



OTTAWA, October 30, 2025

TMFT 2025 IN

STATEMENT OF REASONS

Concerning the initiation of the investigations into the alleged dumping and subsidizing of

THERMOFORMED MOLDED FIBER TABLEWARE ORIGINATING IN OR EXPORTED FROM CHINA

DECISION

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the Canada Border Services Agency initiated an investigations on October 15, 2025, respecting the alleged injurious dumping and subsidizing of thermoformed molded fiber tableware originating in or exported from the People's Republic of China.

Cet *Énoncé des motifs* est également disponible en français.
This *Statement of Reasons* is also available in French.

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SUMMARY

[1] On August 25, 2025, the Canada Border Services Agency (CBSA) received a written complaint from CKF Inc. (Hantsport, NS) (hereinafter, “the complainant”) alleging that imports of certain thermoformed molded fiber tableware (hereinafter, “TMFT”) originating in or exported from the People’s Republic of China (“China” or “the subject country”), are being injuriously dumped and subsidized.

[2] On September 15, 2025, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainant that the complaint was properly documented. On September 25, 2025, the CBSA informed the Government of China that a properly documented complaint had been filed. At that time, the Government of China was provided with a non-confidential version of the subsidy complaint and was invited for consultations pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures*, prior to the initiation of the subsidy investigation. The CBSA did not receive any request for consultations.

[3] The complainant provided evidence to support the allegations that certain TMFT from China have been dumped and subsidized, as well as evidence that discloses a reasonable indication that the dumping and subsidizing have caused injury or are threatening to cause injury to the Canadian industry producing like goods.

[4] On October 15, 2025, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of TMFT from China.

INTERESTED PARTIES

Complainant

[5] The name and address of the complainant is as follows:

CKF Inc.
48 Prince Street
Hantsport, Nova Scotia B0P 1P0

Other Producers

[6] The complainant stated that they are the only producer of TMFT.¹ The CBSA did its own supplementary research and could not identify any other producers in Canada.

¹ Exhibit 2 - TMFT Complaint (NC), para. 51

Trade Union

[7] The complainant stated that its employees are represented by the trade union Unifor.²

Exporters

[8] The CBSA identified 379 potential exporters and/or producers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were asked to respond to the CBSA's Dumping Request for Information (RFI), Subsidy RFI and Section 20 RFI.

Importers

[9] The CBSA identified 112 potential importers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential importers were asked to respond to the CBSA's Importer RFI.

Government

[10] Upon initiation of the investigations, the Government of China was sent the CBSA's Government Subsidy RFI and the Government Section 20 RFI.

[11] For the purposes of these investigations, the Government of China refers to all levels of government, i.e., federal, central, provincial/state, regional, municipal, city, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed. It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

PRODUCT INFORMATION

DEFINITION

[12] For the purpose of these investigations, subject goods are defined as:

Thermoformed molded fibre plates and platters regardless of diameter or length, and bowls with diameters or widths of eight centimeters or greater and lips up to eight centimetres, regardless of fibre source, thickness, additives, colour, design, coating, or surface or other finishing, originating in or exported from the People's Republic of China.

² Exhibit 2 - TMFT Complaint (NC), para. 52

ADDITIONAL PRODUCT INFORMATION³

[13] TMFT are made from a pulp of cellulose fibers, thermoformed using one or more heated molds, and cured (dried) in the mold. Thermoforming results in a strong and durable product produced to relatively tight tolerances, with a smooth top surface finish and excellent oil, water and cut resistance.

[14] Subject goods can be any shape but are generally round, oblong, or rectangular, with a well-defined rim. The scope of the subject goods includes plates and platters of all diameters (or in the case of rectangular shapes, lengths), but the vast majority of subject goods are circular and range in diameter from approximately 5 to 12 inches. Bowls with diameters or width of eight centimeters or greater, and lips up to eight centimeters, measured perpendicular from the base of the bowl to the top of the lip, are also included in the scope of the complaint. Width in this context only applies if a bowl is oblong, and relates to its shortest diameter.

[15] The subject goods are commonly but not always identified by different names according to their diameter. Plates are by far the most common type of TMFT. “Dessert” plates are generally in the range of 5-7” in diameter; “lunch” plates are generally in the range of 8-9” in diameter; and “dinner” plates are generally in the range of 9-11” in diameter. “Platters” are generally oblong. Bowls are often but not always made with a capacity of approximately 12 fluid ounces. The subject goods are usually made with flat interior surfaces but in some cases may have separate compartments designed to keep different food items apart.

[16] Thermoformed molded fiber products may be derived from any virgin or recycled cellulose fiber source, including but not limited to those sourced from wood, woody crops, agricultural crops, byproducts or residue, or waste from agricultural, industrial or other process. Subject goods appear to be most commonly made from the fibers of bagasse (sugar cane stalks), bamboo, and trees (wood).

[17] TMFT may have any weight or design, and may be bleached, unbleached, dyed, colored, or printed. They may include ingredients, additives, or chemistries to enhance functionality including, but not limited to, anti-microbial, antifungal, anti-bacterial, heat/flame resistant, hydrophobic, oleophobic, absorbent, or adsorbent. Thermoformed molded fiber products may also be subject to other processing or treatments, including, but not limited to, hot or after pressing, die-cutting, punching, trimming, padding, perforating, printing, labeling, dyeing, coloring, coating, laminating, embossing, debossing, repacking, or denesting.

[18] For clarity, plates, platters and bowls that are within the scope of this complaint do not include clam-shell style food service containers, which have lids that close by way of a hinge.

³ Exhibit 2 - TMFT Complaint (NC), paras. 17-21

[19] The scope of this complaint also does not include “transfer molded” tableware. Transfer molded tableware is produced from molded fibers which are not cured in the mold. Rather, transfer molding involves removing the product from the mold while it is still wet and drying the product in an oven or similar drying process. Transfer molded products generally have a rougher texture (similar to a typical egg carton), lower density, strength, and moisture resistance, and looser tolerances for shape and texture. Transfer molded tableware are lower cost products and tend to be used as a low-cost option in certain fast food and similar applications.

[20] The scope of this complaint also does not include tableware produced directly from an existing roll or sheet of paper or paperboard, rather than from a pulp slurry which is formed and cured in a mold. Plates, platters or trays produced directly from paper or paperboard are mechanically pressed into their final shape, and are generally a thinner product with a lower and less pronounced profile and relatively little structural integrity. Pressed products are generally characterized by visible cut or fold lines around the rim which are inevitable when pressing a sheet of paper into a product with a three-dimensional shape. Bowls made directly from paper or paperboard generally cannot be pressed from single piece, and rather consist of two or more sections of paper or paperboard that are fused together at the base and rolled at the top of the lip.

PRODUCTION PROCESS⁴

[21] TMFT are generally produced by mixing water with pulp which can be from either virgin or recycled fibers, and from various sources including wood, sugarcane stalks, bamboo, and other organic materials.

[22] Typically, the process begins with mixing the raw materials until a desired consistency of pulp and format has been achieved. TMFT products may be produced from pulp manufactured in an integrated facility, purchased pulp, or any combination of manufactured or purchased pulp. The pulp may undergo mechanical processing such as screening, cleaning, refining, or conditioning to achieve the desired fiber uniformity, purity, fiber length distribution, strength, smoothness, and bulkiness, enhancing its moldability and final product properties. The pulp may be mixed with water into a slurry or dry-mixed. Additives, such as sizing agents, fillers, or various chemistries to improve the molding process or product performance may be introduced at this stage. This step in the process is often referred to as stock preparation (or “stock prep”) or pulp preparation (or “pulp prep”).

