



A-602-807
Anti-Circumvention Inquiry
Uncoated Paper Rolls
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January 19, 2021

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

FROM: James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Preliminary Decision Memorandum for the Anti-Circumvention
Inquiry of the Antidumping Duty Order on Certain Uncoated Paper
from Australia: Uncoated Paper Rolls

I. SUMMARY

In response to a request¹ from Domtar Corporation; Packaging Corporation of America; North Pacific Paper Company; Finch Paper LLC; and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the petitioners), we initiated an anti-circumvention inquiry, pursuant to section 781(a) of the Tariff Act of 1930, as amended (the Act) and 19 CFR 351.225(g),² to determine whether imports of certain uncoated paper rolls that are further processed into uncoated paper sheets in the United States, are circumventing the *Order* on certain uncoated paper from Australia.³ Based on the information submitted by interested parties and the analysis below, we recommend that, pursuant to section 781(a) of the Act, the Department of Commerce (Commerce) preliminarily finds that imports of certain uncoated paper rolls from Australia are not circumventing the *Order*.

¹ See Petitioners' Letters, "Petitioners' Request for an Anti-Circumvention Inquiry Pursuant to Section 781(a) of the Tariff Act of 1930," dated August 2, 2019 (Allegation of Circumvention); and "Petitioners' Response to the Department's Questions Regarding Petitioners' Request for Anti-Circumvention Inquiries," dated August 23, 2019 (Petitioners' August 23 Response).

² See *Certain Uncoated Paper Products from Australia, Brazil, the People's Republic of China, and Indonesia: Initiation of Anti-Circumvention Inquiry of Antidumping and Countervailing Duty Orders*, 84 FR 55915 (October 18, 2019) (*Initiation Notice*).

³ See *Certain Uncoated Paper from Australia, Brazil, Indonesia, the People's Republic of China, and Portugal: Amended Final Affirmative Antidumping Determinations for Brazil and Indonesia and Antidumping Duty Orders*, 81 FR 11174 (March 3, 2016) (*Order*).



II. BACKGROUND

Initiation and Respondent Selection

On October 10, 2019, Commerce initiated an anti-circumvention inquiry with regard to certain uncoated paper rolls from Australia that can be further processed in the United States into uncoated paper sheets covered by the scope of the *Order* (subject-paper rolls).⁴ On October 24, 2019, we released entry data from U.S. Customs and Border Protection (CBP) for the period February 1, 2015 through February 28, 2019, to all interested parties under an administrative protective order; the entry data identified Australian Paper Pty. Ltd. (Australian Paper) as producing nearly all of the uncoated paper exported to the United States during this period.⁵ Also on October 24, 2019, we identified through additional publicly-available sources one Australian company potentially involved in the production, export, import, or possible conversion of uncoated paper rolls in the United States (*i.e.*, Australian Paper). We invited interested parties to comment on the CBP data and the Companies List Memo.⁶ However, no interested parties submitted comments.

In November 2019 and January 2020, we requested information on the quantity and value (Q&V) of subject-paper rolls from Australian Paper and received timely responses.⁷ In its Q&V responses, Australian Paper indicated it did not export any paper rolls to the United States for conversion into subject paper sheets during the inquiry period.⁸

On March 2, 2020, Australian Paper submitted comments, in which it argued that Commerce should terminate its inquiry with regard to Australian Paper because Commerce did not provide notice to the Australian government or to Australian Paper's counsel that had participated in the original AD investigation.⁹ Commerce evaluated Australian Paper's request and declined to rescind the inquiry as to Australian Paper.¹⁰

⁴ See *Initiation Notice*.

⁵ See Memorandum, "Release of Customs and Border Protection (CBP) Data Query," dated October 24, 2019 (Data Query).

⁶ See Memorandum, "Publicly Identified Companies List," dated October 24, 2019 (Companies List Memo).

