

Commission Implementing Regulation (EU) 2020/1524 of 19 October 2020 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of certain heavyweight thermal paper originating in the Republic of Korea

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union⁽¹⁾ ('the basic Regulation') and in particular Article 9(4) thereof,

Whereas:

1. **PROCEDURE**

1.1. **Initiation**

(1) On 10 October 2019, the European Commission initiated an anti-dumping investigation with regard to imports into the Union of certain heavyweight thermal paper ('HWTP' or 'the product concerned') originating in the Republic of Korea ('Korea' or 'the country concerned') on the basis of Article 5 of the basic Regulation. The Notice of Initiation ('NoI') was published in the *Official Journal of the European Union*⁽²⁾.

(2) The Commission initiated the investigation following a complaint lodged on 26 August 2019 by the European Thermal Paper Association ('the complainant') on behalf of producers representing more than 25 % of the total Union production of HWTP. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

1.2. **Registration**

(3) Since the conditions laid down in Article 14(5a) of the basic Regulation were not met, imports of the product concerned were not made subject to registration. No party made any comments on this point.

1.3. **Provisional measures**

(4) In accordance with Article 19a of the basic Regulation, on 6 May 2020, the Commission provided parties with a summary of the proposed duties and details about

the calculation of the dumping margin and the margin adequate to remove the injury to the Union industry. Interested parties were invited to comment on the accuracy of the calculations within three working days. Comments were received from the complainant and the cooperating exporting producer.

- (5) On 27 May 2020, the Commission imposed a provisional anti-dumping duty on imports into the Union of HWTP originating in Korea by Commission Implementing Regulation (EU) 2020/705⁽³⁾ ('the provisional Regulation').

1.4. Subsequent procedure

- (6) Following the disclosure of the essential facts and considerations on the basis of which a provisional anti-dumping duty was imposed ('provisional disclosure'), the complainant and the cooperating exporting producer made written submissions making their views known on the provisional findings.

- (7) The parties who so requested were granted an opportunity to be heard. Hearings took place with the complainant and the cooperating exporting producer. Additionally, further to the request of the cooperating exporting producer, a hearing with the Hearing Officer in trade proceedings was held. The recommendations of the Hearing Officer made during that hearing are reflected in this regulation. In the course of June 2020, the Commission sent to the exporting producer three additional disclosures containing more details on the undercutting and underselling calculations.

- (8) When reaching its definitive findings, the Commission considered the comments submitted by interested parties and revised its provisional conclusions where appropriate.

- (9) The Commission continued seeking and verifying all information it deemed necessary for its final findings. The Commission cross-checked the questionnaire reply of the sole cooperating unrelated importer, Ritrama SpA, in a telephone call with the company.

- (10) The Commission informed all interested parties of the essential facts and considerations on the basis of which it intended to impose a definitive anti-dumping duty on imports into the Union of certain heavyweight thermal paper ('final disclosure'). All parties were granted a period within which they could make comments on the final disclosure. Comments were received from the cooperating exporting producer and the complainant.

- (11) Following the comments of the exporting producer, the Commission provided Hansol an additional disclosure on the calculation of the post-importation costs and the increase in imports during the pre-disclosure period, to which Hansol submitted comments.

- (12) The exporting producer was afforded a hearing with the Commission services.

- (13) The comments submitted by the interested parties were considered and taken into account where appropriate in this regulation.

1.5. **Sampling**

(14) In the absence of comments concerning sampling, recitals 7 to 13 of the provisional Regulation were confirmed.

1.6. **Investigation period and period considered**

(15) As stated in recital 19 of the provisional Regulation, the investigation of dumping and injury covered the period from 1 July 2018 to 30 June 2019 ('the investigation period' or 'IP') and the examination of trends relevant for the assessment of injury covered the period from 1 January 2016 to the end of the investigation period ('the period considered').

(16) The cooperating exporting producer alleged that the Commission had deviated from its established case practice and claimed that the investigation period should end on 30 September 2019, i.e. a date closer to the date of initiation. According to the cooperating exporting producer, the IP chosen by the Commission did not allow taking into consideration recent developments such as the merger of two sampled EU producers in March 2019, the alleged reduction of raw material costs since mid-2019 and the fact that the Union industry changed to BPA free HWTP only in mid-2019. This claim was rejected. The Commission enjoys discretion in this choice, provided it complies with Article 6 of the basic Regulation that establishes that an investigation period shall, normally, cover a period of no less than six months immediately prior to the initiation of proceedings, which is the case for this investigation. Moreover, Hansol has provided no evidence that these developments would have impacted the injury or causality analysis and in any case, both the cost of raw material and the issue of BPA free supplies were taken into consideration in the provisional regulation under recitals 103 to 110 respectively 111 to 115.

(17) In the absence of any other comments concerning the investigation period and period considered, recital 19 of the provisional Regulation was confirmed.

2. **PRODUCT CONCERNED AND LIKE PRODUCT**

2.1. **Product concerned**

(18) In the absence of any comments with respect to the product concerned, the Commission confirmed the conclusions set out in recitals 20 to 22 of the provisional Regulation.

2.2. **Like product**

(19) In the absence of any comments with respect to the like product, the Commission confirmed the conclusions set out in recitals 23 and 24 of the provisional Regulation.

3. **DUMPING**

3.1. **Normal value**

(20) In the absence of any comments regarding the normal value, recitals 25 to 35 of the provisional Regulation were confirmed.

3.2. **Export price**

(21) The details for the calculation of the export price are set out in recitals 36 to 39 of the provisional Regulation.

(22) The Commission received no comments with regard to the calculation of the export price in case of Hansol's direct sales to independent customers. The export price for those sales, established in accordance with Article 2(8) of the basic Regulation, is thus confirmed.

(23) After provisional disclosure, Hansol contested two elements in the calculation of the export price for Hansol's sales of the product concerned to the Union through Hansol Europe B.V., acting as an importer. In accordance with Article 2(9) of the basic Regulation, those prices were established on the basis of the price at which the imported product was first resold to independent customers, adjusted backwards to an ex-works price by deducting, inter alia, the relevant selling, general and administrative costs ('SG&A') costs of the related party and a reasonable amount of profit.

(24) Firstly, Hansol claimed that the Commission should have allocated certain SG&A costs items of Hansol Europe BV differently to the product concerned. Subsequent to the claim, the Commission examined again the verified information in this regard and it accepted the claim, changing the allocation key.

(25) Secondly, Hansol claimed that the profit margin used by the Commission was not that of an importer of the product concerned but that of a user, and that it was therefore not appropriate to use for this purpose. Hansol submitted that the Commission should instead revert to the unrelated importer's profit rate used in the anti-dumping investigation concerning imports of certain lightweight thermal paper from the Republic of Korea⁽⁴⁾. The Commission contacted the company concerned to analyse Hansol's claim. The company concerned, which was the sole party that had completed an importer's questionnaire in this investigation, confirmed that it was indeed rather a user, converting HWTP into a downstream product, and not an importer of the product concerned. Hansol's claim was consequently accepted. In the absence of any alternative data on file, the Commission therefore replaced the profit margin provisionally used by the profit margin used in the aforementioned lightweight thermal paper case.

3.3. **Comparison**

(26) In the absence of any comments, recitals 40 and 41 of the provisional Regulation were confirmed.

3.4. **Dumping margins**

(27) As detailed in recitals 22 to 24 above, following claims which were accepted by the Commission, certain elements of the export price were revised.

- (28) Accordingly, the definitive dumping margins, expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Company	Definitive dumping margin
Hansol Paper Co., Ltd	15,8 %
All other companies	15,8 %

4. **INJURY**

4.1. **Definition of the Union industry and Union production**

- (29) In the absence of any comments with respect to this section, the Commission confirmed its conclusions set out in recitals 47 and 48 of the provisional Regulation.

4.2. **Union consumption**

- (30) In the absence of any comments with respect to the Union consumption, the Commission confirmed its conclusions set out in recitals 49 to 51 of the provisional Regulation.

4.3. **Imports from the country concerned**

- (31) Following provisional disclosure, the exporting producer made a number of comments concerning the Commission's provisional findings related to the analysis of prices of the imports, and more specifically regarding the price comparison between the EU and the dumped prices.

- (32) First, Hansol contested the methodology used by the Commission to ensure a fair comparison between the product types exported to the Union and the product types sold by the Union industry. To that end, the Commission had identified different basic characteristics, which were communicated to interested parties in the questionnaires published on the website of DG TRADE on the date of initiation. Amongst different elements, the Commission identified by the 'so-called' surface weight of the product, expressed in (full) grams per square meter ('the grammage'), as one of these basic characteristics.

- (33) In order to ensure a fair comparison, each product type was then attributed a specific Product Control Number ('PCN') depending on its own specific basic characteristics. However, to ensure a representative level of matching between exported HWTP and HWTP sold by the Union industry, the Commission adjusted the original PCN structure by grouping grammages in various ranges. Such ranges could extend, for instance, from 66 to 68 grams, or from 73 to 76 grams.

- (34) Following provisional disclosure, the cooperating exporting producer opposed this approach for three reasons:

- HWTP models were defined by the producers on a gram-by-gram basis and each difference in grammage might affect the price;