⁴ Exhibit 2 - TMFT Complaint (NC), paras. 22-27

[23] Molding the pulp slurry into finished TMFT generally involves a forming stage, followed by one or more drying/curing stages where heat and pressure are applied to the product. The prepared pulp is formed to the desired shape of the product on custom designed forming tools. In a wet molding process, the custom shaped tooling is lowered into the dilute pulp slurry and vacuum is applied to draw the fiber onto the shaped tool and drain water from the fiber mat. In a dry molding process, the prepared pulp fibers are laid out to form a loose mat, either manually or using automated systems like airlaiding or carding, to form a mat. The loose fiber mat may undergo a pre-pressing step to slightly compact the fibers, enhancing handling and ensuring that the mat fits properly into the mold cavity.

[24] This is followed by drying and pressing the preformed fiber mat in a pre-heated mold cavity. Molds are typically made of metal (e.g., steel or aluminum) and are designed to the specific geometry of the final product. The pressing also improves the mechanical properties of the product, aiding stacking and nesting for more efficient storage and shipping. Once the product has been thermoformed, it may go through one or more secondary processes at this stage to meet specific product needs, such as trimming, surface treatments, coating, laminating, printing, labeling, punching, perforating, padding, or embossing.

[25] A final manufacturing step would generally be quality control, where the products are inspected for quality, either manually or automated, and scraps or rejected products are generally returned to the pulp mixture and re-used.

[26] TMFT that passes quality control is finally packaged in various package sizes and quantities for shipment.

CLASSIFICATION OF IMPORTS

[27] The allegedly dumped and subsidized goods are normally imported under the following tariff classification numbers:

4823.61.00.00 4823.69.00.90 4823.70.00.00 4823.90.00.90

[28] The listing of tariff classification numbers is for convenience of reference only. The tariff classification numbers include non-subject goods. Also, subject goods may fall under tariff classification numbers that are not listed. Refer to the product definition for authoritative details regarding the subject goods.

LIKE GOODS AND CLASS OF GOODS⁵

[29] Subsection 2(1) of SIMA defines “like goods” in relation to any other goods as “... (a) goods that are identical in all respects to the other goods, or (b) in the absence of any such goods..., goods the uses and other characteristics of which closely resemble those of the other goods.” In considering the issue of like goods, the Canadian International Trade Tribunal (CITT) typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics, and whether the domestic goods fulfill the same customer needs as the subject goods.

[30] With respect to the definition of like goods, the complainant stated that the like and subject goods in this case are generally considered consumer goods, with a small portion of the market attributed to small businesses, that compete with one another in the Canadian marketplace, including both retail and private label contracts, and are fully or sufficiently interchangeable with respect to key considerations including physical characteristics such as appearances, densities, and functional attributes, as well as market characteristics such as pricing, distribution channels, and end uses. As a result of this substitutability, retail purchasing and private label contract decisions are made primarily on price.

[31] For the purposes of this analysis, like goods consist of domestically produced TMFT described in the product definition.

[32] After considering questions of end-use, physical characteristics, and all other relevant factors, the CBSA is of the opinion that subject goods and like goods constitute only one class of goods.

THE CANADIAN INDUSTRY

DOMESTIC PRODUCERS

[33] Besides the complainant, there are no other known producers of subject TMFT in Canada.

ESTIMATES OF DOMESTIC PRODUCTION⁶

[34] The complaint includes the annual production of like goods for the complainant from January 1, 2022 to June 30, 2025. As the complainant is the only producer in Canada, the complainant accounts for 100% of the production of subject TMFT in Canada.

⁵ Exhibit 2 - TMFT Complaint (NC), paras. 46-50

⁶ Exhibit 2 - TMFT Complaint (NC), table 3

STANDING

[35] Pursuant to subsection 31(2) of SIMA, the following conditions must be met in order for an investigation to be initiated:

- (a) the complaint is supported by domestic producers whose production represents more than 50% of the total production of like goods by those domestic producers who express either support for or opposition to the complaint, and
- (b) the production of the domestic producers who support the complaint represents 25% or more of the total production of like goods by the domestic industry.

[36] Based on an analysis of information provided in the complaint, as well as the information gathered by the CBSA, the CBSA is satisfied that the standing requirements of subsection 31(2) of SIMA have been met.

THE CANADIAN MARKET

[37] The complainant, using Statistics Canada Import Data⁷, estimated the total volume and value of imports under the tariff classification numbers listed in the complaint from China and all other countries from January 1, 2022 to June 30, 2025.

[38] The CBSA conducted its own independent review of imports of TMFT from the CBSA's Facility Information Retrieval Management (FIRM) database and the CBSA Assessment and Revenue Management (CARM) system using the tariff classification numbers under which the subject goods are imported from China and all other countries. In addition, the CBSA reviewed its Accelerated Commercial Release Operations Support System (ACROSS) data to correct any errors and remove non-subject imports.

[39] Detailed information regarding the sales from domestic production by the complainant as well as the volume of imports of subject goods cannot be divulged for confidentiality reasons. The CBSA, however, has prepared the following tables to show the estimated import share of subject goods in Canada as well as the Canadian market as a whole from:

**Table 1:
CBSA's Estimate of TMFT imports (% of import market share)**

	2022	2023	2024	H1 2025
China	26.8%	42.6%	54.2%	16.4%
Other	73.2%	57.4%	45.8%	83.6%
Total	100.0%	100.0%	100.0%	100.0%

⁷ Exhibit 2 - TMFT Complaint (NC), Attachment IX-01

[40] The CBSA will continue to gather and analyze information on the volume and value of imports during the Period of Investigation (POI) of October 1, 2024 to September 30, 2025 as part of the preliminary phase of the dumping and subsidy investigations and will refine these estimates.

EVIDENCE OF DUMPING

[41] The complainant alleged that the subject goods from China have been injuriously dumped into Canada. Dumping occurs when the normal value of the goods exceeds the export price to importers in Canada.

[42] Normal values are generally based on the domestic selling price of like goods in the country of export where competitive market conditions exist or as the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits.

[43] The complainant made the allegations that the pulp and paper sector in China may not be operating under competitive market conditions and as such, the domestic market for TMFT may not be relied upon for the purpose of determining normal values. Accordingly, the complainant submitted that normal values should be determined under section 20 of SIMA.

[44] The export price of goods sold to importers in Canada is generally the lesser of the exporter's selling price and the importer's purchase price, less all costs, charges and expenses resulting from the exportation of the goods.

[45] Estimates of normal values and export prices by both the complainant and the CBSA are discussed below.

[46] The complainant calculated margins of dumping for the period of July 1, 2024 to June 30, 2025. The information available made it possible for the CBSA to calculate normal values and export prices for the period of October 1, 2024 to September 30, 2025.

SECTION 20 ALLEGATIONS

[47] Section 20 is a provision of SIMA that may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.⁸

[48] The CBSA initiates dumping investigations on the presumption that section 20 is not applicable to the sector under investigation unless there is information that suggests otherwise.

[49] A section 20 inquiry refers to the process whereby the CBSA collects information from various sources in order to form an opinion as to whether the conditions described under subsection 20(1) of SIMA exist with respect to the sector under investigation. Before initiating an inquiry under section 20, the CBSA must first analyze the information submitted in the complaint and the evidence it has gathered independently to determine if it is sufficient to warrant the initiation of an inquiry.

[50] The complainant alleges that the conditions described in section 20 of SIMA prevail in the pulp and paper sector in China. That is, the complainant alleges that this industry sector in China does not operate under competitive market conditions and consequently, the domestic prices of TMFT established in China, would not be reliable for determining normal values.

[51] The information provided by the complainant suggest a level of government influence in the pulp and paper sector, including TMFT. The complainant alleges that the market distortions and cost advantages provided to Chinese producers of wood, pulp and paper products translate directly into distortions to TMFT prices in China.

[52] The CBSA has reviewed the information provided in the complaint and conducted its own research. Based on this information, the CBSA believes that there is reasonable evidence to support an inquiry into the allegations that the measures taken by the Government of China substantially influence prices in the pulp and paper sector in China, and that the prices are substantially different than they would be in a competitive market.

[53] Consequently, on October 15, 2025, the CBSA included in its investigation, a section 20 inquiry in order to determine whether the conditions set forth in paragraph 20(1)(a) of SIMA prevail in the pulp and paper sector in China.

[54] As part of this section 20 inquiry, the CBSA sent section 20 RFIs to all potential producers and exporters of TMFT in China, as well as to the Government of China, requesting detailed information related to the pulp and paper sector in China.

⁸ China is a prescribed country under Section 17.1 of the *Special Import Measures Regulations*.

[55] In cases where conditions of section 20 exist, pursuant to paragraph 20(1)(c), the normal value can be determined based on profitable selling prices or full costs of production and an amount for profit on goods sold domestically in a surrogate country, to which the conditions described in section 20 of SIMA are not applicable.

[56] For the purposes of obtaining information necessary to calculate normal values pursuant to subparagraph 20(1)(c) of SIMA, the CBSA requested information from producers in surrogate countries. As such, the CBSA has selected Brazil, Italy, South Korea, Chinese Taipei and United States as potential surrogate countries and has sent questionnaires to known producers of TMFT in these countries.

[57] In the event that the CBSA does not receive sufficient information from producers and exporters of subject goods in the selected surrogate countries for the purposes of determining normal values pursuant to section 20, the CBSA may identify other surrogate countries at a later date.

[58] Importers will be requested to provide information on sales of like goods produced in the surrogate countries, in the event that normal values must be determined under paragraph 20(1)(d) of SIMA.

[59] In the event that the CBSA forms an opinion that domestic prices of TMFT in China are substantially determined by the government, and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be if they were determined in a competitive market, the normal values of the goods under investigation will be determined, pursuant to paragraph 20(1)(c) of SIMA, where such information is available, on the basis of the domestic selling prices or the aggregate of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits of like goods sold by producers in any country designated by the CBSA and adjusted for price comparability; or, pursuant to paragraph 20(1)(d) of SIMA, where such information is available, on the basis of the selling price in Canada of like goods produced and imported from any country designated by the CBSA and adjusted for price comparability.

NORMAL VALUE

Complainant's Estimates of Normal Value

Section 15

[60] The complainant stated that in general the sales price for TMFT in China was not publicly available at the manufacturer/wholesale level. The complainant was able to obtain retail level pricing, however they explained that there are many problems with using this information to estimate ex-factory normal values as they do not know the retailer's mark-up, the number of intermediary distributors, or the freight cost.⁹

[61] Nevertheless, the complainant obtained examples of selling prices of TMFT in China at the retail level from various e-commerce platforms. To take into account the problems with accepting these prices described above, the complaint lowered the average retail selling price by 27%. This number was selected as it was the average gross margin of the top e-commerce platforms in China based on 2024 financial statements.¹⁰

Section 19(b)

[62] The complainant estimated normal values using a constructed cost approach based on the methodology in paragraph 19(b) of SIMA, calculated based on the aggregate of estimates of the cost of production of the subject goods, a reasonable amount for administrative, selling and other costs and a reasonable amount for profits.

[63] As detailed costs of production of TMFT producers in China were not available, the complainant estimated the costs of production of TMFT in China using:

- The average bagasse pulp (direct material) price in China, multiplied by the complainant's own yield loss and the weight of plate.¹¹
- The complainant's own cost of chemicals and other raw materials (direct material).¹²
- The complainant's own direct and indirect labour costs adjusted to reflect the difference between manufacturing wages in Canada and China.¹³
- The complainant's overhead costs.¹⁴

⁹ Exhibit 2 - TMFT Complaint (NC), paras. 69-71

¹⁰ Exhibit 2 - TMFT Complaint (NC), paras. 72-73

¹¹ Exhibit 2 - TMFT Complaint (NC), para. 79a)

¹² Exhibit 2 - TMFT Complaint (NC), para. 79b)

¹³ Exhibit 2 - TMFT Complaint (NC), para. 79c)

¹⁴ Exhibit 2 - TMFT Complaint (NC), para. 79d)

[64] To estimate a reasonable amount for administrative, selling and other costs, and a reasonable amount for profits for the subject goods from China, the complainant relied on the publicly available financial results of Fuling Technology Co. Ltd. and Hefei Hengxin Life Science & Technology Co. Ltd., two producers of TMFT with factories in China. Using this information, the complainant estimated a reasonable amount for administrative, selling and other costs; financial expenses; and profits as a percentage of the costs of production for the second half of 2024 and the first half of 2025, collectively.¹⁵

Section 20

[65] The complainant calculated section 20 normal values using the United States as a surrogate country under paragraph 20(1)(c)(ii).¹⁶

[66] The complainant provided two different estimates for a section 20 surrogate normal value. The first was estimated in a similar manner as the previously discussed section 19(b) normal values methodology based on the complainant's material costs, adjusted United States labour costs, and the amount for administrative, selling and other costs; financial expenses; and profit from the producer Karat Packaging Inc., located in the United States.¹⁷

[67] For the second method, the complainant obtained the domestic selling prices of a large producer in the United States of thermoformed paper plates.¹⁸

CBSA's Estimate of Normal Value

[68] For the purposes of initiation, the CBSA estimated normal values using a constructed cost approach based on the methodology in paragraph 19(b) of SIMA, calculated based on the aggregate of estimates of the cost of production of the subject goods, a reasonable amount for administrative selling and other costs and a reasonable amount for profits. The CBSA reviewed the complainant's methodology to determine how normal values were estimated and found that the approach was reasonable, but made the following adjustment:

- The complainant estimated separate normal values for the second half of 2024 and first half of 2025 . The CBSA instead estimated only one set of normal values for the whole POI, using the POI average published pricing of bagasse pulp, the POI average exchange rates, and the POI average of the complainant's costs.

¹⁵ Exhibit 2 - TMFT Complaint (NC), paras. 79e) & f)

¹⁶ Exhibit 2 - TMFT Complaint (NC), paras. paras. 204-209

¹⁷ Exhibit 2 - TMFT Complaint (NC), para. 210

¹⁸ Exhibit 2 - TMFT Complaint (NC), para. 210

[69] For the purposes of the initiation of the investigation the CBSA has estimated margin of dumping using normal values based on the methodology of section 19. The CBSA recognizes that there is available information to estimate normal values based on the methodology of section 15 of SIMA, however, given that all information regarding the domestic selling prices are at the retailer level and not at the producer level, the methodology of section 19 is a more conservative approach. During the investigations, the CBSA will endeavor to gather additional information regarding domestic prices in China from exporters in order to calculate normal values under section 15 of SIMA.

[70] The CBSA acknowledges that there is reasonable indication that the conditions of section 20 may exist in the pulp and paper sector in China, however, the CBSA finds the methodology of section 19 to be a conservative and reasonable basis for estimating the margin of dumping at this stage.

EXPORT PRICE

Complainant's Estimates of Export Price

[71] The complainant stated that they could not estimate export price based on import data because the tariff classification numbers for TMFT covers both subject and non-subject goods. Further, goods can be sold in different units of measure, such as by number of plates or by weight, which can lead to inaccuracies in the data reported.¹⁹

[72] The complainant instead estimated the export price based on a quote.²⁰

CBSA's Estimates of Export Price

[73] In order to estimate the export price for the subject goods imported into Canada, the CBSA attempted to use information available through FIRM, CARM and ACROSS. However, the CBSA encountered similar problems as the complainant identified, for example inaccuracy of reported units of measure and for many entries it was difficult to determine the subjectivity of the goods..