⁷ See Australian Paper's Letters, "Anti-Circumvention Inquiry on the Antidumping Duty Order on Certain Uncoated Paper Products from Australia: Australian Paper's Response to the Department's Quantity and Value Questionnaire," dated November 20, 2019 (Australian Paper November 20, 2019 Q&V Response); and "Anti-Circumvention Inquiry on the Antidumping Duty Order on Certain Uncoated Paper Products from Australia: Australian Paper's Response to the Department's Quantity and Value Supplemental Questionnaire," dated January 17, 2020 (Australian Paper January 17, 2020 Q&V Response). These questionnaires specifically requested information on items identified as sheeter rolls and not the broader category of subject-paper rolls.

⁸ See Australian Paper November 20, 2019 Q&V Response at 2; *see also* Australian Paper January 17, 2020 Q&V Response at 1-2, stating that Australian Paper does not internally classify certain rolls as "sheeter rolls" (*i.e.*, paper rolls that are designed to be sheeted into in-scope products), but that all papers exported during the inquiry period were not appropriate for sheeting into subject merchandise because of the paper grades or dimensions.

⁹ See Australian Paper's Letter, "Anti-Circumvention Inquiry into Certain Uncoated Paper Products from Australia (Case No. A-602-807), Procedural Error," dated March 2, 2020.

¹⁰ See Commerce's Letter, "Anti-Circumvention Inquiry of the Antidumping Duty Order on Certain Uncoated Paper Products from Australia: Response to Australian Paper's Request," dated March 19, 2020.

In May 2020, we selected Australian Paper as the sole mandatory respondent in this inquiry in order to examine its claims of no shipments.¹¹

From April to October 2020, we issued an initial questionnaire and two supplemental questionnaires to Australian Paper and received timely responses.¹² In its responses, Australian Paper indicated that it did not export any uncoated paper rolls to the United States for the purpose of sheeting¹³ the paper in the United States during the period of this anti-circumvention inquiry, nor did it sell any uncoated paper rolls to companies who sheeted the rolls in the United States. Australian Paper further stated that it did produce and export other kinds of uncoated paper rolls.¹⁴

We intend to verify these responses after these preliminary results are issued. However, Commerce is currently unable to conduct on-site verification. Due to the uncertainty associated with the ongoing COVID-19 pandemic and related business disruptions, the timing and nature of verification, or additional steps in lieu of on-site verification, will be determined at a later date.

III. SCOPE OF THE *ORDER*

The merchandise subject to this *Order* includes uncoated paper in sheet form; weighing at least 40 grams per square meter but not more than 150 grams per square meter; that either is a white paper with a GE brightness level¹⁵ of 85 or higher or is a colored paper; whether or not surface-decorated, printed (except as described below), embossed, perforated, or punched; irrespective of the smoothness of the surface; and irrespective of dimensions (Certain Uncoated Paper).

Certain Uncoated Paper includes (a) uncoated free sheet paper that meets this scope definition; (b) uncoated ground wood paper produced from bleached chemi-thermo-mechanical pulp

¹¹ See Memorandum, “Anti-Circumvention Inquiry of the Antidumping Duty Order on Certain Uncoated Paper from Australia: Respondent Selection,” dated May 14, 2020.

¹² See Australian Paper’s Letters, “Anti-Circumvention Inquiry on the Antidumping Duty Order on Certain Uncoated Paper Products from Australia: Australian Paper’s Response to the Department’s Initial Questionnaire,” dated April 29, 2020 (Australian Paper April 29, 2020 IQR); “Anti-Circumvention Inquiry on the Antidumping Duty Order on Certain Uncoated Paper Products from Australia: Australian Paper’s Response to the Department’s Supplemental Questionnaire,” dated July 6, 2020 (Australian Paper July 6, 2020 SQR); and “Anti-Circumvention Inquiry on the Antidumping Duty Order on Certain Uncoated Paper Products from Australia: Australian Paper’s Response to the Department’s Second Supplemental Questionnaire,” dated October 5, 2020 (Australian Paper October 5, 2020 SQR).

¹³ Sheeting or converting generally refers to the process of slicing paper rolls into a product or an intermediate material (e.g., smaller rolls; sheets that are then formed into envelopes). For purposes of this discussion, unless further specified, “sheeting” or “converting” means transforming subject-paper rolls into uncoated paper sheets subject to the *Order*.

¹⁴ See Australian Paper April 29, 2020 IQR at 19 and Exhibits 23 and 25; see also Australian Paper July 6, 2020 SQR at Revised Exhibit 23.

¹⁵ 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. “Colored paper” as used in this scope definition means a paper with a hue other than white that reflects one of the primary colors of magenta, yellow, and cyan (red, yellow, and blue) or a combination of such primary colors.

(BCTMP) that meets this scope definition; and (c) any other uncoated paper that meets this scope definition regardless of the type of pulp used to produce the paper.

Specifically excluded from the scope are (1) paper printed with final content of printed text or graphics and (2) lined paper products, typically school supplies, composed of paper that incorporates straight horizontal and/or vertical lines that would make the paper unsuitable for copying or printing purposes. For purposes of this scope definition, paper shall be considered “printed with final content” where at least one side of the sheet has printed text and/or graphics that cover at least five percent of the surface area of the entire sheet.

On September 1, 2017, Commerce determined that imports of uncoated paper with a GE brightness of 83 +/- 1% (83 Bright paper), otherwise meeting the description of in-scope merchandise, constitute merchandise “altered in form or appearance in minor respects” from in-scope merchandise that is subject to this order.¹⁶

Imports of the subject merchandise are provided for under Harmonized Tariff Schedule of the United States (HTSUS) categories 4802.56.1000, 4802.56.2000, 4802.56.3000, 4802.56.4000, 4802.56.6000, 4802.56.7020, 4802.56.7040, 4802.57.1000, 4802.57.2000, 4802.57.3000, and 4802.57.4000. Some imports of subject merchandise may also be classified under 4802.62.1000, 4802.62.2000, 4802.62.3000, 4802.62.5000, 4802.62.6020, 4802.62.6040, 4802.69.1000, 4802.69.2000, 4802.69.3000, 4811.90.8050 and 4811.90.9080. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

IV. MERCHANDISE SUBJECT TO THE ANTI-CIRCUMVENTION INQUIRY

This anti-circumvention inquiry covers certain uncoated paper rolls that are commonly, but not exclusively, known as “sheeter rolls,” from Australia that are further processed in the United States into individual sheets of uncoated paper that would be subject to the *Order* (i.e., paper that weighs at least 40 grams per square meter but not more than 150 grams per square meter; and that either is a white paper with a GE brightness level of 83 +/-1% or higher or is a colored paper (as defined in section III above)), except as noted below. The uncoated paper rolls covered by this inquiry are converted into sheets of uncoated paper using specialized cutting machinery prior to printing, and are typically, but not exclusively, between 52 and 103 inches wide and 50 inches in diameter. For clarity, we herein refer to “subject-paper rolls” when referencing the certain uncoated paper rolls that may be converted into subject merchandise. Subject-paper rolls are classified under Harmonized Tariff Schedule (HTS) code 4802.55.¹⁷

¹⁶ See *Certain Uncoated Paper from Australia, Brazil, the People’s Republic of China, Indonesia, and Portugal: Affirmative Final Determination of Circumvention of the Antidumping and Countervailing Duty Orders*, 82 FR 41610 (September 1, 2017)

¹⁷ See *Initiation Notice*, 84 FR at 55917.

V. PERIOD OF ANTI-CIRCUMVENTION INQUIRY

The period for this inquiry examines the time period starting in the month the initiation of the underlying *Order* was published, and ending four years later, *i.e.*, February 1, 2015 through February 28, 2019.

VI. STATUTORY FRAMEWORK

Section 781 of the Act addresses circumvention of antidumping duty (AD) and/or countervailing duty (CVD) orders. Section 781(a) of the Act provides that Commerce, after taking into account any advice provided by the U.S. International Trade Commission (ITC) under section 781(e) of the Act, may include imported merchandise within the scope of an order at any time an order is in effect if: (A) merchandise sold in the United States is of the same class or kind as any other merchandise that is the subject of an AD/CVD order; (B) such merchandise sold in the United States is completed or assembled in the United States from parts or components produced in the foreign country with respect to which such order applies; (C) the process of assembly or completion in the United States is minor or insignificant; and (D) the value of the parts or components is a significant portion of the total value of the merchandise.

