Customs in the GTIS/GTA database, accessed September 12, 2016.

Table IV-9 presents data from the Global Trade Atlas for imports into China of coated paper and paperboard from 2010 to 2015, which include, but are not limited to, imports of free sheet CCP.[44] Korea accounted for the largest share of China's imports in 2015, followed by Taiwan and Japan.

[44] The trade data presented are compiled from HS subheadings 4810.14, 4810.19, 4810.22, and 4810.29. The products covered under these HS subheadings include sheeter roll CPP, which is a part of the domestic like product but not included in Commerce's scope definition.

Table IV-9

Coated paper and paperboard, in sheets and rolls: Imports into China by source, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons)					
China's imports from the United States	2,496	4,290	2,054	3,437	3,191	2,983
China's imports from other markets.- Korea	35,204	41,851	40,189	39,875	29,029	35,338
Taiwan	18,453	22,883	26,015	25,931	28,358	19,490
Japan	68,615	24,657	22,128	21,452	21,560	18,196
China	55,263	44,336	35,870	26,362	20,669	16,708
Finland	9,792	7,912	9,440	13,209	18,145	14,914
Germany	9,241	10,910	14,245	11,759	13,504	14,638
Sweden	1,964	2,639	10,393	5,748	7,574	8,894
Italy	2,198	2,084	2,193	4,253	4,474	4,684
Austria	785	883	1,503	1,629	3,851	4,610
France	1,395	2,525	2,132	2,384	2,438	2,327
Netherlands	1,716	2,234	3,348	904	1,711	1,942
All other sources	21,326	16,388	11,718	10,156	8,952	5,992
Total China imports	228,450	183,592	181,229	167,099	163,457	150,715
	Value (1,000 dollars)					
China's imports from the United States	2,666	5,096	2,494	4,797	3,787	3,562
China's imports from other markets.- Korea	29,828	36,809	36,347	37,738	25,829	30,553
Taiwan	16,878	22,233	25,671	25,678	28,482	20,533
Japan	56,413	25,806	25,435	20,612	20,076	17,072
China	45,665	38,041	31,751	23,472	18,376	15,070
Finland	7,362	5,888	7,979	11,420	14,770	12,111
Germany	8,318	14,248	12,346	11,253	11,306	11,496
Sweden	1,351	2,836	12,028	6,773	9,502	10,652
Italy	2,732	3,032	4,435	5,714	5,373	4,428
Austria	861	1,006	1,975	2,134	4,632	5,682
France	1,718	2,644	2,488	2,924	3,272	2,751
Netherlands	1,713	2,014	3,626	1,029	1,560	1,437
All other sources	17,644	15,950	13,207	11,455	10,207	7,506
Total China imports	193,149	175,603	179,782	165,000	157,170	142,853

Table continued on the next page.

Table IV-9—Continued

Coated paper and paperboard, in sheets and rolls: Imports into China by source, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Unit value (dollars per short ton)					
China's imports from the United States	1,068	1,188	1,214	1,396	1,187	1,194
China's imports from other markets.- Korea	847	880	904	946	890	865
Taiwan	915	972	987	990	1,004	1,054
Japan	822	1,047	1,149	961	931	938
China	826	858	885	890	889	902
Finland	752	744	845	864	814	812
Germany	900	1,306	867	957	837	785
Sweden	688	1,075	1,157	1,178	1,255	1,198
Italy	1,243	1,455	2,022	1,344	1,201	945
Austria	1,097	1,140	1,314	1,310	1,203	1,233
France	1,231	1,047	1,167	1,227	1,342	1,182
Netherlands	998	901	1,083	1,139	911	740
All other sources	827	973	1,127	1,128	1,140	1,253
Total China imports	845	956	992	987	962	948
	Share of quantity (percent)					
China's imports from the United States	1.1	2.3	1.1	2.1	2.0	2.0
China's imports from other markets.- Korea	15.4	22.8	22.2	23.9	17.8	23.4
Taiwan	8.1	12.5	14.4	15.5	17.3	12.9
Japan	30.0	13.4	12.2	12.8	13.2	12.1
China	24.2	24.1	19.8	15.8	12.6	11.1
Finland	4.3	4.3	5.2	7.9	11.1	9.9
Germany	4.0	5.9	7.9	7.0	8.3	9.7
Sweden	0.9	1.4	5.7	3.4	4.6	5.9
Italy	1.0	1.1	1.2	2.5	2.7	3.1
Austria	0.3	0.5	0.8	1.0	2.4	3.1
France	0.6	1.4	1.2	1.4	1.5	1.5
Netherlands	0.8	1.2	1.8	0.5	1.0	1.3
All other sources	9.3	8.9	6.5	6.1	5.5	4.0
Total China imports	100.0	100.0	100.0	100.0	100.0	100.0

Source: Official Chinese import statistics under HTS subheadings 4810.14, 4810.19, 4810.22, and 4810.29 as reported by China Customs in the GTIS/GTA database, accessed November 1, 2016.

THE INDUSTRY IN INDONESIA

Overview

Table IV-10 presents production, export, and shipment data for APP-Indonesia.[45] ***.[46]

Table IV-10
Certain coated paper: Summary data on firms in Indonesia, 2015

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)
APP-Indonesia	***	***	***	***	***	***

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

Indonesian producers were asked to indicate whether their firm has experienced any changes in relation to the production of certain coated paper since January 1, 2010. APP-Indonesia reported ***.[47] ***.[48] ***. ***.[49] ***.

Operations on certain coated paper

Table IV-11 presents aggregate capacity, production, shipments, and inventories data for responding Indonesian firms. With respect to certain coated paper in free sheet form, APP-Indonesia's reported capacity and production decreased by *** percent and *** percent, respectively, from 2010 to 2015.[50] APP-Indonesia's capacity utilization rates ranged from a high of *** percent in 2011 to a low of *** in 2015.[51] [52] APP-Indonesia's end-of-period inventories as a share of total production and as a share of total shipments increased by *** percentage points and *** percentage points, respectively, from 2010 to 2015. Export shipments

[45] APP-Indonesia submitted a joint questionnaire on behalf of three companies.
[46] Respondent interested parties' posthearing brief, Exhibit 11.
[47] ***.
[48] Respondent interested parties' posthearing brief, Exhibit 1, p.34.
[49] Ibid.
[50] ***. Staff telephone interview with ***.
[51] Domestic interested parties argue that APP-Indonesia's capacity utilization rates are overstated based on how APP-Indonesia calculated its capacity and RISI data. For more details on the RISI data, see the "Global markets" section in part IV of this report. Domestic interested parties' posthearing brief, Commissioner Williamson-2, pp. 1-5.
[52] ***.

accounted for between *** percent of total shipments from 2010 to 2015, with home market shipments accounting for ***. APP-Indonesia reported ***.[53]

Table IV-11

Certain coated paper: Overall capacity, production, shipments, and inventories of free sheet CCP in Indonesia, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

When asked whether it produced products other than free sheet CCP on machinery and equipment used to produce free sheet CCP, APP-Indonesia reported ***. Table IV-12 presents APP-Indonesia's overall capacity and production of products on the same machinery used to produce free sheet CCP.[54] Production of free sheet CCP as a share of total production decreased by *** percentage points from 2010 to 2015.

Table IV-12

Certain coated paper: Overall capacity and production of products on free sheet CCP machinery in Indonesia, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

When asked whether it produced products other than sheeter roll CCP on machinery and equipment used to produce sheeter roll CCP, APP-Indonesia reported ***. Table IV-13 presents APP-Indonesia's overall capacity and production of products on the same machinery used to produce sheeter roll CCP. Production of sheeter roll CCP as a share of total production decreased by *** percentage points from 2010 to 2015.

Table IV-13

Certain coated paper: Overall capacity and production of products on sheeter roll CCP machinery in Indonesia, 2010-15, January-June 2015, and January-June 2016

* * * * * * *

When asked whether it is able to switch production between certain coated paper and other products using the same equipment and labor, APP-Indonesia reported that ***. When asked to describe the factors that affect the ability to shift production capacity between products and the degree to which these factors enhance or constrain such shifts, APP-Indonesia identified ***. as constraints that set limits on shifting production capacity.

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[53] Respondent interested parties' posthearing brief, p. 36.

[54] The total capacity that APP-Indonesia affiliates reported in their annual reports is not indicative of the companies' coated paper capacity because coated paper capacity is limited by the number of coating machines available. Hearing transcript, pp. 140-141 (Gupta).

Table IV-14 presents data from the Global Trade Atlas of Indonesia's exports of coated paper and paperboard from 2010 to 2015, which includes, but are not limited to, exports of free sheet CCP.[55] Vietnam accounted for the largest share of Indonesia's exports in 2015, followed by India and Pakistan.

Table IV-15 presents data from the Global Trade Atlas for imports into Indonesia of coated paper and paperboard from 2010 to 2015, which include, but are not limited to, imports of free sheet CCP.[56] Finland accounted for the largest share of Indonesia's imports in 2015, followed by Korea and China.