[74] However, the CBSA was able to obtain sufficient information on importations of Chinese TMFT and used this information to estimate export prices.

ESTIMATED MARGINS OF DUMPING

[75] For the purposes of the initiation of the investigation, as previously mentioned, the CBSA has estimated a margin of dumping using normal values based on the methodology of section 19 of SIMA.

¹⁹ Exhibit 2 - TMFT Complaint (NC), para. 64

²⁰ Exhibit 2 - TMFT Complaint (NC), paras. 62

[76] The CBSA estimated the margin of dumping for the subject goods by comparing the estimated normal values with the estimated export prices for the period of July 1, 2024 to June 30, 2025. The CBSA estimates that subject goods from China were dumped by 95.4%, expressed as a percentage of the export price.

EVIDENCE OF SUBSIDY

[77] In accordance with section 2 of SIMA, a subsidy exists where there is a financial contribution by a government of a country other than Canada that confers a benefit on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods. A subsidy also exists in respect of any form of income or price support within the meaning of Article XVI of the General Agreement on Tariffs and Trade, 1994, being part of Annex 1A to the World Trade Organization (WTO) Agreement that confers a benefit.

[78] Pursuant to subsection 2(1.6) of SIMA, a financial contribution exists where:

- a. practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities;
- b. amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected;
- c. the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- d. the government permits or directs a non-governmental body to do anything referred to in any of paragraphs (a) to (c) above where the right or obligation to do the thing is normally vested in the government and the manner in which the non-governmental body does the thing does not differ in a meaningful way from the manner in which the government would do it.

[79] A state-owned enterprise (SOE) may be considered to constitute “government” for the purposes of subsection 2(1.6) of SIMA if it possesses, exercises, or is vested with, governmental authority. Without limiting the generality of the foregoing, the CBSA may consider the following factors as indicative of whether the SOE meets this standard: 1) the SOE is granted or vested with authority by statute; 2) the SOE is performing a government function; 3) the SOE is meaningfully controlled by the government; or 4) some combination thereof.

[80] If a subsidy is found to exist, it may be subject to countervailing measures if it is specific. A subsidy is considered to be specific when it is limited, in law or in fact, to a particular enterprise or is a prohibited subsidy. An “enterprise” is defined under SIMA as also including a “group of enterprises, an industry and a group of industries”. Any subsidy which is contingent, in whole or in part, on export performance or on the use of goods that are produced or that originate in the country of export is considered to be a prohibited subsidy and is, therefore, specific according to subsection 2(7.2) of SIMA for the purposes of a subsidy investigation.

[81] In accordance with subsection 2(7.3) of SIMA, notwithstanding that a subsidy is not specific in law, a subsidy may also be considered specific in fact, having regard as to whether:

- there is exclusive use of the subsidy by a limited number of enterprises;
- there is predominant use of the subsidy by a particular enterprise;
- disproportionately large amounts of the subsidy are granted to a limited number of enterprises; and
- the manner in which discretion is exercised by the granting authority indicates that the subsidy is not generally available.

[82] For purposes of a subsidy investigation, the CBSA refers to a subsidy that has been found to be specific as an “actionable subsidy”, meaning that it is countervailable.

SUBSIDY PROGRAMS IN CHINA

[83] The complainant has provided information regarding a variety of potential subsidy programs or categories available in order to support its allegations that the subject goods originating in China have been subsidized. The complainant asserted that the programs are subsidies according to subsection 2(1) of SIMA and that they are actionable. The complainant has also claimed that the programs are either used by or available for use by exporters of TMFT, and the pulp and paper industry in China.²¹

[84] In the analysis of the complainant’s allegations, the CBSA reviewed the information contained in the supporting documents submitted in the complaint as well as in other publicly available reference material to determine whether the programs referred to could constitute financial contributions in accordance with subsections 2(1) and 2(1.6) of SIMA. These programs were further examined to establish whether they could also be considered specific under subsections 2(7.2) or 2(7.3) of SIMA.

COMPLAINANT’S IDENTIFICATION OF ALLEGED SUBSIDY PROGRAMS IN CHINA

[85] In alleging that actionable subsidies were applicable to the subject goods imported from China, the complainant relied on previous CBSA subsidy investigation findings, US Department of Commerce (USDOC) investigations and past countervailing duty findings. The complainant also relied on publications issued by the WTO and Government of China, and general news articles and publications.

[86] The complainant identified and provided 29 potential subsidy programs that producers and exporters of TMFT in China may have benefitted from. The complainant allege that these subsidy programs constitute a financial contribution, in accordance with section 2 of SIMA, and are therefore, actionable. The complainant also claimed that each program is either used by or is available for use by producers and exporters of TMFT in China. The documents that formed the basis for these allegations were appended to the complaint.

²¹ Exhibit 2 - TMFT Complaint (NC), paras. 225-339

[87] The complainant provided a general description of each alleged subsidy program and additional evidence to support their allegations. The complainant alleges that each identified program potentially confers an actionable or prohibited subsidy to producers and exporters of TMFT in China. The documents that formed the basis for these allegations were appended to the complaint.

CBSA'S CONCLUSION

[88] Sufficient evidence is available to support the allegations that TMFT originating in or exported from China have been subsidized. In investigating these programs, the CBSA has requested information from the Government of China, exporters and producers to determine whether exporters/producers of subject goods received benefits under these programs and whether these programs, or any other programs, are actionable subsidies and, therefore, countervailable under SIMA.

ESTIMATED AMOUNT OF SUBSIDY

[89] The complainant was unable to estimate the amounts of subsidy on a program basis for the subject goods imported from China. Instead, the complainant estimated the amount of subsidy as being equal to the difference between the estimated cost of production and the export price for TMFT sold into Canada.²²

[90] The CBSA estimated the amount of subsidy conferred to exporters of the subject goods from China by comparing the estimated full costs of the subject goods with their total estimated export prices, using the costing and export price methodologies explained in the evidence of dumping section.

[91] It is the CBSA's understanding that subsidies have the effect of lowering the full cost of the goods, including the cost of production and the amount for selling, administrative and all other costs, which allows exporters to pass-through the subsidy benefits in reducing the selling price of those goods to Canada. Therefore, the CBSA is satisfied that the exporter's ability to sell subject goods to Canada at prices substantially below their estimated full costs supports the complainant's allegations that subsidies are being conferred on the exported goods.

[92] The CBSA's analysis of the information indicates that subject goods imported into Canada during the period of January 1, 2024 to December 31, 2024 were subsidized and that the estimated amount of subsidy is 67.3% of the export price.

EVIDENCE OF INJURY

[93] The complainant alleges that the subject goods have been dumped and subsidized and that such dumping and subsidizing have caused and are threatening to cause material injury to the TMFT industry in Canada.

²² Exhibit 2 - TMFT Complaint (NC), paras. 340-343

[94] SIMA refers to material injury caused to the domestic producers of like goods in Canada. The CBSA has concluded that TMFT produced by the domestic industry are like goods to the subject goods from China.

[95] Given concerns with respect to the confidentiality of the information of the domestic producer, the CBSA is limited in its ability to discuss certain information contained in the complaint.

[96] In support of their allegations, the complainant provided evidence of:

- Increased volume of imports of subject goods;
- Price undercutting, price depression and price suppression;
- Adverse impact on output, sales and market share;
- Decline in profitability;
- Adverse impact on employment and productivity;
- Decline in capacity utilization; and
- Adverse impact on investments and return on investments

INCREASED VOLUME OF IMPORTS OF SUBJECT GOODS

[97] The complainant alleges that imports of subject goods have significantly increased in both absolute and relative terms. To support their allegations on an absolute basis, the complainant provided estimates of TMFT imports under tariff classification number 4823.70.00.00 from 2022 to the first half of 2025, using import data obtained from Statistics Canada.²³

Imports from China into Canada (under 4823.70.00.00)²⁴

	2022	2023	2024	H1 2024	H1 2025
Import Volume (kg)	8,755,739	11,827,586	15,182,307	6,880,011	7,393,099
Import Value (CAD)	\$32,466,555	\$43,715,190	\$53,648,405	\$25,440,225	\$25,785,063
Average Unit Value	\$3.70	\$3.70	\$3.56	\$3.70	\$3.49
% Increase from Previous Period (volume kg)	n/a	35.1%	28.4%	n/a	7.5%

[98] Based on the Statistics Canada import data, the volume of imports of subject goods have increased in absolute terms, on a unit (kg) basis, by 73.4% between 2022 to 2024. The complainant also noted a 7.5% growth in imports when comparing subject imports from interim 2024 to 2025. The rise of subject imports since 2022 demonstrates a significant increase.²⁵

²³ Exhibit 2 - TMFT Complaint (NC), para. 348

²⁴ Exhibit 2 - TMFT Complaint (NC), para. 348 and Attachment IX-01 - Statistics Canada - Imports of Paper Plates 2022 - June 2025

²⁵ Exhibit 2 - TMFT Complaint (NC), para. 349

[99] Even taking into consideration subject goods imported under other tariff classification numbers (i.e. 4823.61.00.00, 4823.69.00.90, and 4823.90.00.90), the complainant notes overall increases in the absolute volume by 47.9% between 2022 to 2024, and by 11.6% between the first half of 2024 to the same period in 2025.²⁶

[100] The complainant asserts that the absolute increase in the subject imports volumes shown in the Statistic Canada data aligns with the complainant's experiences in the market.²⁷

[101] In terms of relative increase, the rise in the volume of subject goods is even more distinct relative to the production and consumption of like goods. While subject import volumes have risen, the volumes of both domestically produced and sold like goods continued to decline.²⁸

[102] Based on the above, the CBSA finds the complainant's claim of increased import volumes to be reasonable and well supported. The increase was substantial in both absolute and relative terms. The CBSA finds that the injury factor of an increased volume of subject goods is sufficiently supported and linked to the allegedly dumped and subsidized goods.

PRICE UNDERCUTTING, PRICE DEPRESSION AND PRICE SUPPRESSION

Price Undercutting

[103] The complainant argues that subject imports have undercut the pricing of domestically produced like goods with key retailer accounts, resulting in forced price drops, substantial loss in volumes of sales and a loss of profitability.

[104] The complainant explains that it is not reasonable to present average unit value pricing from the Statistics Canada import data due to the inclusion of non-subject goods, product mix issues, and the various assumptions that would need to be made to present such an analysis. Instead, the complainant uses retail pricing comparisons as the best available data to demonstrate price undercutting in sales to retailers.²⁹

[105] Since the introduction of the subject imports in 2023, the subject goods have consistently undercut the prices of like goods at the retail level, ranging between 8.3 – 39.8%.³⁰

²⁶ Exhibit 2 - TMFT Complaint (NC), para. 350

²⁷ Exhibit 2 - TMFT Complaint (NC), para. 351

²⁸ Exhibit 2 - TMF Complaint (NC), paras. 353-354

²⁹ Exhibit 2 - TMFT Complaint (NC), paras. 361-363

³⁰ Exhibit 2 - TMFT Complaint (NC), para. 367

Price Depression

[106] With respect to price depression, the complainant asserts that the presence of the subject goods in the market has caused price depression in the prices of like goods. Due to the competition with subject imports, the complainant has been forced to take price decreases since 2023, resulting in an overall aggregate and product-specific pricing decline.³¹

Price Suppression

[107] Concerning the allegations of price suppression, the complainant suggests that both the average unit cost of goods manufactured (COGM) and the average unit cost of goods sold (COGS) have increased as a percentage of average unit selling value (AUV). The price suppression that has been experienced by the complainant over the second half of 2024 and the first half of 2025 corresponds directly to a sharp decline in profitability over the same period.³²

[108] Based on the information contained in the complaint, as well as the analysis above, the CBSA finds the claims of price undercutting, price depression and price suppression to be well supported and sufficiently linked to the allegedly dumped and subsidized goods.

ADVERSE IMPACT ON OUTPUT, SALES AND MARKET SHARE

[109] The complainant states that between 2022 and 2024, their outputs and sales of TMFT have declined, directly contributing to lost market share and lost sales.³³

[110] The CBSA finds that the injury factor of adverse impact on output, sales and market share are sufficiently supported and linked to the allegedly dumped and subsidized goods.

DECLINE IN PROFITABILITY

[111] The complainant alleges that the dumping and subsidizing of subject goods have caused a significant decline in the complainant's profitability. To support this allegation, the complainant provided a summary of their key financial performance indicators from 2022 to the first half of 2025.³⁴

[112] The complainant points to significant reductions in both gross margin and net income from 2023 to 2024.³⁵ The complainant notes that the reduced profitability caused by significant volumes of subject goods capturing their market share is primarily a result of the company being unable to spread high fixed costs of production across a sufficient volume of sales.³⁶

³¹ Exhibit 2 - TMFT Complaint (NC), paras. 375 & 377

³² Exhibit 2 - TMFT Complaint (NC), para. 380

³³ Exhibit 2 - TMFT Complaint (NC), paras. 382-383

³⁴ Exhibit 2 - TMFT Complaint (NC), para. 384

³⁵ Exhibit 2 - TMFT Complaint (NC), para. 385

³⁶ Exhibit 2 - TMFT Complaint (NC), paras. 386

[113] Overall, the information contained in the complaint generally establishes a trend of a worsening financial performance, particularly between 2023 and the first half of 2025, thereby supporting the complainant's allegations of a decline in profitability causing an adverse impact on financial results. As such, the CBSA finds that the injury factor of decline in profitability is sufficiently supported and reasonably linked to the alleged dumped goods.

ADVERSE IMPACT ON EMPLOYMENT AND PRODUCTIVITY

[114] The complainant submits that there have been adverse effects on its employment capacity and suggests its ability to sustain employment levels is in jeopardy by the massive influx of dumped and subsidized subject goods. The complainant explains that its Hantsport, Nova Scotia plant is the largest employer in the area, employing generations of local workers since the early 1930s. To avoid detrimental layoffs that would negatively impact the region, the complainant has opted for alternative workforce adjustment strategies (i.e. hiring freezes or attrition through retirement).³⁷

[115] The available evidence in the complaint supports the complainant's claims of adverse impact on employment and productivity. The CBSA finds that the injury factor of adverse impact on employment and productivity is sufficiently supported and reasonably linked to the allegedly dumped and subsidized goods.

DECLINE IN CAPACITY UTILIZATION

[116] The complainant states that with the surge of subject imports into the Canadian market, the complainant's capacity utilization dropped significantly between 2023 and 2024.³⁸

[117] Based on the CBSA's analysis of information related to the capacity utilization rates, the CBSA finds the complainant's claims of a decline capacity utilization to be reasonable and well supported. As such, the CBSA is of the opinion that these injury factors are sufficiently supported and linked to the allegedly dumped and subsidized goods.