In determining whether the process of assembly or completion in the United States is minor or insignificant under section 781(a)(1)(C) of the Act, section 781(a)(2) of the Act directs Commerce to consider: (A) the level of investment in the United States; (B) the level of research and development in the United States; (C) the nature of the production process in the United States; (D) the extent of production facilities in the United States; and (E) whether the value of the processing performed in the United States represents a small proportion of the value of the merchandise sold in the United States. However, no single factor, by itself, controls Commerce's determination of whether the process of assembly or completion in the United States is minor or insignificant.¹⁸ Accordingly, it is Commerce's practice to evaluate each of these five factors as they exist in the United States, depending on the totality of the circumstances of the particular anti-circumvention inquiry.¹⁹

Furthermore, section 781(a)(3) of the Act sets forth the factors to consider in determining whether to include merchandise assembled or completed in the United States in an AD/CVD order. Specifically, Commerce shall take into account: (A) the pattern of trade, including sourcing patterns; (B) whether the manufacturer or exporter of the parts or components is affiliated with the person who assembles or completes the merchandise sold in the United States from the parts or components produced in the foreign country with respect to which the order or finding described in paragraph (1) applies; and (C) whether imports into the United States of the parts or components produced in such foreign country may have increased after the initiation of the AD and/or CVD investigation that resulted in the issuance of an order.

¹⁸ See 19 CFR 351.225(g).

¹⁹ See, e.g., *Uncovered Innerspring Units from the People's Republic of China: Final Affirmative Determination of Circumvention of the Antidumping Duty Order*, 83 FR 65626 (December 21, 2018), and accompanying Issues and Decision Memorandum at 4.

VII. ANTI-CIRCUMVENTION ANALYSIS

Section 781(a) of the Act directs Commerce to consider the criteria described above to determine whether merchandise completed or assembled in the United States is circumventing an order. As explained below, Commerce preliminarily finds that subject-paper rolls exported from Australia to the United States are not circumventing the *Order* because there is no record evidence that completion of the subject-paper rolls into uncoated paper sheets subject to the *Order* occurred in the United States.

As an initial matter, Commerce notes that it must investigate whether Australian Paper exported any products that would be subject to the *Order* if completed by conversion into sheets in the United States, and whether any of those products were actually completed by conversion to subject merchandise in the United States during the inquiry period.²⁰ Australian Paper stated that only one brand of products within its office product line is “suitable” for possible conversion to subject merchandise.²¹ However, Commerce identified three product lines with physical characteristics that fall within the ranges described in the scope of the *Order*.²² In issuing its questionnaires, Commerce evaluated all products that could fall within the scope of the *Order* if sheeted, regardless of the suitability or performance of the papers if used in sheeted paper applications.

Of the three products Commerce identified as subject-paper rolls based on the papers’ physical properties, Australian Paper provided evidence that none of these rolls were converted into subject merchandise and were instead used for web xerographic printing and envelope manufacturing, as discussed below.

A. Merchandise of the Same Class or Kind

In analyzing this issue, we first considered whether some of the rolls Australian Paper exported to the United States met the parameters of the scope of the *Order*, but for being sheeted (*i.e.*, whether it exported subject-paper rolls). We then examined the disposition of these subject-paper rolls to determine whether any such rolls were completed by conversion into subject merchandise in the United States (*i.e.*, sheeted paper covered by the scope of the *Order*) and subsequently sold in the United States as subject merchandise. No record information indicates that subject-paper rolls were completed by conversion into sheeted paper covered by the scope of the *Order* in the United States during the inquiry period. Rather, as discussed below, the subject-paper rolls were converted into non-subject merchandise. Therefore, the record does not establish that the completed merchandise sold in the United States is of the same class or kind of merchandise as the uncoated paper sheets subject to the *Order*.

²⁰ See sections 781(a)(1)(A)(i) and 781(a)(1)(B) of the Act.

