Commission Implementing Regulation (EU) 2016/2005 of 16 November 2016 imposing a provisional anti-dumping duty on imports of certain lightweight 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 18 February 2016, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports into the Union of certain lightweight thermal paper originating in the Republic of Korea ('the country concerned') on the basis of Article 5 of Council Regulation (EC) No 1225/2009[(2)]. It published a Notice of Initiation in the *Official Journal of the European Union*[(3)] ('the Notice of Initiation').

(2) The Commission initiated the investigation following a complaint lodged on 4 January 2016 by the European Thermal Paper Association (ETPA) ('the complainant') on behalf of producers representing more than 25 % of the total Union production of certain lightweight thermal paper. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

1.2. Interested parties

(3) 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 known Union producers, the known exporting producers and the Korean authorities, known importers, users and traders about the initiation of the investigation and invited them to participate.

(4) 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 ('the Hearing Officer').

(5) Two hearings were held with the Hearing Officer upon request of the Hansol group, to which the two related cooperating exporting producers belong. During the first hearing in March 2016, exemption from replying to the questionnaire was requested for a number of related converters. Following the hearing and a verification visit to one of the related converters to ascertain the arguments underlying the exemption request, the Commission maintained that the questionnaire needed to be completed by one of the related converters and granted exemption to three other related converters. At the second hearing in September 2016, the two cooperating exporting producers, a number of unrelated importers and users, and representatives of the Korean government raised a number of claims as regards the definition of the product concerned, the complaint, injury, the causal link and Union interest.

(a) *Sampling*

(6) In the Notice of Initiation, the Commission also stated that it might sample the interested parties in accordance with Article 17 of the basic Regulation.
Sampling of Union producers

(7) In its Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of the highest representative sales volume while ensuring a geographical spread. This sample consisted of three Union producers in two different Member States. The sampled Union producers accounted for between 75 % and 95 %[(4)] of the sales volumes to unrelated customers in the Union of the companies that came forward in the standing exercise and of the estimated total sales volume to unrelated customers in the Union. The Commission invited the interested parties to comment on the provisional sample. No parties made comments on the provisional sample, thus the provisional sample was confirmed. The sample is representative of the Union industry.
Sampling of importers

(8) 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.

(9) One unrelated converter with importing activities provided the requested information and agreed to be included in the sample. In view of the low number of replies, the Commission decided that the sampling was not necessary. No comments were made.

(b) *Replies to the questionnaire*

(10) The Commission sent questionnaires to two related exporting producers, namely Hansol Paper Co., Ltd ('Hansol Paper') and Hansol Artone Paper Co., Ltd ('Artone'), both belonging to the Hansol group as well as to their related trader

Hansol Europe B.V. ('Hansol Europe') and related converter Schades Ltd ('Schades'). Questionnaires were also sent to the three sampled Union producers, and around 50 parties (26 users, 21 intermediaries, two associations and one unrelated importer) who expressed an interest in the investigation.

(11) Questionnaire replies were received from the two exporting producers and their related trader and converter, the three sampled Union producers, nine unrelated converters, two traders at different levels, one unrelated converter with importing activities and one association. Moreover, eleven parties responded with free format submissions.

(c) *Verification visits*

(12) 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:

— Union producers:
  — Lecta Group/Torraspapel SA, Barcelona, Spain
  — Mitsubishi HiTec Paper Europe GmbH, Bielefeld, Germany
  — Papierfabrik August Koehler SE, Oberkirch, Germany
— Importer/User:
  — Papiery Powlekane 'PASACO' sp. z o.o., Solec Kujawski, Poland
— Exporting producers in the Republic of Korea:
  — Hansol Group (Hansol Paper and Artone), Seoul, the Republic of Korea
— Trader related to exporter producers of the Hansol group:
  — Hansol Europe, Hoofddorp, the Netherlands
— Converter related to exporter producers of the Hansol group:
  — Schades, Ripley, the United Kingdom

(d) *Presentation of data*

(13) Given the limited number of parties that submitted some data, some of the figures presented below are in the form of ranges.