[55] The trade data presented are compiled from HS subheadings 4810.14, 4810.19, 4810.22, and 4810.29. The products covered under these HS subheadings include sheeter roll CCP, which is a part of the domestic like product but not included in Commerce's scope definition.

[56] The trade data presented are compiled from HS subheadings 4810.14, 4810.19, 4810.22, and 4810.29. The products covered under these HS subheadings include sheeter roll CPP, which is a part of the domestic like product but not included in Commerce's scope definition.

Table IV-14

Coated paper and paperboard, in sheets and rolls: Exports from Indonesia by destination market, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons)					
Indonesia's exports to the United States	13,238	14,705	10,941	9,955	15,677	8,999
Indonesia's exports to other major destination markets.--						
Vietnam	102,790	77,008	97,816	107,242	63,478	50,649
India	11,161	13,663	21,232	33,584	47,262	49,652
Pakistan	13,548	18,051	33,456	31,730	46,022	40,601
Thailand	38,385	34,373	32,613	26,342	18,004	21,610
Nigeria	19,315	21,948	34,301	31,501	28,908	20,649
Malaysia	40,169	40,071	45,281	37,232	27,047	19,714
Bangladesh	11,548	7,770	21,707	20,831	20,643	15,820
Saudi Arabia	9,032	7,510	12,131	3,893	5,275	12,050
Argentina	1,494	2,290	6,497	12,703	5,897	8,582
Mexico	1,449	2,709	7,287	4,282	4,390	3,184
Canada	1,484	968	2,179	1,370	607	130
All other destination markets	232,394	238,095	267,005	254,906	208,860	152,230
Total Indonesia exports	496,008	479,162	592,446	575,572	492,070	403,871
	Value (1,000 dollars)					
Indonesia's exports to the United States	9,886	11,829	8,192	7,336	11,930	6,527
Indonesia's exports to other major destination markets.--						
Vietnam	97,190	70,764	77,272	81,165	48,421	37,569
India	13,573	13,871	20,512	27,041	37,983	38,070
Pakistan	9,963	14,870	23,450	21,190	31,175	26,721
Thailand	31,141	29,106	27,955	21,251	14,195	16,017
Nigeria	16,606	21,934	28,113	24,943	22,466	14,970
Malaysia	32,864	37,353	38,882	30,575	22,107	15,343
Bangladesh	9,645	8,596	15,196	14,878	16,793	11,248
Saudi Arabia	10,338	7,110	9,333	3,685	4,643	9,877
Argentina	1,485	2,187	4,832	8,519	4,381	5,989
Mexico	1,234	2,223	4,774	3,121	3,514	2,660
Canada	1,132	799	1,571	943	410	83
All other destination markets	199,831	232,045	217,380	219,591	169,467	125,226
Total Indonesia exports	434,888	452,687	477,462	464,236	387,486	310,299

Table continued on next page.

Table IV-14—Continued

Coated paper and paperboard, in sheets and rolls: Exports from Indonesia by destination market, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Unit value (dollars per short ton)					
Indonesia's exports to the United States	747	804	749	737	761	725
Indonesia's exports to other major destination markets.--						
Vietnam	946	919	790	757	763	742
India	1,216	1,015	966	805	804	767
Pakistan	735	824	701	668	677	658
Thailand	811	847	857	807	788	741
Nigeria	860	999	820	792	777	725
Malaysia	818	932	859	821	817	778
Bangladesh	835	1,106	700	714	814	711
Saudi Arabia	1,145	947	769	947	880	820
Argentina	994	955	744	671	743	698
Mexico	851	821	655	729	801	835
Canada	763	826	721	688	676	640
All other destination markets	860	975	814	861	811	823
Total Indonesia exports	877	945	806	807	787	768
	Share of quantity (percent)					
Indonesia's exports to the United States	2.7	3.1	1.8	1.7	3.2	2.2
Indonesia's exports to other major destination markets.--						
Vietnam	20.7	16.1	16.5	18.6	12.9	12.5
India	2.3	2.9	3.6	5.8	9.6	12.3
Pakistan	2.7	3.8	5.6	5.5	9.4	10.1
Thailand	7.7	7.2	5.5	4.6	3.7	5.4
Nigeria	3.9	4.6	5.8	5.5	5.9	5.1
Malaysia	8.1	8.4	7.6	6.5	5.5	4.9
Bangladesh	2.3	1.6	3.7	3.6	4.2	3.9
Saudi Arabia	1.8	1.6	2.0	0.7	1.1	3.0
Argentina	0.3	0.5	1.1	2.2	1.2	2.1
Mexico	0.3	0.6	1.2	0.7	0.9	0.8
Canada	0.3	0.2	0.4	0.2	0.1	0.0
All other destination markets	46.9	49.7	45.1	44.3	42.4	37.7
Total Indonesia exports	100.0	100.0	100.0	100.0	100.0	100.0

Source: Official Indonesian exports statistics under HTS subheadings 4810.14, 4810.19, 4810.22, and 4810.29 as reported by Indonesia Customs in the GTIS/GTA database, accessed September 12, 2016.

Table IV-15

Coated paper and paperboard, in sheets and rolls: Imports into Indonesia by source, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons)					
Indonesia's imports from the United States	3,193	2,739	5,682	496	608	250
Indonesia's imports from other markets.--						
Finland	6,365	4,912	5,481	4,935	4,245	7,418
Korea	2,258	3,468	15,108	14,244	18,314	6,961
China	5,722	5,457	4,856	14,459	8,087	3,771
Japan	4,960	6,838	2,263	3,867	4,009	3,413
Germany	2,569	3,233	2,470	4,372	5,128	2,175
Hong Kong	109	483	217	163	857	1,172
United Kingdom	481	1,034	1,081	356	3,870	1,160
Belgium	0	0	0	120	340	693
Singapore	503	420	366	358	1,716	575
Netherlands	177	3,942	1,039	319	3,146	525
Italy	59	184	158	152	106	477
All other sources	4,698	7,567	5,184	4,642	2,380	1,497
Total Indonesia imports	31,094	40,279	43,905	48,485	52,806	30,087
	Value (1,000 dollars)					
Indonesia's imports from the United States	3,703	3,357	4,917	1,207	1,463	801
Indonesia's imports from other markets.--						
Finland	5,370	4,647	4,840	4,702	3,757	5,577
Korea	1,949	2,983	10,484	10,064	13,236	5,105
China	4,411	4,800	4,604	8,883	5,647	3,103
Japan	5,993	8,597	5,344	4,229	4,936	4,040
Germany	2,447	3,866	3,032	3,981	4,223	1,845
Hong Kong	188	2,592	539	289	1,178	2,328
United Kingdom	1,746	2,312	2,071	2,647	6,279	2,494
Belgium	0	0	0	93	253	493
Singapore	2,114	2,708	1,568	517	1,312	536
Netherlands	112	2,835	668	317	2,514	470
Italy	96	252	245	189	211	427
All other sources	16,110	11,921	11,249	3,815	1,864	1,281
Total Indonesia imports	44,239	50,869	49,561	40,935	46,874	28,501

Table continued on next page.

Table IV-15—Continued

Coated paper and paperboard, in sheets and rolls: Imports into Indonesia by source, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Unit value (dollars per short ton)					
Indonesia's imports from the United States	1,160	1,226	865	2,433	2,405	3,210
Indonesia's imports from other markets.--						
Finland	844	946	883	953	885	752
Korea	863	860	694	707	723	733
China	771	880	948	614	698	823
Japan	1,208	1,257	2,361	1,094	1,231	1,184
Germany	952	1,196	1,227	911	824	848
Hong Kong	1,729	5,367	2,484	1,775	1,374	1,986
United Kingdom	3,626	2,234	1,916	7,427	1,622	2,150
Belgium	0	0	0	773	745	711
Singapore	4,206	6,443	4,279	1,446	765	932
Netherlands	630	719	643	993	799	896
Italy	1,621	1,367	1,553	1,245	1,985	896
All other sources	3,429	1,575	2,170	822	783	856
Total Indonesia imports	1,423	1,263	1,129	844	888	947
	Share of quantity (percent)					
Indonesia's imports from the United States	10.3	6.8	12.9	1.0	1.2	0.8
Indonesia's imports from other markets.--						
Finland	20.5	12.2	12.5	10.2	8.0	24.7
Korea	7.3	8.6	34.4	29.4	34.7	23.1
China	18.4	13.5	11.1	29.8	15.3	12.5
Japan	16.0	17.0	5.2	8.0	7.6	11.3
Germany	8.3	8.0	5.6	9.0	9.7	7.2
Hong Kong	0.3	1.2	0.5	0.3	1.6	3.9
United Kingdom	1.5	2.6	2.5	0.7	7.3	3.9
Belgium	0.0	0.0	0.0	0.2	0.6	2.3
Singapore	1.6	1.0	0.8	0.7	3.2	1.9
Netherlands	0.6	9.8	2.4	0.7	6.0	1.7
Italy	0.2	0.5	0.4	0.3	0.2	1.6
All other sources	15.1	18.8	11.8	9.6	4.5	5.0
Total Indonesia imports	100.0	100.0	100.0	100.0	100.0	100.0