²¹ See Australian Paper July 6, 2020 SQR at 6.

²² *Id.* at 6 and Exhibits 3 and 4.

Establishing Whether Australian Paper Exported Subject-Paper Rolls

CBP entry data on the record confirms that entries of uncoated paper from Australia entered under HTSUS category 4302.55 between February 1, 2015, and February 28, 2019.²³ Australian Paper provided data on the kinds of paper it exported to the United States during the inquiry period, including all relevant characteristics contained in the scope of the *Order* (e.g., weight; brightness) sufficient to determine that some of the paper it exported had the same physical characteristics as subject merchandise, but for form (i.e., sheets *versus* rolls).²⁴ Australian Paper explicitly stated on the record that certain of its U.S. paper roll sales “could be considered to meet the physical and chemical characteristics of subject merchandise,” if converted to sheets.²⁵ Further, Australian Paper indicated that certain additional product lines exported to the United States as rolls would not perform well if sheeted into subject merchandise.²⁶ Specifically, Australian Paper stated that rolls with higher moisture and roughness levels are generally used for envelope manufacturing because they provide better strength characteristics for mechanical envelope-stuffing machines.²⁷ Rolls with lower moisture and roughness levels are generally used to manufacture papers suitable for printing, because higher moisture levels cause excessive curling and paper jams in sheet printing applications, and because smoother papers provide sharper, more readable print quality.²⁸ Although Australian Paper provided documentation to support its explanation of the suitable uses of these papers, Commerce did not exclude these papers from its analysis because they meet the physical characteristics described in the scope of the *Order*.²⁹ Rather, we considered Australian Paper’s documentation as part of our analysis to determine the ultimate use and disposition of the subject-paper rolls it exported to the United States during the inquiry period, and discuss those considerations below.

The petitioners also provided evidence indicating that Australian Paper manufactured and exported subject-paper rolls to the United States during the inquiry period. Specifically, they provided export data showing that Australian Paper exported uncoated paper in roll form, and marketing materials indicating that some of its paper product lines exported to the United States in roll form are also sold as sheeted printer paper.³⁰ Australian Paper subsequently provided information that the sheeted printer paper line it sells in the United States is sourced in the United States and is not of Australian origin.³¹ However, the petitioners’ evidence does indicate that the paper brands exported in roll form could be suitable for conversion to subject merchandise, and we examined these rolls as subject-paper rolls.

²³ See Data Query at Attachment.

²⁴ See Australian Paper April 29, 2020 IQR at Exhibit 25; see also Australian Paper July 6, 2020 SQR at Exhibits 3, 4, and Revised Exhibit 23.

²⁵ See Australian Paper July 6, 2020 SQR at 1.

²⁶ See Australian Paper October 5, 2020 SQR at 11-12.

²⁷ *Id.*

²⁸ *Id.*; see also Australian Paper April 29, 2020 IQR at 25, noting “Surface roughness is reduced to provide quality of print which deteriorates as roughness increases and cannot be achieved with high roughness papers such as envelope grades in typical printing equipment.”

²⁹ *Id.*

³⁰ See Petitioners’ August 23 Response at 6 and Exhibit SUPP-11 and Exhibit SUPP-12.

³¹ See Australian Paper’s Letter, “Anti-Circumvention Inquiry on the Antidumping Duty Order on Certain Uncoated Paper Products from Australia: Australian Paper’s Factual Information to Rebut, Clarify, and Correct the Information Submitted by Petitioners,” dated October 26, 2020 at 2-3.

Whether Subject-Paper Rolls Were Completed by Conversion into Sheeted Paper Covered by the Scope of the Order in the United States

Information on the record of this proceeding does not establish that subject-paper rolls produced in Australia are being completed by conversion into subject merchandise (*i.e.*, sheets of paper covered by the scope of the *Order*) in the United States. As discussed in the *Initiation Notice*, the petitioners presented evidence indicating that exports of uncoated paper rolls from Australia to the United States had increased and uncoated paper sheets had decreased, suggesting possible circumvention via conversion in the United States.³² However, during Commerce's subsequent examination, no evidence of U.S. conversion of Australian subject-paper rolls into subject merchandise has surfaced.

To determine whether conversion of Australian subject-paper rolls into subject merchandise is occurring in the United States, Commerce sought information on the disposition of all rolls of uncoated paper exported by Australian Paper during the inquiry period. Australian Paper provided a database containing all U.S. sales of its uncoated paper products during the inquiry period, including the material codes and purchasers.³³ Commerce analyzed the database and determined which of Australian Paper's roll products could be converted to subject merchandise based on the reported dimensions and physical characteristics of each kind of paper roll. We found that three of Australian Paper's product lines exported to the United States could potentially be converted to subject merchandise – one office paper brand, the Post Speed envelope paper brand, and the forms-grade brand Conform Plus. We reviewed supporting documentation for these sales from Australian Paper through its affiliated U.S. importer, Paper Products Marketing USA Inc. (PPM-USA) to the unaffiliated U.S. purchasers.

Australian Paper provided information on the disposition and use of the various papers it sold to its U.S. customers during the inquiry period.³⁴ For the products within Australian Paper's office paper product line that all parties agree are suitable for conversion to subject merchandise, Australian Paper explained that its U.S. customer was not converting the paper to subject merchandise.³⁵ Australian Paper indicated that, instead, the unaffiliated U.S. purchaser bought these subject-paper rolls primarily to resell to one customer for web xerographic printing, and for one trial shipment to a second customer, also for web xerographic printing.³⁶ Web xerographic printing involves printing on rolls of paper via a xerographic process prior to conversion into sheets,³⁷ meaning that the rolls are converted into non-subject merchandise and, therefore, they do not meet the definition of merchandise subject to this inquiry, as discussed below.

³² See *Initiation Notice*, 84 FR at 55917. As previously discussed, not every uncoated paper roll is a subject-paper roll. The data the petitioners provided prior to initiation were based on HTSUS subheadings and indicated that imports under HTSUS subheading 4802.55 (rolls) increased while imports under HTSUS subheading 4802.56 (sheets) decreased. However, other kinds of uncoated paper rolls may also be classified under HTSUS subheading 4802.55 that are not sheeter rolls (*e.g.*, web rolls) and are not subject-paper rolls (*e.g.*, paper rolls printed with final content).

³³ See Australian Paper July 6, 2020 SQR at Revised Exhibit 23.

³⁴ *Id.*

³⁵ *Id.* at 6.

³⁶ *Id.*

³⁷ See Australian Paper October 5, 2020 SQR at 4. Because the *Order* considers paper printed with "final content" (*i.e.*, any printing that covers at least five percent of one side of the sheet) outside the scope, it is unlikely that papers printed prior to sheeting are circumventing the *Order*.

Nonetheless, we fully examined the use and disposition of these rolls to ensure they were not sheeted prior to the printing process and to confirm that they were converted into non-subject merchandise.

Additionally, Australian Paper explained that the roll dimensions for three of the four web xerographic rolls in question make it impractical and economically inefficient to convert them into subject merchandise because the roll widths would generate trim loss above acceptable industry standards when sheeted on U.S. sheeting equipment.³⁸ Australian Paper further provided evidence that its affiliate PPM-USA had the rolls for the trial shipment slit into narrower rolls measuring 17.5 inches wide before it sold them to the ultimate customer for use with web xerographic printing equipment.³⁹ This supports Australian Paper's contention that these subject-paper rolls were not converted into subject merchandise because subject-paper rolls are typically 52 inches to 103 inches wide, while the width of these rolls would be within a range typical of web rolls.⁴⁰

Australian Paper provided documentation to support its contention that all of the rolls discussed above that were exported to the United States were sold for web xerographic applications. This documentation included screenshots from the purchaser's website showing that the purchaser sells web xerographic rolls, purchase and shipping documentation to the unaffiliated purchasers, and sales negotiation correspondence.⁴¹ In its correspondence with the customer, Australian Paper also indicated concern that these rolls could potentially circumvent the *Order*, and it took extra steps to verify that its customer would not convert them to subject merchandise.⁴²