1.3. **Investigation period and period considered**

(14) The investigation of dumping and injury covered the period from 1 January 2015 to 31 December 2015 ('the investigation period'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2012 to the end of the investigation period ('the period considered').

2. **PRODUCT CONCERNED AND LIKE PRODUCT**

2.1. **Product concerned**

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2016/2005. (See end of Document for details)*

(15) The product concerned is lightweight thermal paper ('LWTP') weighing 65 gr/m^2 or less; in rolls of a width of 20 cm or more, a weight of the roll (including the paper) of 50 kg or more and a diameter of the roll (including the paper) of 40 cm or more ('jumbo rolls'); with or without a base coat on one or both sides; coated with a thermo-sensitive substance (that is a mixture of dye and a developer that react and form an image when heat is applied) on one or both sides; and with or without a top coat, originating in the Republic of Korea, currently falling within CN codes ex 4809 90 00, ex 4811 90 00, ex 4816 90 00 and ex 4823 90 85 ('the product concerned').

(16) LWTP can be produced with several types of developers: with developers containing bisphenol A and bisphenol S (LWTP containing phenol), or with developers that do not contain any phenol (phenol-free LWTP). Both types of LWTP are concerned by the present investigation.

(17) Lightweight thermal paper is used in point-of-sale (POS) applications such as the receipts issued by retail.

2.2. **Like product**

(18) The investigation showed that the following products have the same basic physical and technical 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.

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

2.3. **Claims regarding product scope**

(20) The cooperating exporting producer requested the exclusion of phenol-free LWTP from the product scope on the grounds that phenol-free LWTP is neither produced nor exported from the Republic of Korea and that it is different from LWTP containing phenol, because of its chemical composition, consumer perception, production processes, end-uses and market price. The same party also requested the exclusion of LWTP weighing less than 44 gr/m^2.

(21) In this respect, the investigation showed that there are several types of LWTP — including those with or without phenol and those of less than 44 gr/m^2 — and that all form one single product, because they all share similar basic characteristics, similar production processes, identical end-uses and are interchangeable from the point of view of users and consumers. Indeed, the investigation showed that all product types consist of a base paper with a thermo-sensitive coating and that in essence all products are the result of similar production processes. Furthermore, all types of LWTP have similar properties and are used for printing with a thermal printer. Therefore, from the point of view of the user and the consumer, they all have similar end-results.

***Changes to legislation:** There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2016/2005. (See end of Document for details)*

(22) In addition, it should be noted that the request for exclusion of the LWTP weighting less than 44 gr/m^2 was in any event not substantiated with evidence.

(23) Although the exporting producer claimed that there might be different consumer perception between LWTP containing phenol or not, no substantiate evidence was put forward to justify that claim and the investigation confirmed that the vast majority of consumers is not aware of the particular composition of LWTP and therefore do not make any difference between LWTP containing phenol or not. In addition, market prices do not significantly differ between LWTP containing phenol or phenol-free LWTP. Therefore, it is provisionally concluded that all types of LWTP compete between each other, albeit with some price differences. The price competition amongst product types is further developed in section 5.2.4.

(24) For the reasons above, products weighing less than 44 gr/m^2 and phenol-free LWTP cannot be excluded from the definition of the like product at this stage. Both claims were thus provisionally rejected.

3. DUMPING

3.1. Preliminary remark

(25) In the investigation period, the Hansol group sold between 15 and 25 % of its total Union sales volume of the product concerned either directly to unrelated parties or indirectly for re-sales via related parties; the bulk of its Union sales (between 75 % and 85 %) were sales to related parties destined for conversion into small rolls. The ranges are given for reasons of confidentiality. In order to arrive at a representative calculation of dumping, both sales channels have been included in that calculation and given the appropriate weight.

3.2. Normal value

(26) The Commission first examined whether the total volume of domestic sales for the cooperating exporting producers 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 represented 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 by the exporting producers of the like product on the domestic market were representative.

(27) The Commission subsequently identified the product types sold domestically that were identical or closely resembling the product types sold for export to the Union for the exporting producers with representative domestic sales.

(28) The Commission then examined whether the domestic sales by the exporting producers on its domestic market for each product type that is identical or comparable with a 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