ADVERSE IMPACT ON INVESTMENTS AND RETURN ON INVESTMENTS

[118] The complainant details its historical efforts in retaining the best manufacturing technology for TMFT production in order to remain globally competitive. Despite these efforts, the surge of subject imports within the past several years have negatively impacted the return on these investments.³⁹

[119] The available evidence supports the complainant's claim of an adverse effect on existing and future investments. The CBSA finds that this injury factor is sufficiently supported and reasonably linked to the allegedly dumped and subsidized goods.

³⁷ Exhibit 2 - TMFT Complaint (NC), para. 388

³⁸ Exhibit 2 - TMFT Complaint (NC), para. 392

³⁹ Exhibit 2 - TMFT Complaint (NC), para. 393

THREAT OF INJURY

[120] The complainant has listed several factors as indications that the alleged dumping and subsidizing of subject goods threatens to injure the domestic industry.⁴⁰ These factors are:

- Significant and Continued Increase in Import Volumes of Low-Priced Subject Goods;
- Massive Production Capacity in China;
- Chinese Producers are Export-Orientated;
- Likely Diversion of TMFT to Canada as a Result of U.S. Trade Measures; and
- High Margins of Dumping and Subsidization Magnify Threat of Injury.

[121] In light of the CBSA's finding that there is a reasonable indication that the dumping and subsidizing of the subject goods has caused injury, the CBSA will exercise administrative efficiency and not address whether there is a reasonable indication that the dumping and subsidizing of the subject goods is threatening to cause injury.

CBSA'S CONCLUSION - INJURY

[122] The CBSA has reviewed the injury factors discussed above. Based on the evidence provided in the complaint, and supplementary data available to the CBSA through its own research, its FIRM, CARM and ACROSS databases, the CBSA is satisfied that there is sufficient evidence the allegedly dumped and subsidized subject goods from China have caused injury to the domestic industry. The injury factors allegedly suffered by the domestic industry include increase in volume of imports of subject goods; price undercutting, price depression and price suppression; adverse impact on output, sales and market share; decline in profitability; adverse impact on employment and productivity; decline in capacity utilization; and adverse impact on investments and return on investments.

[123] In summary, the CBSA is of the opinion that the information provided in the complaint has disclosed a reasonable indication that the alleged dumping and subsidizing have caused injury and is threatening to cause injury to the Canadian domestic industry

SCOPE OF THE INVESTIGATIONS

[124] The CBSA is conducting investigations to determine whether the subject goods have been dumped and/or subsidized.

[125] The CBSA has requested information from all potential exporters and importers to determine whether or not subject goods imported into Canada during the POI of October 1, 2024 to September 30, 2025 were dumped and/or subsidized. The information requested will be used to determine the normal values, export prices, margins of dumping, if any. The CBSA also requested information from the Government of China with respect to the possibility that the conditions of section 20 of SIMA exist in the pulp and paper sector in China.

⁴⁰ Exhibit 2 - TMFT Complaint (NC), paras. 436-450

[126] The CBSA has also requested information from the Government of China and all potential producers/exporters to determine whether or not subject goods imported into Canada during the POI of October 1, 2024 to September 30, 2025 were subsidized. The information requested will be used to determine the amounts of subsidy, if any.

[127] All parties have been clearly advised of the CBSA's information requirements and the time frames for providing their responses.

FUTURE ACTION

[128] The CITT will conduct a preliminary inquiry to determine whether the evidence discloses a reasonable indication that the alleged dumping and subsidizing of the goods has caused or is threatening to cause injury to the Canadian industry. The CITT must make its decision on or before the 60th day after the date of the initiation of the investigations. If the CITT concludes that the evidence does not disclose a reasonable indication of injury to the Canadian industry, the investigations will be terminated.

[129] If the CITT finds that the evidence discloses a reasonable indication of injury to the Canadian industry and the CBSA's preliminary investigation reveals that the goods have been dumped and/or subsidized, the CBSA will make a preliminary determination of dumping and/or subsidizing within 90 days after the date of the initiation of the investigations, by January 13, 2026. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigations.

[130] Under section 35 of SIMA, if, at any time before making a preliminary determination, the CBSA is satisfied that the volume of goods of a country is negligible, the investigations will be terminated with respect to goods of that country.

[131] Imports of subject goods released by the CBSA on and after the date of a preliminary determination of dumping and/or subsidizing, other than goods of the same description as goods in respect of which a determination was made that the margin of dumping of, or the amount of subsidy on, the goods is insignificant, may be subject to provisional duty in an amount not greater than the estimated margin of dumping and/or the estimated amount of subsidy on the imported goods.

[132] Should the CBSA make a preliminary determination of dumping and/or subsidizing, the investigation will be continued for the purpose of making a final decision within 90 days after the date of the preliminary determination.

[133] After the preliminary determination, if, in respect of goods of a particular exporter, the CBSA's investigations reveals that imports of the subject goods from that exporter have not been dumped or subsidized, or that the margin of dumping or amount of subsidy is insignificant, the investigation(s) will be terminated in respect of those goods.

[134] If final determinations of dumping and/or subsidizing are made, the CITT will continue its inquiry and hold public hearings into the question of material injury to the Canadian industry. The CITT is required to make a finding with respect to the goods to which the final determinations of dumping and/or subsidizing apply, not later than 120 days after the CBSA's preliminary determinations.

[135] In the event of an injury finding by the CITT, imports of subject goods released by the CBSA after that date will be subject to anti-dumping duty equal to the applicable margin of dumping and countervailing duty equal to the amount of subsidy on the imported goods. Should both anti-dumping and countervailing duties be applicable to subject goods, the amount of any anti-dumping duty may be reduced by the amount that is attributable to an export subsidy.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[136] When the CITT conducts an inquiry concerning injury to the Canadian industry, it may consider if dumped and/or subsidized goods that were imported close to or after the initiation of the investigations constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry.

[137] Should the CITT issue such a finding, anti-dumping and countervailing duties may be imposed retroactively on subject goods imported into Canada and released by the CBSA during the period of 90 days preceding the day of the CBSA making preliminary determinations of dumping and/or subsidizing.

[138] In respect of importations of subsidized goods that have caused injury, however, this provision is only applicable where the CBSA has determined that the whole or any part of the subsidy on the goods is a prohibited subsidy, as explained in the previous "Evidence of subsidizing" section. In such a case, the amount of countervailing duty applied on a retroactive basis will be equal to the amount of subsidy on the goods that is a prohibited subsidy.

UNDERTAKINGS

[139] After a preliminary determination of dumping by the CBSA, other than a preliminary determination in which a determination was made that the margin of dumping of the goods is insignificant, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated.

[140] Similarly, after the CBSA has rendered a preliminary determination of subsidizing, a foreign government may submit a written undertaking to eliminate the subsidy on the goods exported or to eliminate the injurious effect of the subsidy, by limiting the amount of the subsidy or the quantity of goods exported to Canada. Alternatively, exporters with the written consent of their government may undertake to revise their selling prices so that the amount of the subsidy or the injurious effect of the subsidy is eliminated.

[141] An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped or subsidized goods. Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties who wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone number, mailing address and email address to one of the officers identified in the “Contact us” section of this document.

[142] If undertakings were to be accepted, the investigations and the collection of provisional duties would be suspended. Notwithstanding the acceptance of an undertaking, an exporter may request that the CBSA’s investigations be completed and that the CITT complete its injury inquiry.

PUBLICATION

[143] Notice of the initiation of these investigations is being published in the Canada Gazette pursuant to subparagraph 34(1)(a)(ii) of SIMA.

INFORMATION

[144] Interested parties are invited to file written submissions presenting facts, arguments, and evidence that they feel are relevant to the alleged dumping and subsidizing. Written submissions should be forwarded to the attention of the SIMA Registry and Disclosure Unit.

[145] To be given consideration in these investigations, all information should be received by the CBSA by February 20, 2026, at noon.

[146] Any information submitted to the CBSA by interested parties concerning these investigations is considered to be public information unless clearly marked “confidential”. Where the submission by an interested party is confidential, a non-confidential version of the submission must be provided at the same time. This non-confidential version will be made available to other interested parties upon request.

[147] Confidential information submitted to the CBSA will be disclosed on written request to independent counsel for parties to these proceedings, subject to conditions to protect the confidentiality of the information. Confidential information may also be released to the CITT, any court in Canada, or a WTO or Canada-United States-Mexico Agreement (CUSMA) dispute settlement panel. Additional information respecting the CBSA’s policy on the disclosure of information under SIMA may be obtained by contacting one of the officers identified below or by visiting the CBSA’s website.

[148] The schedule of the investigations and a complete listing of all exhibits and information are available at: www.cbsa-asfc.gc.ca/sima-lmsi/i-e/menu-eng.html. The exhibit listing will be updated as new exhibits and information are made available.

[149] This *Statement of Reasons* is available through the CBSA's website at the address below. For further information, please contact the CBSA at:

Email: simaregistry-depotlmsi@cbsa-asfc.gc.ca

A handwritten signature in black ink, appearing to read 'S. Borg', is centered on the page.

Sean Borg
a/Executive Director
Trade and Anti-dumping Programs Directorate

APPENDIX – DESCRIPTION OF IDENTIFIED PROGRAMS

Evidence provided by the complainant and obtained by the CBSA suggests that the Government of China may have provided support to exporters/producers of subject goods in the following manner.

CATEGORY 1: GRANTS

PROGRAM 1: PULP AND PAPER INTEGRATION DEVELOPMENT GRANTS

This program refers to a set of government-backed financial incentives and policy measures aimed at promoting the integration of domestic wood pulp production with plantation development and downstream paper manufacturing. These grants are part of a broader strategy to reduce reliance on imported pulp and modernize the industry. The Chinese government has supported this initiative through discounted loans, capital subsidies, and fast-track investment approvals, targeting the creation of millions of hectares of fast-growing pulpwood plantations and large-scale integrated pulp-paper projects.

The financial contribution by the government consists of direct transfer of funds from the government, pursuant to section 2(1.6)(a), and government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of *Special Import Measures Act* (SIMA). The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

PROGRAM 2: EXPORT DEVELOPMENT AND PERFORMANCE GRANTS

The Export-Import Bank of China (China Exim Bank) and the China Export & Credit Insurance Corporation (Sinasure), a state-funded policy-oriented insurance company, were established to promote China's foreign trade, investment, and international economic cooperation. The China Exim Bank and Sinasure each provide export loans and credit guarantees which, according to information from the Bank, have "played a key role in supporting Chinese companies to go global" and promoted "the export of new and high tech products".

The Canada Border Services Agency (CBSA) has previously countervailed this program in *Line Pipe, Mattresses, Pea Protein, and Upholstered Domestic Seating*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA; i.e., amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected. The above confers a benefit to the exporter by way of reducing its financial costs upon obtaining loans from a financial institution, and the benefit would be equal to the amount of the exemption/deduction. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 3: ENVIRONMENT PROTECTION GRANTS

These are grants provided by the Government of China for the purposes of improving environmental performance, for example, monitoring and cleaning pollutants, improving energy efficiency, upgrading facilities to be more environmentally efficient, and waste water treatment.

The CBSA has previously countervailed this program in *Container Chassis, Copper Tube, Mattresses, Pea Protein, and Upholstered Domestic Seating*.

In the investigation *Mattresses* from China, conducted by the US Department of Commerce (USDOC, it appears the US countervailed this program as “Grants for Energy Conservation and Emission Reduction”.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 4: PERFORMANCE AWARD GRANTS

A grant that provides financial aid for enterprises with excellent performances.

The CBSA has previously countervailed this program in *Seamless Casing, Aluminum Extrusions, Oil Country Tubular Goods, Pup Joints, Copper Tube, Line Pipe, Mattresses, and Upholstered Domestic Seating*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 5: SUBSIDIES RELATED TO COMPANY/ENTERPRISE DEVELOPMENT AND INNOVATION

Available information indicates that the Government of China has introduced several grants and incentives related to company and enterprise development and innovation grants and awards.

The CBSA has previously countervailed this program in *Mattresses and Upholstered Domestic Seating*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 6: SUBSIDIES FOR INDUSTRIAL AND/OR TECHNOLOGY TRANSFORMATION OR RESTRUCTURING

Available information indicates that the Government of China has introduced several grants and incentives related to facilitating the transformation of restructuring of industries and/or technologies. The complainant allege Chinese thermoformed molded fiber tableware (TMFT) producers may have benefited from such grants.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 7: NATIONAL KEY TECHNOLOGY RESEARCH AND DEVELOPMENT (“R&D”) FUNDING

Available information indicates that the Government of China has introduced several grants and incentives related to research and development under the State Key Technology Project Fund. The complainant allege Chinese TMFT producers may have benefited from such grants.

It appears the USDOC found this program to be a countervailable subsidy in the investigation *Coated Free Sheet from China*.

The financial contribution by the government appears to consist of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

PROGRAM 8: OTHER SCIENCE AND TECHNOLOGY RELATED SUBSIDIES

Available information indicates that the Government of China has introduced several grants and incentives related to science and technology. The complainant allege that producers are eligible to receive various grants awarded at the local and national levels.

The CBSA has previously countervailed this program in *Mattresses and Upholstered Domestic Seating*.

In the investigation *Mattresses from China*, conducted by the USDOC, it appears that the US countervailed this program as “SME Technology Innovation Fund”.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 9: GRANTS RELATED TO INTELLECTUAL PROPERTY RIGHTS

Available information indicates that the Government of China has introduced several grants and incentives related to intellectual property rights. The complainant allege that producers are eligible to receive various grants related to intellectual property rights awarded at the local and national levels.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 10: NATIONAL AND LOCAL INVESTMENT PROMOTION GRANTS

Available information indicates that the Government of China has introduced several grants and incentives related to promoting investments nationally and locally. The complainant allege that producers are eligible to receive such grants.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available

PROGRAM 11: SUBSIDIES RELATED TO EMPLOYMENT, TRAINING AND RECRUITMENT

Available information indicates that the Government of China has introduced several grants and incentives related to talent and skills.

The CBSA has previously countervailed this program in *Mattresses and Upholstered Domestic Seating*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 12: SUBSIDIES RELATED TO ENERGY CONSERVATION, WATER SAVING, POLLUTION TREATMENT, AND OTHER

These are grants provided by the Government of China for the purposes of improving environmental performance, such as, monitoring and cleaning pollutants, improving energy efficiency, upgrading facilities to be more environmentally efficient, and treatment of waste water.

The CBSA has previously countervailed similar programs in *Copper Tube, Mattresses, and Wind Towers* which addressed grants relating to improving environmental performances. Further, the Government of China has listed this title in its notification of subsidy programs to the WTO.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 13: SUBSIDIES RELATED TO PANDEMIC SUPPORT

Available information indicates that the Government of China has introduced several grants and incentives designed to support job stabilization and weather economic hardships experienced by exporters during the COVID-19 pandemic.

The CBSA has previously countervailed this program in *Container Chassis and Mattresses*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 14: SUBSIDIES RELATED TO SOCIAL SECURITY

Available information indicates that the Government of China has introduced several grants and incentives related to social security.

The CBSA has previously countervailed this program in *Mattresses*.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

CATEGORY 2: PREFERENTIAL TAX PROGRAMS

PROGRAM 15: CORPORATE INCOME TAX REDUCTION FOR NEW HIGH-TECH ENTERPRISES

Under Article 28.2 of the Enterprise Income Tax Law in China, companies designated as high- or new-technology enterprises (NHTE) are entitled to a reduced income tax rate of 15 percent rather than the normal national corporate tax rate of 25 percent. The granting authority responsible for this program is alleged to be the State Administration of Taxation and the program is administered by local tax authorities. In its notification of subsidy programs to the WTO, the Government of China listed this program.

The CBSA has previously countervailed this program in *Fabricated Industrial Steel Components, Line Pipe, Certain Seamless Casing, Oil Country Tubular Goods, Pup Joints, Plywood, Upholstered Domestic Seating, Container Chassis, Mattresses, Wind Towers, and Pea Protein*.

The financial contribution by the government may consist of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

PROGRAM 16: ACCELERATED DEPRECIATION OF FIXED ASSETS FOR LIGHT INDUSTRY AND HIGH-TECH ENTERPRISES

According to China's WTO subsidy notification, enterprises in the light industry and high-tech enterprises can take accelerated depreciation of fixed assets in order to "speed up industrial restructuring". The complainant argue that, per China's Ministry of Industry and Information Technology, the papermaking industry is among the "light industry" and TMFT producers would be eligible for such tax programs.

The financial contribution by the government may consist of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

CATEGORY 3: RELIEF FROM DUTIES AND TAXES

PROGRAM 17: INCOME TAX DEDUCTIONS FOR RESEARCH AND DEVELOPMENT EXPENSES UNDER THE ENTERPRISE INCOME TAX LAW

According to Article 30 of the *Enterprise Income Tax Law* (EITL) and Article 95 of the implementing *Regulations of the Enterprise Income Tax Law*, the expenses born by the enterprise incurred in the work of researching and development of new technologies, products, or techniques can be accounted for at the actual accrued amount of total expenses, thereby reducing the enterprise's actual income tax payable.

The CBSA has previously countervailed this program in *Photovoltaic Modules and Laminates, Seamless Casing, Oil Country Tubular Goods, Pup Joints, Plywood, Upholstered Domestic Seating, Mattress, and Wind Towers*.

The financial contribution by the government may consist of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 18: INCOME TAX CONCESSIONS FOR ENTERPRISES ENGAGED IN COMPREHENSIVE UTILIZATION OF RESOURCES

Article 33 of the *Enterprise Income Tax Law* allocates a reduction in taxable income for enterprises “producing products complying with the industrial policies of the state by comprehensively utilizing resources.” If a Chinese enterprise utilizes resources listed in the *Catalogue of Comprehensive Use of Resources for Preferential Enterprise Income Tax Treatment* to produce goods also listed in the Catalogue that meet national and industrial standards, the company may be entitled to a reduced income tax rate.

The CBSA has previously countervailed this program in *Line Pipe*.

The complainant submit that the goods listed in the catalogue include papermaking raw materials and as such, would be applicable to the papermaking industry and that Chinese TMFT producers would be eligible to benefit from this program.

The financial contribution by the government may consist of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

PROGRAM 19: INCOME TAX DEDUCTIONS/CREDITS FOR PURCHASE OF SPECIAL EQUIPMENT

According to Article 34 of the EITL, tax deductions are awarded to enterprises that purchase “special equipment for protecting environment, saving energy, work safety, etc.” The complainant have provided evidence suggesting Chinese TMFT producers may be eligible for tax incentives under such programs.

The financial contribution by the government may consist of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 20: IMPORT TARIFF AND VAT EXEMPTIONS ON IMPORTED EQUIPMENT FOR ENCOURAGED INDUSTRIES

This program is to encourage foreign investment and to introduce advanced technology and equipment from abroad. The Government of China provides a subsidy to Foreign Invested Enterprises (FIEs) and certain domestic enterprises engaged in “encouraged” industries in the form of import tariffs and VAT exemptions on imported equipment, including components and parts.

The CBSA has previously countervailed this program in *Photovoltaic Modules and Laminates, Unitized Wall Modules, Seamless Casing, Pup Joints, and Line Pipe*.

The financial contribution by the government may consist of government revenue that is otherwise due is foregone or not collected, pursuant to section 2(1.6)(b) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

PROGRAM 21: VAT REBATES ON DOMESTICALLY PRODUCED EQUIPMENT

Available information indicates that the Government of China’s VAT rebate program provides financial contributions to companies by reducing or exempting amounts otherwise owed to the government. These rebates are commonly granted to enterprises engaged in export activities or designated as advanced manufacturers.

This program appears to be a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government and confers a benefit to the recipient equal to the amount of the grant. The program may be considered specific pursuant to subsection 2(7.2)(b) because it is contingent upon using domestically produced goods over imported goods and it is, thus, a prohibited subsidy.

CATEGORY 4: PROVISION OF GOODS OR SERVICES AT LESS THAN ADEQUATE REMUNERATION

PROGRAM 22: PROVISION OF GOVERNMENT INPUTS/UTILITIES AT LESS THAN ADEQUATE REMUNERATION

The complainant allege that exporters may avail themselves of input materials and utilities from state-owned enterprises (SOE) at below fair market value. They have identified the predominant inputs for TMFT through state-owned and controlled suppliers at less than fair market value. In addition, the complainant identified electricity as an input that may be provided to TMFT producers at less than fair market value.

The CBSA has previously countervailed this program in *Seamless Casing, Oil Country Tubular Goods, Stainless Steel Sinks, Steel Piling Pipe, Large Line Pipe, Pup Joints, Upholstered Domestic Seating, Container Chassis, and Wind Towers*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(c) of SIMA as they involve the provision of goods or services, other than general governmental infrastructure. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

PROGRAM 23: PROVISION OF LAND FOR LESS THAN ADEQUATE REMUNERATION

All land in China belongs to the Government of China (i.e., either national or local governments, or through a “collective” at the township or village level), and government land agencies across China control the allocation of land through the granting of land-use rights.

The CBSA has previously countervailed this program in *Line Pipe, Large Line Pipe, Mattresses, Pea Protein, Thermoelectric Coolers and Warmers, and Upholstered Domestic Seating*.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(c) of SIMA as they involve the provision of goods or services, other than general governmental infrastructure. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

CATEGORY 5: PREFERENTIAL LOANS AND LOAN GUARANTEES

PROGRAM 24: GOVERNMENT POLICY LOANS AND LOAN GUARANTEES

Evidence provided in the complaint states that SOE and policy-controlled financial institutions in China serve as key investment tools for the government, frequently offering loans and guarantees to support China’s TMFT industry. These measures are commonly used to boost sectors favored by government policy.

This program may constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced or exempted, and would confer a benefit to the recipient equal to the amount of the reduction/exemption. The program may be considered specific pursuant to subsection 2(7.2) of SIMA because it is limited to enterprises in certain industries.

PROGRAM 25: EXPORT LOANS AND CREDITS FROM CHINESE STATE-OWNED BANKS

The China Exim Bank and the Sinosure, a state-funded policy-oriented insurance company, were established to promote China’s foreign trade, investment, and international economic cooperation. The China Exim Bank and Sinosure each provide export loans and credit guarantees which, according to information from the Bank, have “played a key role in supporting Chinese companies to go global” and promoted “the export of new and high tech products”. Companies in China receive export credits provided by the Government of China to assist in the development of export markets or to recognize export performance.

The CBSA has previously countervailed this program in *Line Pipe, Mattresses, Pea Protein, and Upholstered Domestic Seating*.

Additionally, it appears the USDOC may have countervailed this program in the investigation *Lightweight Thermal Paper from the People's Republic of China* and in its subsequent sunset reviews.

The financial contribution by the government appears to be the direct transfer of funds, pursuant to section 2(1.6)(a) of SIMA. The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.