Source: Official Indonesian import statistics under HTS subheadings 4810.14, 4810.19, 4810.22, and 4810.29 as reported by Indonesia Customs in the GTIS/GTA database, accessed November 1, 2016.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

The European Union issues antidumping and countervailing duties on coated fine paper from China in 2011. Argentina issued antidumping duties on imports of coated paper from China in 2012.[57]

GLOBAL MARKET

During the past six years, the business environment for certain coated paper has been difficult. Global demand for coated paper other than coated paperboard and coated paperboard used in the commercial printing industry as "cover" stock declined during the period because of sluggish economic growth and the substitution of electronic media for printed material. The generally weak global recovery from the recession of 2008-09 crimped advertising expenditures and consequently printed advertising material. The commercial printing business also experienced slack demand. The increased use of electronic media appears to be accelerating in the developed countries and spreading into lesser-developed countries. In response, in the developed countries, producers of coated paper other than coated paperboard and coated paperboard used in the commercial printing industry as "cover" stock reduced capacity and production.[58]

Global demand for coated packaging paperboard during the period has also been negatively affected by sluggish economic conditions. Production and consumption data for boxboard/cartonboard (of which coated packaging paperboard is a subset) suggest that demand for coated packaging paperboard has been weak. In Europe, consumption of cartonboard declined by 6.4 percent between 2010 and 2015. In Japan, production of boxboard fell by 6.2 percent between 2010 and 2015.[59]

RISI, a pulp and paper industry research firm, measures trends in the coated free sheet market. The term coated free sheet, as defined by RISI, is not strictly comparably to free sheet CCP.[60] RISI estimates that from 2016 to 2021, global demand for coated free sheet will decline

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[57] Domestic interested parties' response to notice of institution, November 2, 2015, p. 16 and Exhibit 10.

[58] Meng, Li. "RISI Viewpoint: Asian printing & writing paper market: demand will still be weak in 2014, but a little better than 2013." March 17, 2014 http://www.risiinfo.com (accessed March 18, 2014); Lis, Beth. "RISI Viewpoint: Why are Asian CWF exports doing so poorly in 2015?" August 7, 2015 http://www.risiinfo.com (accessed August 7, 2015); Kerr, Jon. "Coated Paper Market Declines and Expectations for M&A in Europe." *Paper 360,* July/August 2015.

[59] *Confederation of European Paper Industries. Key Statistics for 2011-15; Japan Paper Association, Paper and Paperboard production statistics*, https://www.jpa.gr.jp/en/industry/data02/, retrieved September 22, 2016.

[60] Coated free sheet includes sheeter roll CCP, which is out-of-scope but a part of the domestic like product, and coated paper web rolls, which are out-of-scope and not a part of the domestic like product, but it does not include packaging paperboard, some of which is considered in-scope in these reviews.

by *** percent.[61] During that same period, it estimates declines in the United States, Western Europe, Eastern Europe, and Japan, with growth in Latin America and no change in China.[62]

In China, RISI estimates that from 2010 to 2015, coated free sheet capacity, production, and demand grew by *** percent, *** percent, and *** percent, respectively, while excess capacity more than tripled and capacity utilization decreased from *** percent to *** percent.[63] In Indonesia, RISI estimates that from 2010 to 2015, coated free sheet capacity and demand grew by *** percent and *** percent, respectively, and that production declined by *** percent, while excess capacity nearly tripled and capacity utilization decreased from *** percent to *** percent.[64]

Table IV-16 presents the largest global export sources of coated paper and paperboard during 2010-15, which includes, but is not limited to, exports of free sheet CCP.[65]

Table IV-17 presents data from the Global Trade Atlas for imports into Canada of coated paper and paperboard from 2010 to 2015, which include, but are not limited to, imports of free sheet CCP.[66] China accounted for the largest share of Canada's imports in 2015, followed by Spain and Korea.

Table IV-18 presents data from the Global Trade Atlas for imports into Mexico of coated paper and paperboard from 2010 to 2015, which include, but are not limited to, imports of free sheet CCP.[67] China accounted for the largest share of Mexico's imports in 2015, followed by Austria and Finland.

[61] Domestic interested parties' prehearing brief, Exhibit 38.

[62] Ibid.

[63] Ibid., Exhibit 2.

[64] Domestic interested parties' prehearing brief, Exhibit 31.

[65] The trade data presented are compiled from HS subheadings 4810.14, 4810.19, 4810.22, and 4810.29. The products covered under these HS subheadings include sheeter roll CPP, which is a part of the domestic like product but not included in Commerce's scope definition.

[66] The trade data presented are compiled from HS subheadings 4810.14, 4810.19, 4810.22, and 4810.29. The products covered under these HS subheadings include sheeter roll CPP, which is a part of the domestic like product but not included in Commerce's scope definition.

[67] The trade data presented are compiled from HS subheadings 4810.14, 4810.19, 4810.22, and 4810.29. The products covered under these HS subheadings include sheeter roll CPP, which is a part of the domestic like product but not included in Commerce's scope definition.

Table IV-16

Coated paper and paperboard, in sheets and rolls: Global exports by major sources, 2010-15

Exporter	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons)					
United States	687,064	608,275	600,116	510,589	518,938	506,656
China	1,178,351	1,340,511	1,396,284	1,517,051	1,665,173	1,482,812
Indonesia	496,008	479,162	592,446	575,572	492,070	403,871
Subject exporters	1,674,359	1,819,673	1,988,730	2,092,622	2,157,242	1,886,682
All other major sources.-- Finland	3,423,864	3,497,965	3,300,789	3,073,238	3,043,221	3,043,372
Germany	3,755,002	3,494,557	3,010,610	2,793,111	2,737,136	2,789,598
Austria	1,350,869	1,266,431	1,367,340	1,364,952	1,385,435	1,487,202
Korea	1,461,328	1,696,661	1,709,774	1,701,344	1,519,443	1,370,016
Italy	1,287,702	1,349,819	1,376,524	1,384,819	1,361,179	1,327,608
Belgium	1,073,726	1,005,467	927,714	948,712	931,880	1,114,027
Sweden	896,782	923,061	821,633	820,706	783,396	709,624
Canada	423,478	395,608	431,765	415,605	411,237	431,920
Japan	683,015	307,583	229,941	278,511	282,119	348,010
France	1,223,176	1,212,645	1,086,521	884,337	682,719	576,863
All other exporting countries	2,776,570	2,308,530	1,991,529	2,031,533	1,957,752	1,985,663
Total global exports	20,716,934	19,886,274	18,842,985	18,300,080	17,771,695	17,577,242
	Value (1,000 dollars)					
United States	535,969	500,867	563,237	485,085	472,974	446,643
China	940,334	1,132,362	1,173,829	1,205,990	1,302,467	1,165,148
Indonesia	434,888	452,687	477,462	464,236	387,486	310,299
Subject sources	1,375,222	1,585,049	1,651,291	1,670,226	1,689,953	1,475,447
All other major sources.-- Finland	2,529,573	2,862,629	2,583,274	2,370,418	2,295,046	1,939,705
Germany	3,262,116	3,285,719	2,644,035	2,440,329	2,350,165	2,007,352
Austria	1,116,134	1,110,493	1,066,423	1,056,011	1,051,223	925,564
Korea	1,100,458	1,337,013	1,247,197	1,235,831	1,074,023	925,913
Italy	1,128,267	1,277,986	1,194,328	1,190,437	1,157,465	953,358
Belgium	856,168	864,491	747,651	736,779	730,215	726,889
Sweden	741,375	832,911	684,786	669,563	610,560	461,688
Canada	328,283	342,716	363,372	343,898	319,692	328,164
Japan	523,039	266,918	208,398	225,119	219,073	245,286
France	1,206,469	1,300,275	1,019,870	852,036	686,011	489,549
All other exporting countries.	2,393,233	2,289,410	1,864,888	1,908,025	1,983,466	1,554,629
Total global exports	17,096,306	17,856,477	15,838,751	15,183,757	14,639,866	12,480,187

Table continued on the next page.

Table IV-16--Continued

Coated paper and paperboard, in sheets and rolls: Global exports by major sources, 2010-15,

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Unit value (dollars per short ton)					
United States	780	823	939	950	911	882
China	798	845	841	795	782	786
Indonesia	877	945	806	807	787	768
Subject exporters	821	871	830	798	783	782
All other major sources.--Finland	739	818	783	771	754	637
Germany	869	940	878	874	859	720
Austria	826	877	780	774	759	622
Korea	753	788	729	726	707	676
Italy	876	947	868	860	850	718
Belgium	797	860	806	777	784	652
Sweden	827	902	833	816	779	651
Canada	775	866	842	827	777	760
Japan	766	868	906	808	777	705
France	986	1,072	939	963	1,005	849
All other exporting countries	862	992	936	939	1,013	783
Total global exports	825	898	841	830	824	710
	Share of quantity (percent)					
United States	3.3	3.1	3.2	2.8	2.9	2.9
China	5.7	6.7	7.4	8.3	9.4	8.4
Indonesia	2.4	2.4	3.1	3.1	2.8	2.3
Subject sources	8.1	9.2	10.6	11.4	12.1	10.7
All other major sources.--Finland	16.5	17.6	17.5	16.8	17.1	17.3
Germany	18.1	17.6	16.0	15.3	15.4	15.9
Austria	6.5	6.4	7.3	7.5	7.8	8.5
Korea	7.1	8.5	9.1	9.3	8.5	7.8
Italy	6.2	6.8	7.3	7.6	7.7	7.6
Belgium	5.2	5.1	4.9	5.2	5.2	6.3
Sweden	4.3	4.6	4.4	4.5	4.4	4.0
Canada	2.0	2.0	2.3	2.3	2.3	2.5
Japan	3.3	1.5	1.2	1.5	1.6	2.0
France	5.9	6.1	5.8	4.8	3.8	3.3
All other exporting countries.	13.4	11.6	10.6	11.1	11.0	11.3
Total global exports	100.0	100.0	100.0	100.0	100.0	100.0

Source: Official global exports statistics under HTS subheadings 4810.14, 4810.19, 4810.22, and 4810.29 as reported in the GTIS/GTA database, accessed September 22, 2016.

Table IV-17

Coated paper and paperboard, in sheets and rolls: Imports into Canada by source, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons)					
Canada's imports from the United States	214,698	201,665	198,882	161,180	150,567	129,352
Canada's imports from other markets.--						
China	32,407	38,311	44,224	55,685	65,326	73,642
Spain	8,180	9,679	11,239	15,652	21,953	30,514
Korea	23,466	27,122	30,303	26,223	23,189	22,387
Germany	14,461	11,411	7,314	6,134	5,761	13,848
Italy	7,585	11,260	10,961	13,309	11,578	10,957
France	15,904	9,911	5,178	2,793	2,676	3,777
Finland	11,031	6,740	4,867	2,822	2,370	2,701
Austria	2,937	2,427	2,852	2,167	1,903	2,630
Netherlands	3,677	3,588	2,907	3,096	2,526	2,338
Japan	4,145	4,545	4,029	3,177	1,741	2,054
Indonesia	9,586	10,056	4,814	5,676	2,367	214
All other sources	3,411	1,793	4,634	2,056	2,514	3,659
Total Canada imports	351,487	338,509	332,202	299,971	294,470	298,071
	Value (1,000 dollars)					
Canada's imports from the United States	204,995	208,103	203,282	166,156	148,016	124,714
Canada's imports from other markets.--						
China	31,066	39,356	40,145	49,239	58,662	63,106
Spain	9,606	10,916	12,369	15,341	23,111	25,843
Korea	22,989	27,163	30,092	25,492	22,324	21,157
Germany	17,081	13,289	10,114	9,639	8,132	12,431
Italy	8,630	11,905	11,775	13,504	11,965	10,114
France	18,598	12,287	5,763	3,044	2,779	3,108
Finland	9,827	6,540	4,367	2,452	2,096	2,291
Austria	3,044	2,584	3,039	2,291	1,935	2,591
Netherlands	4,076	4,079	3,305	3,362	2,553	2,053
Japan	5,996	6,335	6,549	5,424	3,309	3,422
Indonesia	8,350	9,865	4,459	5,017	2,187	160
All other sources	3,856	2,540	5,718	2,689	3,625	4,050
Total Canada imports	348,116	354,962	340,978	303,652	290,696	275,040

Table continued on the next page.

Table IV-17—Continued

Coated paper and paperboard, in sheets and rolls: Imports into Canada by source, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Unit value (dollars per short ton)					
Canada's imports from the United States	955	1,032	1,022	1,031	983	964
Canada's imports from other markets.--						
China	959	1,027	908	884	898	857
Spain	1,174	1,128	1,101	980	1,053	847
Korea	980	1,001	993	972	963	945
Germany	1,181	1,165	1,383	1,571	1,412	898
Italy	1,138	1,057	1,074	1,015	1,034	923
France	1,169	1,240	1,113	1,090	1,038	823
Finland	891	970	897	869	884	848
Austria	1,037	1,065	1,066	1,057	1,017	985
Netherlands	1,108	1,137	1,137	1,086	1,011	878
Japan	1,447	1,394	1,626	1,707	1,901	1,666
Indonesia	871	981	926	884	924	748
All other sources	1,131	1,416	1,234	1,308	1,442	1,107
Total Canada imports	990	1,049	1,026	1,012	987	923
	Share of quantity (percent)					
Canada's imports from the United States	61.1	59.6	59.9	53.7	51.1	43.4
Canada's imports from other markets.--						
China	9.2	11.3	13.3	18.6	22.2	24.7
Spain	2.3	2.9	3.4	5.2	7.5	10.2
Korea	6.7	8.0	9.1	8.7	7.9	7.5
Germany	4.1	3.4	2.2	2.0	2.0	4.6
Italy	2.2	3.3	3.3	4.4	3.9	3.7
France	4.5	2.9	1.6	0.9	0.9	1.3
Finland	3.1	2.0	1.5	0.9	0.8	0.9
Austria	0.8	0.7	0.9	0.7	0.6	0.9
Netherlands	1.0	1.1	0.9	1.0	0.9	0.8
Japan	1.2	1.3	1.2	1.1	0.6	0.7
Indonesia	2.7	3.0	1.4	1.9	0.8	0.1
All other sources	1.0	0.5	1.4	0.7	0.9	1.2
Total Canada imports	100.0	100.0	100.0	100.0	100.0	100.0

Source: Official Canadian import statistics under HTS subheadings 4810.14, 4810.19, 4810.22, and 4810.29 as reported by Canadian Customs in the GTIS/GTA database, accessed November 1, 2016.

Table IV-18

Coated paper and paperboard, in sheets and rolls: Imports into Mexico by source, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Quantity (short tons)					
Mexico's imports from the United States	89,114	94,822	101,478	69,054	70,507	60,747
Mexico's imports from other markets.--						
China	8,200	22,550	29,646	34,240	65,845	76,806
Austria	61,578	53,504	57,605	71,587	78,771	70,618
Finland	59,481	47,932	49,102	52,470	51,808	54,707
Italy	26,647	44,977	52,230	45,254	31,929	28,782
Spain	32,090	24,306	28,400	33,076	29,331	26,850
Germany	28,195	22,959	17,885	16,324	18,474	18,166
Belgium	20,375	8,683	8,209	5,017	7,431	11,018
France	4,242	1,177	2,253	1,534	3,468	10,334
Netherlands	8,168	7,812	5,457	3,957	5,166	6,113
Sweden	3,910	4,845	5,220	5,969	3,723	5,843
Indonesia	3,825	2,281	5,720	3,642	2,145	1,766
All other sources	17,798	13,972	18,399	22,386	17,501	11,793
Total Mexico imports	363,622	349,822	381,607	364,509	386,100	383,544
	Value (1,000 dollars)					
Mexico's imports from the United States	75,153	86,527	90,960	62,564	62,688	60,292
Mexico's imports from other markets.--						
China	8,092	20,950	26,318	29,778	53,632	60,101
Austria	53,912	48,393	49,568	59,500	65,105	55,326
Finland	50,706	42,781	41,560	42,544	41,630	42,056
Italy	26,219	43,214	47,315	39,070	27,759	22,993
Spain	29,804	21,818	23,104	25,728	23,375	20,426
Germany	27,150	22,014	17,167	13,109	15,812	14,653
Belgium	18,023	7,304	6,731	3,945	5,791	8,181
France	4,250	1,156	3,241	3,149	4,092	8,227
Netherlands	7,488	7,283	4,854	3,357	4,392	5,031
Sweden	3,317	4,423	4,441	4,816	2,846	4,249
Indonesia	3,504	2,223	4,924	3,326	2,161	1,698
All other sources	33,322	27,977	14,706	13,812	14,343	11,245
Total Mexico imports	340,939	336,063	334,888	304,698	323,627	314,478

Table continued on the next page.

Table IV-18—Continued

Coated paper and paperboard, in sheets and rolls: Imports into Mexico by source, 2010-15

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Unit value (dollars per short ton)					
Mexico's imports from the United States	843	913	896	906	889	993
Mexico's imports from other markets.--						
China	987	929	888	870	815	783
Austria	876	904	860	831	827	783
Finland	852	893	846	811	804	769
Italy	984	961	906	863	869	799
Spain	929	898	814	778	797	761
Germany	963	959	960	803	856	807
Belgium	885	841	820	786	779	742
France	1,002	982	1,438	2,052	1,180	796
Netherlands	917	932	889	848	850	823
Sweden	848	913	851	807	764	727
Indonesia	916	974	861	913	1,007	961
All other sources	1,872	2,002	799	617	820	954
Total Mexico imports	938	961	878	836	838	820
	Share of quantity (percent)					
Mexico's imports from the United States	24.5	27.1	26.6	18.9	18.3	15.8
Mexico's imports from other markets.--						
China	2.3	6.4	7.8	9.4	17.1	20.0
Austria	16.9	15.3	15.1	19.6	20.4	18.4
Finland	16.4	13.7	12.9	14.4	13.4	14.3
Italy	7.3	12.9	13.7	12.4	8.3	7.5
Spain	8.8	6.9	7.4	9.1	7.6	7.0
Germany	7.8	6.6	4.7	4.5	4.8	4.7
Belgium	5.6	2.5	2.2	1.4	1.9	2.9
France	1.2	0.3	0.6	0.4	0.9	2.7
Netherlands	2.2	2.2	1.4	1.1	1.3	1.6
Sweden	1.1	1.4	1.4	1.6	1.0	1.5
Indonesia	1.1	0.7	1.5	1.0	0.6	0.5
All other sources	4.9	4.0	4.8	6.1	4.5	3.1
Total Mexico imports	100.0	100.0	100.0	100.0	100.0	100.0

Source: Official Mexican import statistics under HTS subheadings 4810.14, 4810.19, 4810.22, and 4810.29 as reported by Mexican Customs in the GTIS/GTA database, accessed November 1, 2016.

Consumption

Most firms reported demand outside the United States for certain coated paper decreased since January 1, 2010 (table IV-19). Most of these firms attributed the decline in demand outside the United States to the shift from printed materials to electronic media although some of these firms also claimed that demand may be growing in some emerging markets. Firms reporting that demand was increasing outside the United States typically reported that demand increased with industrialization and population growth. Most firms also expect demand to decrease over the next two years. This was also typically attributed to electronic media.

Table IV-19
Certain coated paper: Firms' responses regarding demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
	Demand outside the United States			
U.S. producers	0	0	7	2
Importers	2	2	8	1
Purchasers	3	1	6	1
Foreign producers home market	0	0	0	2
Foreign producers other markets	1	0	0	0
	Anticipated future demand outside the United States			
U.S. producers	0	0	7	2
Importers	2	2	8	0
Purchasers	1	1	9	0
Foreign producers home market	0	1	0	0
Foreign producers other markets	1	0	0	0

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

Prices

Producers, importers and foreign producers were asked to compare U.S. prices with prices in other markets. Responses included that U.S. prices were higher than prices in other countries (including Canada and Korea) and that prices have fallen in other countries (including France, Italy, and Germany), while U.S. prices have been rising.

Foreign tariff rates

Respondent interested parties argue that if the orders against Indonesia were revoked, the Indonesian industry is unlikely to shift sales from other markets to the United States due to competitive advantages that the Indonesian industry enjoys in its regional markets. These competitive advantages include duty-free access to other Association of Southeast Asian Nations ("ASEAN") member states,[68] duty-free access to India, and safeguard measures that the

[68] The following countries are members of ASEAN: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

Indonesian industry obtained in its home market.[69] India's most favored nation ("MFN") duty rate for imports of free sheet CCP is 10 percent,[70] while Indonesia's MFN rate for imports of free sheet CCP is five percent.[71] The Indonesian safeguards, which began in 2015 and are effective through August 2018, currently impose an additional seven percent duty on top of Indonesia's MFN rate for imports of free sheet CCP.[72]

Chinese producers of free sheet CCP are currently subject to antidumping duty orders in Argentina and antidumping and countervailing duty orders in the European Union.[73] In Argentina, the antidumping duty rates against Chinese producers are 39.55 percent.[74] In the European Union, the antidumping duty rates against Chinese producers range from 8.0 to 35.1 percent, and the countervailing duty rates range from 4.0 to 12.0 percent.[75]

[69] Respondent interested parties' prehearing brief, pp. 14-15.

[70] Government of India, Ministry of Finance, Central Board of Excise and Customs, Customs Tariff 2016.

[71] Respondent interested parties' prehearing brief, pp. 14.

[72] Respondent interested parties' posthearing brief, Exhibit 1, pp. 7-9.

[73] The scope of the Argentinian orders include reels, and the scope of the European Union orders also includes sheeter rolls. Domestic interested parties' posthearing brief, Staff-1, pp. 1 and 4.

[74] Ibid., Staff-1, Exhibit 4.

[75] Domestic interested parties' posthearing brief, Staff-1, p. 2.

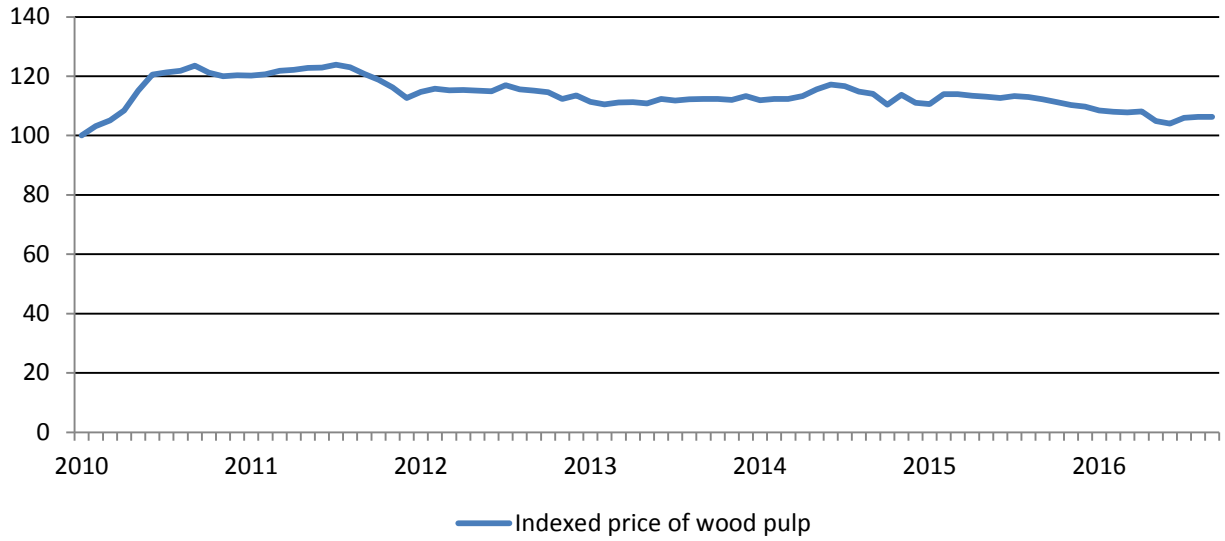
PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

U.S. producers of certain coated paper reported that pulp, chemicals and dyes, and coating additives are the principal raw materials used in producing certain coated paper.[1] Average raw material costs increased from 47.1 percent of the cost of goods sold in 2010 to 48.9 percent in 2015. Similarly, wood pulp prices were indexed to 100.0 for January 2010, this increased to 104.0 in June 2016. Index wood pulp prices peaked in June of 2011 at 123.9 and were 106.3 in September of 2016 (figure V-1).

Figure V-1
Wood pulp price index: Monthly indexed price of wood pulp not seasonally adjusted, the price is from the first day of the month, January 2010-September 2016



Source: https://fred.stlouisfed.org/series/WPU0911 Retrieved November 3, 2016.

[1] Converters' raw material is sheeter rolls. However, the large majority of producer data are from integrated producers.

Transportation costs to the U.S. market

Transportation costs for products similar to certain coated paper shipped from subject countries to the United States averaged 13.8 percent for China and 23.8 percent for Indonesia during 2015. These estimates were derived from official import data and represent the transportation and other charges on imports.[2]

Eleven of 15 responding importers and both responding foreign producers reported that the exporter typically arranges international transportation. One importer (an importer of sheeter rolls but not free sheet CCP), reported shipping cost from Indonesia to the United States of *** dollars per short ton.[3]

U.S. inland transportation costs[4]

All 12 responding U.S. producers and the three responding importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 5 to 16 percent while one responding importer reported costs of 0.5 percent of delivered costs.

PRICING PRACTICES

Pricing methods

As presented in table V-1, U.S. producers sell primarily using transaction-by-transaction negotiations and contracts. Most importers sell using either transaction-by-transaction negotiations, set price lists, or both.

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[2] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2015 and then dividing by the customs value based on the HTS subheading 4810.14.1100, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.6000, 4810.14.7000, 4810.19.1100, 4810.19.1900, 4810.19.2010, 4810.19.2090, 4810.22.1000, 4810.22.5000, 4810.22.6000, 4810.22.7000, 4810.29.1000, 4810.29.5000, 4810.29.6000, 4810.29.7000, 4810.32, 4810.39, 4810.92. No duties were reported to be paid on these products, thus apparently no free sheet CCP was imported. The products under these HTS codes, however, are believed to be similar.

[3] No foreign producers reported the cost of shipping free sheet CCP to the United States.

[4] Certain importers imported only sheeter rolls (***). Some of these firms responded to questions on how they sold certain coated paper (questions III-3 through III-10 in the importer questionnaire). Since their sales were either of sheeter rolls or of certain coated paper converted in the United States, which is included in domestic production of certain coated paper, their responses to questions III-3 through III-10 are not used in this section or in the section on pricing practices.

Table V-1
Certain coated paper: U.S. producers and importers reported price setting methods, by number of responding firms, 2015[1]

Method	U.S. producers	Importers
Transaction-by-transaction	12	8
Contract	8	5
Set price list	7	8
Other[2]	3	0
Number of firms responding	12	11

[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.
[2] Other included prices set by region based on local competitive pressures, lower prices for printers/end users, price lists that are not public, both national and regional price lists, and price reductions to meet competitive situations.

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

U.S. producers reported selling primarily through short-term contracts and spot sales. U.S. producers reported that, in 2015, 41.0 percent of their U.S. commercial shipments of free sheet CCP were spot sales, 36.5 percent were under short-term contracts, 16.7 percent were under long-term contracts, and 5.8 percent were under annual contracts.[5]

Thirteen of 18 responding purchasers reported that they purchase free sheet CCP daily, three purchase weekly, one purchases monthly, and one purchases once a year or less frequently. Seventeen of 18 responding purchasers reported that they did not expect their purchasing patterns to change in the next two years.[6] Purchasers contacted from 1 to 6 suppliers before making a purchase, and most (11 of 17) purchasers contact from 1 to 3 suppliers before making a purchase.

Sales terms and discounts

U.S. producers and importers typically quote prices on a delivered basis. Nine producers and both responding importers reported selling mainly on a delivered basis. In addition, one producer reported selling both on a delivered basis and on an f.o.b. basis. Two producers

[5] No importers reported sales of free sheet CCP from China or Indonesia in 2015. In the original investigations importers that reported sales of imports from China, *** reported that *** of their sales are on a spot basis, *** reported that a majority of their sales are on a long-term contract basis; and *** reported that all of *** sales are on a short-term contract basis. Among the importers that reported sales of imports from Indonesia, *** reported that *** of their sales are on a spot basis, and *** reported that a majority of *** sales are on a long-term contract basis, but also reported some short-term contracts and spot sales. *Certain Coated Paper Suitable For High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final),*Staff report to the Commission INV-HH-102, November 2010, p. V-4.

[6] One purchaser (***) reported a possible change to larger volumes purchased less frequently to increase supply chain efficiency.

reported mainly f.o.b. sales. Two of the three producers reporting f.o.b. sales reported no shipping charges for large orders (*** pounds or greater or over *** pounds, respectively).

Five of 12 responding producers and 4 of 11 responding importers reported both annual volume discounts and quantity discounts. One producer reported annual volume discounts but not quantity discounts, and one importer reported quantity discounts but not annual volume discounts. Three producers and two importers reported "other discounts;" typically these were case-by-case based on customer volume and competitive situation. Four producers and five importers reported no discount policy.

While U.S. producers offered a variety of terms, three of four responding importers reported selling on a net 30 basis.[7] Four producers reported 1 percent 20 net 21 days, two producers each reported 1/20 net 30, 1/10 net 30, and net 30 sales, one producer each reported net 60 sales, 1/30 net 60. One producer reported no standard terms.

Rebates

Most responding producers (8 of 12) and most importers (7 of 11) reported that they provide rebates to some of their customers. These producers and importers typically give rebates based on purchase volume. Two producers and two importers reported that rebates were negotiated with specific customers. Seven producers reported rebates ranging from $4 to $35 per short ton while six importers reported rebates ranging from $0.15 to $35 per short ton; three producers and three importers reported rebates of $18 to $20 per short ton.

Price leadership

Thirteen purchasers reported one or more price leaders. Most responding purchasers reported that Sappi (10 responses) and Verso (7 responses) were price leaders.[8] These firms were identified as price leaders mainly because they were large producers and because other firms tended to follow their announced price changes.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following certain coated paper products shipped to unrelated U.S. customers during January 2010 to June 2016.[9]

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[7] The other importer reported other sales terms but did report what terms it used.

[8] Other price leaders listed include Clearwater, WestRock, International Paper, and Veritiv.

[9] In the original investigations, pricing data were collected for five pricing products. No import price data were reported for two of these products, product 2. — Coated paper, two-side coated sheets, 70-100 pounds text basis weights, GE, and product 5. — Coated paper, two-side coated sheets, 80-100 pounds cover basis weights, GE brightness levels equal to or greater than 90 but less than 96. Products 1 and 2 differed only on brightness and similarly products 4 and 5 differed only on brightness.

Product 1.-- Coated paper, two-side coated sheets, 70-100 pounds text basis weights, GE brightness levels equal to or above 86 but less than 90.

Product 2.--Coated paper, two-side coated sheets, 70-100 pounds text basis weights, GE brightness levels equal to or above 90 but less than 96.

Product 3.--Coated paper, one-side coated sheets, 70-100 pounds text basis weights, GE brightness levels equal to or greater than 83.

Product 4.—Coated paper, two-side coated sheets, 80-100 pounds cover basis weights, GE brightness levels equal to or greater than 86 but less than 90.

Nine U.S. producers and one importer provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[10] Pricing data reported by these firms accounted for approximately 40.1 percent of U.S. producers' shipments of free sheet CCP in 2015.[11] Price data for products 1-4 are presented in tables V-2 to V-3 and figures V-2 to V-5.

Table V-2
Certain coated paper: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/ (overselling), by quarters, January 2010-June 2016

* * * * * * *

Table V-3
Certain coated paper: Weighted-average f.o.b. prices and quantities of domestic product 2, 3, and 4, by quarters, January 2010-June 2016

* * * * * * *

Figure V-2
Certain coated paper: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2010-June 2016

* * * * * * *

[10] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

[11] No price data were reported for imports from China. Import price data were reported for product 1 only from Indonesia for four quarters in 2010. In 2010, Indonesian pricing coverage was *** percent.

Figure V-3
Certain coated paper: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2010-June 2016

* * * * * * *

Figure V-4
Certain coated paper: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2010-June 2016

* * * * * * *

Figure V-5
Certain coated paper: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2010-June 2016

* * * * * * *

Price trends

Domestic product prices increased during January 2010 to June 2016 (table V-4). As shown in the table, domestic price increases ranged from 1.9 to 5.9 percent during January 2010 to June 2016.

Table V-4
Certain coated paper: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and Indonesia

Item	Number of quarters	Low price (per short ton)	High price (per short ton)	Change in price[1] (percent)
Product 1				
United States	26	***	***	2.2
Subject Indonesia	4	***	***	(2)
Product 2				
United States	26	***	***	1.9
Product 3				
United States	26	***	***	5.9
Product 4				
United States	26	***	***	3.5

[1] Percentage change from the first quarter in 2010 to the second quarter of 2016.
[2] Indonesian prices of product 1 which were available only in 2010, and decreased by *** percent from the first quarter of 2010 to the fourth quarter of 2010.

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

Price comparisons[12]

Prices for subject imports from Indonesia were below those for comparable U.S.-produced products in one of four instances for which there were comparisons; the margin of underselling was *** percent. In the remaining three instances, prices subject imports from Indonesia were between *** to *** percent above prices for the comparable domestic product and averaged *** percent above the comparable domestic product.

Purchasers' perceptions of relative price trends

Purchasers were asked how the prices of U.S.-produced coated paper products had changed relative to the prices of the subject merchandise from China and Indonesia since 2010. Most responding purchasers (11 of 15) reported that prices of U.S.-produced and imported coated paper products had changed by the same amount.[13]

[12] In the original investigations, subject imports from China were priced lower than domestic product in 39 of 42 comparisons (503,677 of 519,000 short tons), with underselling margins ranging from 1.5 to 25.2 percent, and subject imports from Indonesia were priced lower than domestic product in 9 of 16 comparisons (57,834 of 97,713 short tons), with underselling margins ranging from 2.6 to 14.4 percent. *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia, Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final)*, USITC Pub. 4192, November 2010, p. V-10.

[13] Three others reported that prices had not changed and one reported that U.S. prices had increased by 10 percent relative to prices of imports from both China and Indonesia.

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
80 FR 59133 October 1, 2015	*Initiation of Five-Year ("Sunset") Review*	https://federalregister.gov/a/2015-24980
80 FR 59189 October 1, 2015	*Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From China and Indonesia; Institution of Five-Year Reviews*	https://federalregister.gov/a/2015-24722
81 FR 907 January 8, 2016	*Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From Indonesia and the People's Republic of China: Final Results of Expedited First Sunset Reviews of the Antidumping Duty Orders*	https://www.federalregister.gov/d/2016-00179
81 FR 1966 January 14, 2016	*Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From China and Indonesia; Notice of Commission Determination To Conduct Full Five-Year Reviews*	https://federalregister.gov/a/2016-00594
81 FR 6234 February 5, 2016	*Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From Indonesia: Final Results of Expedited First Sunset Review of the Countervailing Duty Order*	https://www.federalregister.gov/d/2016-02287

Tabulation continued on next page.

Tabulation—Continued

Citation	Title	Link
81 FR 7081 February 10, 2016	*Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From the People's Republic of China: Final Results of Expedited Sunset Review of the Countervailing Duty Order*	https://www.federalregister.gov/d/2016-02698
81 FR 41345 June 24, 2016	*Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From China and Indonesia; Scheduling of Full Five-Year Reviews*	https://federalregister.gov/a/2016-14947

Note.--The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at https://usitc.gov/press_room/news_release/2012/er0409kk1.htm. A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11452. The Commission's explanation of its determinations can be found at https://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11453.

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:	Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia
Inv. Nos.:	701-TA-470-471 and 731-TA-1169-1170 (Review)
Date and Time:	October 27, 2016 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

EMBASSY WITNESS:

The Republic of Indonesia
Washington, DC

Pradnyawati, Director of Trade Defense, Ministry of Trade

OPENING REMARKS:

In Support of Continuation of Orders (**Terence P. Stewart**, Stewart and Stewart)
In Opposition of Continuation of Orders (**Frank Morgan**, Trade Law Defense)

In Support of the Continuation of
the Antidumping and Countervailing Duty Orders:

Stewart and Stewart
Washington, DC
on behalf of

and

King & Spalding LLP
Washington, DC
on behalf of

Verso Corporation ("Verso")
S.D. Warren Company d/b/a Sappi North America ("Sappi")
Appleton Coated LLC ("Appleton")
United Steel, Paper and Forestry, Rubber, Manufacturing,
Energy, Allied Industrial and Service Workers International,
AFL-CIO, CLC ("USW")

Michael Weinhold, Senior Vice President, Sales, Marketing, and Product Development and Member of the Office of Chief Executive, Verso Corporation

Paul Clancy, Vice President of Marketing and Business Development, Verso Corporation

Frank Kerr, Account Executive, Verso Corporation

Mark Gardner, President *and* Chief Executive Officer, Sappi North America

Francis E. Hannigan, Vice President for Coated Paper and Packaging, Sappi North America

John R. Jankowski, Manager, Corporate Development, Sappi North America

Doug Osterberg, President *and* Chief Executive Officer, Appleton Coated

Michael Baker, Vice President, Publishing Sales, Customer Service & Pricing, Appleton Coated

In Support of the Continuation of
the Antidumping and Countervailing Duty Orders (continued):

Jon Geenen, International Vice President, USW

Greg Harvey, President of USW Local 676

Bonnie B. Byers, Senior International Trade Consultant,
King & Spalding LLP

Terence P. Stewart)
Elizabeth J. Drake)
Philip A. Butler) – OF COUNSEL
Stephen A. Jones)
Gilbert B. Kaplan)

In Opposition of the Continuation of
the Antidumping and Countervailing Duty Orders:

Trade Law Defense
Washington, DC
on behalf of

PT. Pindo Deli Pulp and Paper Mills
PT. Pabrik Kertas Tjiwi Kimia Tbk
PT Indah Kiat Pulp & Paper Tbk
("Indonesian Industry")

Arvind Gupta, Director Commercial, PT. Pabrik Kertas Tjiwi
Kimia Tbk

Frank Morgan) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Stephen A. Jones**, King & Spalding LLP)
In Opposition of Continuation of Orders (**Frank Morgan**, Trade Law Defense)

APPENDIX C

SUMMARY DATA

Table C-1
CCP: Summary data concerning the U.S. market, 2010-15, January to June 2015, and January to June 2016

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data							
	Calendar year						January to June	
	2010	2011	2012	2013	2014	2015	2015	2016
U.S. consumption quantity:								
Amount	2,459,373	2,441,152	2,429,945	2,399,446	2,403,763	2,302,490	1,164,212	1,161,523
Producers' share (fn1)	49.6	49.9	50.1	48.2	49.8	48.0	45.4	50.4
Importers' share (fn1):								
China	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subject sources	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	45.8	48.8	48.1	49.8	48.1	50.1	52.5	47.6
Sheeter roll CCP	1.1	1.3	1.8	2.0	2.1	1.9	2.0	2.0
All nionsubject sources	46.9	50.1	49.9	51.8	50.2	52.0	54.6	49.6
Total imports	50.4	50.1	49.9	51.8	50.2	52.0	54.6	49.6
U.S. consumption value:								
Amount	2,433,475	2,533,277	2,470,848	2,431,109	2,417,997	2,311,075	1,162,391	1,157,072
Producers' share (fn1)	51.7	51.7	52.4	51.4	53.0	52.1	49.2	54.8
Importers' share (fn1):								
China	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subject sources	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	44.3	47.2	46.0	46.9	45.3	46.1	49.0	43.3
Sheeter roll CCP	0.9	1.1	1.6	1.8	1.8	1.8	1.8	1.9
All nionsubject sources	45.2	48.3	47.6	48.6	47.0	47.9	50.8	45.2
Total imports	48.3	48.3	47.6	48.6	47.0	47.9	50.8	45.2
U.S. imports from:								
China:								
Quantity	71,706	0	0	0	0	0	0	0
Value	63,243	0	0	0	0	0	0	0
Unit value	$882	$0	$0	$0	$0	$0	$0	$0
Ending inventory quantity	0	0	0	0	0	0	0	0
Indonesia:								
Quantity	14,510	0	0	0	0	0	0	0
Value	12,531	0	0	0	0	0	0	0
Unit value	$864	$0	$0	$0	$0	$0	$0	$0
Ending inventory quantity	0	0	0	0	0	0	0	0
Subject sources:								
Quantity	86,216	0	0	0	0	0	0	0
Value	75,774	0	0	0	0	0	0	0
Unit value	$879	$0	$0	$0	$0	$0	$0	$0
Ending inventory quantity	0	0	0	0	0	0	0	0
Nonsubject sources of free sheet CCP:								
Quantity	1,126,283	1,192,315	1,169,430	1,194,147	1,157,334	1,153,830	611,692	552,461
Value	1,077,277	1,196,763	1,136,151	1,139,356	1,094,453	1,066,559	569,505	500,810
Unit value	$956	$1,004	$972	$954	$946	$924	$931	$907
Ending inventory quantity	15,819	33,326	20,888	18,625	17,467	15,980	18,053	24,792
All sources of sheeter rolls:								
Quantity	27,909	31,332	43,797	47,820	49,297	43,312	23,494	23,177
Value	22,977	27,558	39,763	43,359	43,063	40,639	21,455	22,010
Unit value	$823	$880	$908	$907	$874	$938	$913	$950
Ending inventory quantity	***	***	***	***	***	***	***	***
All nonsubject sources:								
Quantity	1,154,192	1,223,647	1,213,227	1,241,967	1,206,631	1,197,142	635,186	575,638
Value	1,100,254	1,224,321	1,175,914	1,182,715	1,137,516	1,107,198	590,960	522,820
Unit value	$953	$1,001	$969	$952	$943	$925	$930	$908
Ending inventory quantity	***	***	***	***	***	***	***	***
Total imports:								
Quantity	1,240,408	1,223,647	1,213,227	1,241,967	1,206,631	1,197,142	635,186	575,638
Value	1,176,028	1,224,321	1,175,914	1,182,715	1,137,516	1,107,198	590,960	522,820
Unit value	$948	$1,001	$969	$952	$943	$925	$930	$908
Ending inventory quantity	***	***	***	***	***	***	***	***
U.S. producers':								
Average capacity quantity	1,448,647	1,472,878	1,491,248	1,560,309	1,458,388	1,461,547	691,484	722,996
Production quantity	1,318,974	1,272,961	1,277,789	1,225,049	1,216,593	1,161,227	537,526	564,520
Capacity utilization (fn1)	91.0	86.4	85.7	78.5	83.4	79.5	77.7	78.1
U.S. shipments:								
Quantity	1,218,965	1,217,505	1,216,718	1,157,479	1,197,132	1,105,348	529,026	585,885
Value	1,257,447	1,308,956	1,294,934	1,248,394	1,280,481	1,203,877	571,431	634,252
Unit value	$1,032	$1,075	$1,064	$1,079	$1,070	$1,089	$1,080	$1,083
Export shipments:								
Quantity	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***
Ending inventory quantity	216,714	244,449	253,777	236,250	242,447	240,702	246,389	271,873
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***
Production workers	2,415	2,412	2,412	2,352	2,197	2,232	1,938	1,961
Hours worked (1,000s)	4,865	4,880	4,901	4,740	4,456	4,521	2,145	2,178
Wages paid ($1,000)	132,667	134,869	137,030	133,769	127,143	129,981	62,858	64,414
Hourly wages	$27.27	$27.64	$27.96	$28.22	$28.53	$28.75	$29.30	$29.57
Productivity (short tons per 1,000 hours)	271.1	260.9	260.7	258.4	273.0	256.9	250.6	259.2
Unit labor costs	$100.58	$105.95	$107.24	$109.19	$104.51	$111.93	$116.94	$114.10
Net Sales:								
Quantity	1,293,204	1,296,647	1,280,865	1,231,982	1,221,374	1,179,591	563,416	591,549
Value	1,266,465	1,331,588	1,305,678	1,266,976	1,259,384	1,224,133	588,297	612,770
Unit value	$979	$1,027	$1,019	$1,028	$1,031	$1,038	$1,044	$1,036
Cost of goods sold (COGS)	1,085,524	1,128,423	1,159,036	1,117,947	1,106,899	1,050,078	505,833	528,026
Gross profit of (loss)	180,941	203,165	146,642	149,029	152,485	174,055	82,464	84,744
SG&A expenses	79,145	77,335	77,041	74,513	69,467	77,596	38,683	39,791
Operating income or (loss)	101,796	125,830	69,601	74,516	83,018	96,459	43,781	44,953
Capital expenditures	***	***	***	***	***	***	***	***
Unit COGS	$839	$870	$905	$907	$906	$890	$898	$893
Unit SG&A expenses	$61	$60	$60	$60	$57	$66	$69	$67
Unit operating income or (loss)	$79	$97	$54	$60	$68	$82	$78	$76
COGS/sales (fn1)	85.7	84.7	88.8	88.2	87.9	85.8	86.0	86.2
Operating income or (loss)/sales (fn1)	8.0	9.4	5.3	5.9	6.6	7.9	7.4	7.3

Table continued on next page.

Table C-1--Continuec
CCP: Summary data concerning the U.S. market, 2010-15, January to June 2015, and January to June 2016

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Period changes						
		Calendar year					Jan-Jun
	2010-15	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
U.S. consumption quantity:							
Amount	(6.4)	(0.7)	(0.5)	(1.3)	0.2	(4.2)	(0.2)
Producers' share (fn1)	(1.6)	0.3	0.2	(1.8)	1.6	(1.8)	5.0
Importers' share (fn1):							
China	(2.9)	(2.9)	0.0	0.0	0.0	0.0	0.0
Indonesia	(0.6)	(0.6)	0.0	0.0	0.0	0.0	0.0
Subject sources	(3.5)	(3.5)	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	4.3	3.0	(0.7)	1.6	(1.6)	2.0	(5.0)
Sheeter roll CCP	0.7	0.1	0.5	0.2	0.1	(0.2)	(0.0)
All nionsubject sources	5.1	3.2	(0.2)	1.8	(1.6)	1.8	(5.0)
Total imports	1.6	(0.3)	(0.2)	1.8	(1.6)	1.8	(5.0)
U.S. consumption value:							
Amount	(5.0)	4.1	(2.5)	(1.6)	(0.5)	(4.4)	(0.5)
Producers' share (fn1)	0.4	(0.0)	0.7	(1.1)	1.6	(0.9)	5.7
Importers' share (fn1):							
China	(2.6)	(2.6)	0.0	0.0	0.0	0.0	0.0
Indonesia	(0.5)	(0.5)	0.0	0.0	0.0	0.0	0.0
Subject sources	(3.1)	(3.1)	0.0	0.0	0.0	0.0	0.0
Nonsubject sources of free sheet CCP	1.9	3.0	(1.3)	0.9	(1.6)	0.9	(5.7)
Sheeter roll CCP	0.8	0.1	0.5	0.2	(0.0)	(0.0)	0.1
All nionsubject sources	2.7	3.1	(0.7)	1.1	(1.6)	0.9	(5.7)
Total imports	(0.4)	0.0	(0.7)	1.1	(1.6)	0.9	(5.7)
U.S. imports from:							
China:							
Quantity	(100.0)	(100.0)	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Value	(100.0)	(100.0)	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Unit value	(100.0)	(100.0)	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Ending inventory quantity	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Indonesia:							
Quantity	(100.0)	(100.0)	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Value	(100.0)	(100.0)	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Unit value	(100.0)	(100.0)	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Ending inventory quantity	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Subject sources:							
Quantity	(100.0)	(100.0)	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Value	(100.0)	(100.0)	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Unit value	(100.0)	(100.0)	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Ending inventory quantity	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]	[fn2]
Nonsubject sources of free sheet CCP:							
Quantity	2.4	5.9	(1.9)	2.1	(3.1)	(0.3)	(9.7)
Value	(1.0)	11.1	(5.1)	0.3	(3.9)	(2.5)	(12.1)
Unit value	(3.4)	4.9	(3.2)	(1.8)	(0.9)	(2.3)	(2.6)
Ending inventory quantity	1.0	110.7	(37.3)	(10.8)	(6.2)	(8.5)	37.3
All sources of sheeter rolls:							
Quantity	55.2	12.3	39.8	9.2	3.1	(12.1)	(1.3)
Value	76.9	19.9	44.3	9.0	(0.7)	(5.6)	2.6
Unit value	14.0	6.8	3.2	(0.1)	(3.7)	7.4	4.0
Ending inventory quantity	***	***	***	***	***	***	***
All nonsubject sources:							
Quantity	3.7	6.0	(0.9)	2.4	(2.8)	(0.8)	(9.4)
Value	0.6	11.3	(4.0)	0.6	(3.8)	(2.7)	(11.5)
Unit value	(3.0)	5.0	(3.1)	(1.7)	(1.0)	(1.9)	(2.4)
Ending inventory quantity	***	***	***	***	***	***	***
Total imports:							
Quantity	(3.5)	(1.4)	(0.9)	2.4	(2.8)	(0.8)	(9.4)
Value	(5.9)	4.1	(4.0)	0.6	(3.8)	(2.7)	(11.5)
Unit value	(2.5)	5.5	(3.1)	(1.7)	(1.0)	(1.9)	(2.4)
Ending inventory quantity	***	***	***	***	***	***	***
U.S. producers':							
Average capacity quantity	0.9	1.7	1.2	4.6	(6.5)	0.2	4.6
Production quantity	(12.0)	(3.5)	0.4	(4.1)	(0.7)	(4.6)	5.0
Capacity utilization (fn1)	(11.6)	(4.6)	(0.7)	(7.2)	4.9	(4.0)	0.3
U.S. shipments:							
Quantity	(9.3)	(0.1)	(0.1)	(4.9)	3.4	(7.7)	10.7
Value	(4.3)	4.1	(1.1)	(3.6)	2.6	(6.0)	11.0
Unit value	5.6	4.2	(1.0)	1.3	(0.8)	1.8	0.2
Export shipments:							
Quantity	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***
Ending inventory quantity	11.1	12.8	3.8	(6.9)	2.6	(0.7)	10.3
Inventories/total shipments (fn1)	***	***	***	***	***	***	***
Production workers	(7.6)	(0.1)	0.0	(2.5)	(6.6)	1.6	1.2
Hours worked (1,000s)	(7.1)	0.3	0.4	(3.3)	(6.0)	1.5	1.5
Wages paid ($1,000)	(2.0)	1.7	1.6	(2.4)	(5.0)	2.2	2.5
Hourly wages	5.4	1.3	1.2	0.9	1.1	0.8	0.9
Productivity (short tons per hour)	(5.3)	(3.8)	(0.1)	(0.9)	5.6	(5.9)	3.4
Unit labor costs	11.3	5.3	1.2	1.8	(4.3)	7.1	(2.4)
Net Sales:							
Quantity	(8.8)	0.3	(1.2)	(3.8)	(0.9)	(3.4)	5.0
Value	(3.3)	5.1	(1.9)	(3.0)	(0.6)	(2.8)	4.2
Unit value	6.0	4.9	(0.7)	0.9	0.3	0.6	(0.8)
Cost of goods sold (COGS)	(3.3)	4.0	2.7	(3.5)	(1.0)	(5.1)	4.4
Gross profit of (loss)	(3.8)	12.3	(27.8)	1.6	2.3	14.1	2.8
SG&A expenses	(2.0)	(2.3)	(0.4)	(3.3)	(6.8)	11.7	2.9
Operating income or (loss)	(5.2)	23.6	(44.7)	7.1	11.4	16.2	2.7
Capital expenditures	***	***	***	***	***	***	***
Unit COGS	6.1	3.7	4.0	0.3	(0.1)	(1.8)	(0.6)
Unit SG&A expenses	7.5	(2.5)	0.8	0.6	(6.0)	15.7	(2.0)
Unit operating income or (loss)	3.9	23.3	(44.0)	11.3	12.4	20.3	(2.2)
COGS/sales (fn1)	0.1	(1.0)	4.0	(0.5)	(0.3)	(2.1)	0.2
Operating income or (loss)/sales (fn1)	(0.2)	1.4	(4.1)	0.6	0.7	1.3	(0.1)

Notes:
fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

APPENDIX D

COMMENTS ON THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Table D-1
Certain coated paper: U.S. producers', U.S. importers', and foreign producers' narrative responses to the impact of the orders

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Table D-2
Certain coated paper: U.S. producers', U.S. importers', and foreign producers' narrative responses to the likely impact of the revocation of the orders

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APPENDIX E

SELECTED FINANCIAL DATA OF DOMESTIC PRODUCERS

This section presents financial data on a firm-by-firm basis for reporting U.S. producers of certain coated paper. These data correspond to those in table III-14. Summarized at the bottom of each table are subtotals for the nine integrated firms that produce paper, sheeter rolls of certain coated paper, and certain coated paper, and for the four converters (***) that produce certain coated paper from purchased sheeter rolls.[1] As noted earlier, ***. Also, the data here reflect adjustments made by Commission staff to the questionnaire data of ***.

Table E-1
Certain coated paper: Selected results of operations of U.S. producers, by firm, fiscal years 2010-15, January-June 2015, and January-June 2016

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[1] ***.