In analyzing the use and disposition of these subject-paper rolls, we also considered information and comments provided by the petitioners. The petitioners requested this anti-circumvention inquiry to address sheeter rolls designed specifically to be converted into subject merchandise, and they provided record evidence indicating various differences between sheeter rolls and web rolls in order to clarify the merchandise subject to this inquiry.⁴³ Specifically, the petitioners stated that web rolls are designed to withstand higher tension and heat, while paper designed for sheet printing must lie flat to avoid paper jams in printing equipment.⁴⁴ They additionally noted that web rolls are usually produced to narrower widths, smaller diameters, and smaller core

³⁸ See Australian Paper October 5, 2020 SQR at 3, 5, and Exhibit 5.

³⁹ *Id.* at 2 and Exhibit 1.

⁴⁰ See Petitioners' August 23 Response at 2 and Exhibit SUPP-2, stating "Web rolls (paper rolls that are produced to be fed directly into certain commercial printing machines rather than slit into sheets prior to printing) are typically of smaller sizes ..."

⁴¹ See Australian Paper July 6, 2020 SQR at Exhibit 4; *see also* Australian Paper October 5, 2020 SQR at Exhibits 2, 3, and 5.

⁴² See Australian Paper October 5, 2020 SQR at 2-3 and Exhibit 3.

⁴³ See Allegation of Circumvention at 6; *see also* Petitioners' August 23 Response at 1-2, indicating that "{r}olls of uncoated paper can take two forms: sheeter rolls and web offset rolls. Sheeter rolls are designed specifically to be cut (sheeted) into specific sizes before printing of the paper takes place. In contrast, web rolls, often referred to as "shipping rolls," undergo printing on web offset printers before undergoing conversion to sheets." Web rolls are simply paper rolls designed to be fed into commercial printing equipment in roll form in a continuous process prior to sheeting. The web xerographic process described by Australian Paper refers to web rolls that undergo this printing via a xerographic process.

⁴⁴ See Petitioners' August 23 Response at 1-2.

sizes.⁴⁵ Web rolls, of which web xerographic rolls are a subset, are outside the scope of this inquiry because they are not sheeter rolls. The petitioners provided record evidence to distinguish between these rolls, as discussed above, and indicated that “{s}heet rolls of certain uncoated paper are designed specifically to be converted into sheets and are not used for any other purpose.”⁴⁶

The remaining two product lines of paper rolls exported to the United States are designed for other uses but have physical properties that meet the scope of the *Order*; Commerce, therefore, analyzed the use and ultimate disposition of these rolls. Post Speed is a paper designed for conversion to envelopes.⁴⁷ If converted to envelopes, Post Speed paper falls outside the scope of the *Order* because it is not in sheet form. Australian Paper provided record evidence to show that this paper has characteristics typical of envelope paper (*e.g.*, higher moisture and roughness levels) and that the major increase of paper roll exports to the United States in 2019 observed in the CBP data was accounted for by sales of this paper to unaffiliated U.S. customers that in turn sold the paper to a U.S. envelope manufacturer.⁴⁸ Australian Paper further provided an affidavit from the first unaffiliated purchaser supporting Australian Paper’s claim as to the ultimate disposition of these subject-paper rolls.⁴⁹ Australian Paper indicated that representatives from Australian Paper and PPM-USA have observed envelope production at the ultimate purchaser’s U.S. facilities, and that this process involves web printing on the paper rolls, converting the rolls to sheets, and then converting the sheets into envelopes.⁵⁰ There is no indication that any of this paper was sold as subject merchandise in the United States.

The remaining paper product line is generally used for business forms, in which a web flexographic process is used to print material on the paper roll prior to sheeting.⁵¹ When used for this purpose, it is outside the scope of the *Order* if it is printed with final content prior to sheeting. Further, this paper brand has a higher moisture level, making it less suitable for sheeted printing applications.⁵² To support its contention that this paper may be sheeted into subject merchandise, the petitioners provided information that this paper brand is converted to sheets in a European country and sold as printer paper in that market.⁵³ Australian Paper indicated that its European subsidiary does sell paper to the Eastern European company the petitioners named.⁵⁴ However, it noted that the performance standard for office papers varies,

⁴⁵ *Id.*

⁴⁶ See Allegation of Circumvention at 6.

⁴⁷ See Australian Paper April 29, 2020 IQR at 23; see also Australian Paper July 6, 2020 SQR at 7 and Exhibit 3.

⁴⁸ See Australian Paper October 5, 2020 SQR at 10-11, 21; see also Australian Paper July 6, 2020 SQR at Revised Exhibit 23 and Exhibit 3.

⁴⁹ See Australian Paper’s Letter, “Anti-Circumvention Inquiry on the Antidumping Duty Order on Certain Uncoated Paper Products from Australia: Australian Paper’s Factual Information to Rebut, Clarify, and Correct the Information Submitted by Petitioners,” dated June 3, 2020 (Australian Paper June 3, 2020 NFI) at Exhibit 1.

⁵⁰ See Australian Paper October 5, 2020 SQR at 11-12. Australian Paper noted that an alternate form of manufacturing envelopes would be to sheet the paper prior to printing, but that it did not observe this form of manufacture at the envelope producer’s site. Commerce notes that, because the ultimate product is envelopes and not subject merchandise, the envelope production process itself is not germane to this inquiry.

⁵¹ See Australian Paper January 17, 2020 Q&V Response at 4; see also Australian Paper July 6, 2020 SQR at 10.

⁵² See Australian Paper July 6, 2020 SQR at Exhibit 3.

⁵³ See Petitioners’ Letter, “Certain Uncoated Paper from Australia: Petitioners’ Submission of Rebuttal Comments to Initial Questionnaire Response,” dated May 26, 2020 at 8.

⁵⁴ See Australian Paper June 3, 2020 NFI at 4.

and that the 55 grams per square meter weight sheets that company is advertising would not generally be considered appropriate in U.S. offices.⁵⁵ We examined documentation from sample sales of this paper during the inquiry period and did not identify any evidence that these rolls were being converted into subject merchandise in the United States.⁵⁶

We find Australian Paper's evidence regarding the disposition of the three kinds of subject-paper rolls probative and determine that there is no record evidence that these subject-paper rolls were actually completed by conversion to subject merchandise in the United States.

To the contrary, the evidence on the record supports a finding that subject-paper rolls that are exported to the United States from Australia are not completed by conversion into merchandise that is of the same class or kind as merchandise that is subject to the *Order*. We, thus, find that the criterion in section 781(a)(1)(A) of the Act is not met. Because this criterion is not met, we find the remainder of the circumvention analysis moot.

VIII. COUNTRY-WIDE DETERMINATION

As noted above, Commerce has identified the universe of potential producers, exporters, importers, and converters of subject-paper rolls using CBP entry data for U.S. imports of uncoated paper rolls and Q&V questionnaires. We selected the single largest producer/exporter of uncoated paper rolls for examination based on the CBP data to account for an overwhelming majority of the volume of uncoated paper roll exports to the United States from Australia.⁵⁷ Given that Australian Paper accounts for a vast majority of the uncoated paper rolls exported from Australia to the United States,⁵⁸ we find that Australian Paper's processes are representative of the experience of other uncoated paper roll producers in Australia. Therefore, this negative preliminary finding applies to all shipments of uncoated paper rolls from Australia.

IX. RECOMMENDATION

We recommend preliminarily finding that imports of subject-paper rolls from Australia are not circumventing the *Order*, as described in section 781(a) of the Act, because there is no evidence that completion of such rolls by conversion into subject merchandise is occurring in the United States.

⁵⁵ *Id.*

⁵⁶ See Australian Paper July 6, 2020 SQR at Exhibit 5.

⁵⁷ See Data Query.

⁵⁸ *Id.* at Attachment.

We further recommend applying this negative finding of circumvention to all uncoated paper rolls exported from Australia to the United States.

☒

☐

Agree

Disagree

1/19/2021

X 

Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance