Commission Implementing Regulation (EU) 2020/705 of 26 May 2020 imposing a provisional anti-dumping duty 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 7 thereof,

After consulting the Member States,

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 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 certain heavyweight thermal paper ('HWTP' or 'the product concerned'). The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

(3) Pursuant to Article 14(5a) of the basic Regulation, the Commission should register imports subject to an anti-dumping investigation during the period of pre-disclosure unless it has sufficient evidence that certain requirements are not met. One of these requirements, as mentioned in Article 10(4)(d) of the basic Regulation, is that there is a further substantial rise in imports in addition to the level of imports which caused injury during the investigation period. The imports of HWTP from Korea showed a sharp decrease by 81 % in the four months following initiation as compared to the same period during the investigation period. The data following initiation was based upon the TARIC codes created for the product concerned at initiation. This was

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compared to the average imports from the sole Korean exporter during four months in the IP. Therefore, the conditions to register in accordance with Article 14(5a) of the basic Regulation were not met. The Commission did not make imports of the product concerned subject to registration under Article 14(5a) of the basic Regulation, as the condition of Article 10(4)(d), i.e. a further substantial rise in imports, was not met.

1.2. **Interested parties**

(4) In the Notice of Initiation, the Commission invited interested parties to contact it in order to participate in the investigation. In addition, the Commission specifically informed the complainant, known Union producers, the known (exporting) producers and the authorities of the Republic of Korea, known importers, users and associations known to be concerned, about the initiation of the investigation and invited them to participate.

(5) Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

(6) Two hearings were held with the Commission. During the hearing held on 5 December 2019 upon request of the cooperating exporting producer, the Hansol group, its related importer in the Union, a number of users and representatives of the Korean government raised issues related to the Union HWTP market, injury, causation, legal matters and/or Union interest. During the hearing held on 7 January 2020 upon request of the complainant, the latter and some of its members developed issues related to injury, causation and Union interest. The claims made during these hearings are included in this Regulation.

1.3. **Sampling**

(7) In its Notice of Initiation, the Commission stated that it might sample the interested parties in accordance with Article 17 of the basic Regulation.

1.3.1. *Sampling of the Union producers*

(8) In the Notice of Initiation, the Commission stated that it had decided to limit to a reasonable number the Union producers that would be investigated by applying sampling and that it had provisionally selected a sample of Union producers. The Commission selected the provisional sample on the basis of the production and Union sales volume reported by the Union producers in the context of the pre-initiation standing analysis. The provisional sample thus established consisted of three Union producers in two different Member States that accounted for 58,2 % of estimated total Union production and 57,5 % of total Union sales according to the information available. The Commission made details of this provisional sample available in the file for inspection by interested parties and invited interested parties to comment.

(9) Two interested parties submitted comments with regard to the provisional sample. The complainant fully supported the proposed sample. The exporting producer Hansol Paper Co., Ltd. submitted that the proposed sample was not representative as

it included two related companies located in the same country. Hansol Paper Co., Ltd. further claimed that the provisional sample did not ensure a proper geographical spread and proposed to include Ricoh, based in France, in the sample.

(10) The Commission considered that the two producers located in Germany were the largest producers of the like product in the European Union (together they represented circa 47 % of the total production and 44 % of the total sales of the like product in the Union in the investigation period) and that Germany had the highest production and the largest concentration of producers of the like product. Furthermore, Ricoh had indicated that, although it supported the complaint, it was unable to cooperate in the investigation.

(11) The provisional sample consisting of three Union producers was thus confirmed. The final sample, made up of Kanzan Spezialpapiere GmbH and Mitsubishi HiTec Paper Europe GmbH in Germany and Jujo Thermal Ltd. in Finland, was considered representative of the Union industry.

1.3.2. *Sampling of importers*

(12) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.

(13) Two unrelated importers provided the requested information and agreed to be included in the sample. In view of the low number of replies received, the Commission decided that sampling was not necessary. No comments were made to this decision.

1.4. **Replies to the questionnaire**

(14) The Commission invited the three sampled Union producers, the two unrelated importers that replied to the sampling form and the known exporting producer in Korea, the Hansol group, to fill in the relevant questionnaires made available online.

(15) On 20 October 2019, the exporting producer requested an exemption for three related converters to fill in the annex I to the main questionnaire. In light of the information provided, on 24 October 2019 the Commission provisionally agreed to the request.

(16) Questionnaire replies were received from the three sampled Union producers, one unrelated importer, Ritrama S.p.A., the exporting producer Hansol Paper Co., Ltd (‘Hansol Paper’) and its related importer Hansol Europe B.V. (‘Hansol Europe’). Moreover, two users sent a reply.

1.5. **Verification visits**

(17) The Commission sought and verified all the information deemed necessary for a provisional determination of dumping, resulting injury and Union interest. Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies/entities:

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a) Union producers:
- — Jujo Thermal Ltd., Kauttua, Finland
- — Mitsubishi HiTec Paper Europe GmbH, Bielefeld, Germany
- — Kanzan Spezialpapiere GmbH, Düren, Germany

b) Exporting producer:
- — Hansol Paper Co. Ltd, Seoul and Seocheon-gun, Chungcheongnam-do, the Republic of Korea

c) Related importer:
- — Hansol Europe B.V., Hoofddorp, the Netherlands

1.6. **Presentation of data**

(18) Given the limited number of parties that submitted some data, some of the figures presented below are in the form of ranges for reasons of confidentiality[3].

1.7. **Investigation period and period considered**

(19) The investigation of dumping and injury covered the period from 1 July 2018 to 30 June 2019 (‘the investigation period’ or ‘IP’). 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’).

2. PRODUCT CONCERNED AND LIKE PRODUCT

2.1. **Product concerned**

(20) The product concerned is certain heavyweight thermal paper, defined as thermal paper which weighs more than 65 g/m^2; which is sold on rolls of a width of 20 cm or more, weighing 50 kg or more (including paper) and with a diameter of 40 cm or more (jumbo rolls); with or without base coat on one or both sides; coated with a thermo-sensitive substance (i.e. a mixture of dye and a developer that reacts and forms an image when heat is applied) on one or both sides; and with or without top coat originating in the Republic of Korea, currently falling under CN codes ex 4809 90 00, ex 4811 59 00 and ex 4811 90 00 (TARIC codes 4809 90 00 20, 4811 59 00 20 and 4811 90 00 20) (‘the product concerned’).

(21) HWTP is a specialty paper. It has a thermal active coating which reacts to form an image when heat is applied by printers with thermal printheads. HWTP is mainly used for self-adhesive labels for e-commerce packaging, tickets and tags.

(22) HWTP can be produced with several types of developers: with developers containing (bis)phenolic substances such as bisphenol A and bisphenol S (HWTP containing (bis)phenol), or with developers that do not contain any phenol (phenol-free HWTP). All types are concerned by the present investigation. The Commission notes however that since 2 January 2020 HWTP with bisphenol A is banned in the Union[4].

2.2. **Like product**

(23) The investigation showed that the following products have the same basic physical and chemical characteristics as well as the same basic uses:

— the product concerned;

— the product produced and sold on the domestic market of the Republic of Korea; and

— the product produced and sold in the Union by the Union industry.

(24) The Commission decided at this stage that those products are therefore like products within the meaning of Article 1(4) of the basic Regulation.

3. DUMPING

3.1. Normal value

(25) Hansol Paper appeared to be the only exporting producer of the product concerned in the country concerned during the investigation period.

(26) The Commission first examined whether Hansol Paper's total volume of domestic sales was representative, in accordance with Article 2(2) of the basic Regulation. The domestic sales are representative if the total domestic sales volume of the like product to independent customers on the domestic market per exporting producer represent at least 5 % of its total export sales volume of the product concerned to the Union during the investigation period. On this basis, the total sales of Hansol Paper of the like product on the domestic market were representative.

(27) The Commission subsequently identified the product types sold domestically by Hansol Paper that were identical or comparable with the product types sold for export to the Union with representative domestic sales.

(28) The Commission then examined whether the domestic sales of Hansol Paper on its domestic market for each product type that is identical or comparable with the product type sold for export to the Union were representative, in accordance with Article 2(2) of the basic Regulation. The domestic sales of a product type are representative if the total volume of domestic sales of that product type to independent customers during the investigation period represents at least 5 % of the total volume of export sales of the identical or comparable product type to the Union. The Commission established that one product type (representing 25-45 % of the total domestic sales of Hansol Paper on its domestic market) was sold at volumes less than 5 % of the total volume of export sales to the Union. For this product type, the normal value was constructed as explained in recitals 33 to 34 below.

(29) The Commission next defined the proportion of profitable sales to independent customers on the domestic market for the product type in question during the investigation period in order to decide whether to use actual domestic sales for the calculation of the normal value, in accordance with Article 2(4) of the basic Regulation.

(30) The normal value is based on the actual domestic price per product type, irrespective of whether those sales are profitable or not, if: