



OTTAWA, December 24, 2025

TPR 2025 IN

STATEMENT OF REASONS

Concerning the final determinations with respect to the dumping and subsidizing of

THERMAL PAPER ROLLS ORIGINATING IN OR EXPORTED FROM CHINA

DECISIONS

On December 9, 2025, pursuant to paragraph 41(1)(b) of the *Special Import Measures Act*, the Canada Border Services Agency made final determinations respecting the dumping and subsidizing of thermal paper rolls 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 OF EVENTS

[1] On April 22, 2025, the Canada Border Services Agency (CBSA) received a written complaint from McDermid Paper Converters Limited (McDermid), Media Cash Register Inc. (Media), and Custom Paper Ltd. (Custom Paper) (hereinafter collectively referred to as the complainants) alleging that imports of thermal paper rolls originating in or exported from the People's Republic of China (China) are being injuriously dumped and subsidized.

[2] On May 13, 2025, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainants that the complaint was properly documented. On May 23, 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 complainants provided evidence to support the allegations that thermal paper rolls 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 June 12, 2025, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of thermal paper rolls from China.

[5] Upon receiving notice of the initiation of the investigations, the Canadian International Trade Tribunal (CITT) commenced a preliminary injury inquiry, pursuant to subsection 34(2) of SIMA, into whether the evidence discloses a reasonable indication that the dumping and subsidizing of the above-mentioned goods have caused injury or are threatening to cause injury to the Canadian industry producing the like goods.

[6] On August 11, 2025, pursuant to subsection 37.1(1) of SIMA, the CITT made a preliminary determination that there is evidence that discloses a reasonable indication that the dumping and subsidizing of thermal paper rolls from China have caused injury to the domestic industry.

[7] On September 10, 2025, as a result of the CBSA's preliminary investigations and pursuant to subsection 38(1) of SIMA, the CBSA made preliminary determinations of dumping and subsidizing of thermal paper rolls originating in or exported from China.

[8] On the same date, pursuant to subsection 8(1) of SIMA, provisional duties were imposed on imports of dumped and/or subsidized goods that are of the same description as any goods to which the preliminary determinations apply, and that are released during the period commencing on the day the preliminary determinations were made and ending on the earlier of the day on which the CBSA causes the investigations in respect of any goods to be terminated pursuant to subsection 41(1) of SIMA or the day the CITT makes an order or finding pursuant to subsection 43(1) of SIMA.

[9] Based on the available evidence, the CBSA is satisfied that thermal paper rolls originating in or exported from China have been dumped and subsidized. Therefore, on December 9, 2025, the CBSA made final determinations of dumping and subsidizing pursuant to paragraph 41(1)(b) of SIMA in respect of those goods.

[10] The CITT's inquiry into the question of injury to the Canadian industry is continuing, and the CITT will issue its decision by January 8, 2026. Provisional duties will continue to be imposed on the subject goods from China until the CITT renders its decision.

PERIOD OF INVESTIGATION

[11] The Period of Investigation (POI) for the investigations is January 1, 2024 to December 31, 2024.

PROFITABILITY ANALYSIS PERIOD

[12] The Profitability Analysis Period (PAP) for the investigations is October 1, 2023 to December 31, 2024.

INTERESTED PARTIES

Complainants

[13] The names and addresses of the complainants is as follows:

McDermid Paper Converters Limited
400 Cochrane Drive, Unit 1
Markham, Ontario L3R 8E3

Media Cash Register Inc.
6161 Rue Cypihot
Saint Laurent (Québec) H4S 1R3

Custom Paper Ltd.
Unit 120 - 5900 No 2 Rd.
Richmond, British Columbia V7C 4R9

Other Producers

[14] The complainants stated that only one other Canadian producer manufactures goods meeting the product definition of subject goods, Western Diazo (Calgary, Alberta).¹ The complainants also identified one other Canadian producer who produces goods which do not meet the product definition of subject goods as they produce thermal paper rolls with a paper weight exceeding 70 grams per square metre (gsm), Data Communications Management Corp. (Brampton, Ontario).²

[15] The CBSA also conducted its own supplementary research and did not find any other thermal paper roll producers in Canada.

Trade Unions

[16] The complainants stated that McDermid employees are unionized through the “Corpap Employees Association”, Custom Paper employees are unionized under Unifor Local 433, and Media employees are not unionized.³

Importers

[17] At the initiation of the investigations, The CBSA identified 132 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.

[18] Eight importers provided a response to the importer RFI: Custom Paper, Media, PaperTec International Inc., Buckingham Holdings 2010 Inc, Multi-Tact Inc, JL Inc., BMS Sanitation and Safety Inc. and Goodness Distributors Ltd..⁴

¹ Exhibit 2 - TPR Complaint (NC), para 45

² Exhibit 2 - TPR Complaint (NC), para 46

³ Exhibit 2 - TPR Complaint (NC), paras 47-49

⁴ Exhibit 37 - Response to RFI from Custom Paper (NC); Exhibit 43 - Response to RFI from Media (NC); Exhibit 50 - Response to RFI from PaperTec International Inc.(NC); Exhibit 54 - Response to RFI from Buckingham Holdings 2010 Inc. (NC); Exhibit 56 - Response to RFI from Multi-Tact Inc. (NC); Exhibit 61 - Response to RFI from JL Inc.(NC); Exhibit 63 - Response to RFI from BMS Sanitation and Safety Inc. (NC); Exhibit 68 - Response to RFI from Goodness Distributors Ltd. (NC)

Exporters

[19] At the initiation of the investigations, the CBSA identified 103 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.

[20] One exporter, Shenzhen Likexin Industrial Co., Ltd. (Shenzhen Likexin) provided a substantially complete response to the dumping, subsidy and section 20 RFI.⁵

[21] One exporter, Jinan Greatshine Paper Co., Ltd. (Jinan Greatshine) provided a response to the dumping, subsidy and section 20 RFI. However, these responses were found to be deficient for the purposes of final determinations.⁶

Government

[22] Upon initiation of the investigations, the Government of China was sent the CBSA's Government Subsidy RFI and the Government Section 20 RFI. The Government of China did not respond to both the government subsidy RFI and the government section 20 RFI.

[23] 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

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

Thermal paper rolls in nominal widths up to and including 15 centimeters, with a nominal paper weight of 70 grams per square meter ("gsm") or less and a thermal active coating on one or both sides comprised of a dye and a developer that react and form an image when heat is applied, excluding thermal paper rolls with an adhesive backing, originating in or exported from the People's Republic of China.

⁵ Exhibit 70 - Response to RFI - section 20 from Shenzhen Likexin Industrial Co., Ltd. (NC); Exhibit 78 - Response to RFI - dumping from Shenzhen Likexin Industry Co., Ltd. (NC); Exhibit 80 - Response to RFI - subsidy from Shenzhen Likexin Industrial Co., Ltd. (NC); Exhibit 106 - Response to request for information (RFI) - dumping part D from Dongguan Likexin Printing Co., Ltd. (NC)

⁶ Exhibit 96 - Response to RFI - subsidy from Jinan Greatshine Paper Co., Ltd. (NC); Exhibit 98 - Response to RFI - dumping from Jinan Greatshine Paper Co., Ltd. (NC); Exhibit 100 - Response to RFI - section 20 from Jinan Greatshine Paper Co., Ltd. (NC)

ADDITIONAL PRODUCT INFORMATION⁷

[25] Thermal paper rolls are a specialty paper product manufactured for use in printers that employ direct thermal print heads. The thermal coating applied to the paper is a mixture of chemicals that reacts to form an image when heat is applied. Thermal print heads consist of arrays of tiny heating elements that alternately heat up and cool down during printing. As thermal paper passes between the print head and the platen roller in a thermal print head, the alternating heating and cooling of the heating elements in the print head form images on the paper. In this way, thermal printers function without consumables other than the paper (i.e., thermal printers do not require toner, liquid ink, or solid ink).

[26] The subject goods include all thermal paper rolls with widths up to and including 15 centimeters and are typically used in point-of-sale applications and similar end uses, including but not limited to retail store and restaurant receipts, debit/credit card receipts, ATM receipts, and gas pump receipts.

[27] For greater certainty, thermal paper rolls are considered subject goods regardless of whether they are imported with or without a core, have a base coat applied on one or both sides, have printing on one or both sides, and/or have an additional top coating.

[28] For further clarity, the following goods are not considered subject goods and are excluded from the product definition:

- thermal paper jumbo rolls, which are inputs used in the production of the subject goods and consist of rolls generally in widths of 50 inches or larger and
- thermal paper rolls with an adhesive backing, which is used primarily for label applications (e.g., shipping labels, food packaging labels, etc.).

⁷ Exhibit 2 - TPR Complaint (NC), paras. 11-14

PRODUCTION PROCESS⁸

[29] In general, the production process for thermal paper rolls involves three primary steps: (1) manufacturing the base paper; (2) coating; and (3) converting. In Canada, production of thermal paper rolls involves the third step, converting jumbo thermal paper rolls into finished thermal paper rolls.

[30] Thermal paper is first produced in jumbo rolls, which typically have three layers of coating: a base coat, the thermal active coating, and a topcoat. A base coat is typically made of clay and/or latex and like materials, and is intended to cover the rough surface of the paper substrate and to provide insulating value. The thermal active coating is typically made of colour formers or sensitizers, dyes, and co-reactants. Colour formers define the printing colour, usually black. Co-reactants or developers in turn enable the colour formers to generate a colour. Sensitizers enable the chemical reaction between the colour former and developer to take place at a prescribed temperature. Other additives in the thermal coating serve as binders, or offer degrees of water resistance, texture, stability, durability, and/or other attributes to the print image or paper. A top coat, when applied, is typically made of polyvinyl acetone, polyvinyl alcohol, and/or like materials and is intended to provide environmental protection, an improved surface for press printing, and/or wear protection for the thermal print head.

[31] Where a customer requires backside printing of customer-specific content (such as advertising, a return policy, or terms of sale, etc.), the thermal paper converter will first run the jumbo roll through its printing press to print the desired content and then rewind the paper into a printed thermal paper jumbo roll.

[32] The jumbo roll, printed or unprinted, is then loaded onto a slitting machine and for the paper web to be fed into the slitter machine's rewinder. The next step in the production of thermal paper rolls is for the slitter rewinder to pull the web from the jumbo roll into the machine and to slit the unrolling web of paper into several narrower strips. This is accomplished by a series of circular knives that are set in the proper position across the width of the machine to slit the web of paper to the correct width for the finished receipt rolls to be produced. These strips are then rewound into rolls of lengths ranging between 30 feet to over 200 feet. The slit rolls typically have plastic or fiber cores, although rolls may be produced without cores. In addition, prior to any strip being rewound onto a core, a signal ink is applied to the beginning of the strip (to mark the end of the roll once it is rewound again through the end application), and a tab or sticker is applied to the other end of the strip to ensure that the completed roll does not unravel.

[33] The finished rolls are then discharged from the thermal paper producer's slitting machine and flipped on their sides to be passed through a hydraulic press that presses both core and paper flush. The flipped rolls are then fed into an automated case packer where the rolls are inserted into an open corrugated box for packaging. Rolls may also be packed manually.

⁸ Exhibit 2 - TPR Complaint (NC), paras. 15-20

CLASSIFICATION OF IMPORTS

[34] The subject goods are normally imported under the following tariff classification numbers:

4811.90.00.90

[35] 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 GOODS⁹

[36] 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.

[37] With respect to the definition of like goods, the complainants stated that the like and subject goods are made from the same raw materials (i.e. thermal paper jumbo rolls), essentially follow the same production process, and possess the same characteristics and end uses. The complainants also noted that the subject and like goods are fully interchangeable with respect to key considerations including width, length, caliper, paper basis weight, coating, and core and that the both goods are sold through the same channels of distribution. As a result, purchasing decisions are made primarily on the basis of price.

[38] For the purposes of these investigations, like goods consist of domestically produced thermal paper rolls described in the product definition for subject goods.

[39] After considering questions of 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.

⁹ Exhibit 2 - TPR Complaint (NC), paras. 38-41

[40] In its preliminary injury inquiry for these investigations, the CITT further reviewed the matter of like goods and classes of goods. On August 26, 2025 the CITT issued its preliminary inquiry Statement of Reasons, indicating that:

“The Tribunal is of the view that blank and printed thermal paper rolls are very similar in terms of physical characteristics, and market characteristics including channels of distribution, and end uses. The Tribunal will therefore conduct its analysis on the basis of a single class of goods.”¹⁰

THE CANADIAN INDUSTRY

DOMESTIC PRODUCERS

[41] Based on the information supplied in the complaint, the domestic industry is comprised of only four Canadian producers: the three complainants (i.e. McDermid, Media, Custom Paper) and Western Diazo.¹¹ As previously noted, the CBSA also conducted its own supplementary research but did not identify any other thermal paper roll producers in Canada.

IMPORTS INTO CANADA

[42] During the final phase of the investigations, the CBSA refined the estimated volume and value of imports based on information from CBSA import entry documentation and other information received from exporters and importers.

[43] The following table presents the CBSA’s analysis of imports of thermal paper rolls for the purposes of the final determinations:

Table 1:
Import value of Thermal paper rolls
(January 1, 2024 to December 31, 2024)

Country	% of total import value¹²
China	44.7%
Other	55.3%
Total	100%

¹⁰ Canadian International Trade Tribunal; Preliminary Injury Inquiry - Thermal Paper Rolls - Statement of Reasons (August, 2025), PI-2025-003, para. 28

¹¹ Exhibit 2 - TPR Complaint (NC), para 44

¹² The CBSA's import documentation was used to estimate the imports of subject goods during the POI. Since import volume information on the customs documentation was reported in various units of measure (i.e. each, count, dozen, pieces, square meters, sets, boxes, etc.), it was not feasible to estimate the imports of subject goods by volume. As a result, import value was used as the unit of measure for estimating imports of certain thermal paper rolls.

INVESTIGATIONS PROCESS

[44] Regarding the dumping investigation, information was requested from all known and potential exporters, producers, vendors and importers, concerning shipments of thermal paper rolls released into Canada during the POI.

[45] Regarding the subsidy investigation, information related to potential actionable subsidies was requested from all known and potential exporters and producers in China. Information was also requested from the Government of China concerning financial contributions made to exporters or producers of thermal paper rolls released into Canada during the POI. The Government of China was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters.

[46] The Government of China and the exporters/producers were also notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the RFI, failure to permit verification of any information or failure to provide documentation requested during the verification visits or the desk audits may result in the margin of dumping, the amount of subsidy and the assessment of dumping and/or countervailing duties on subject goods being based on facts available to the CBSA. Further, they were notified that determinations on the basis of facts available could be less favorable to them than if complete, verifiable information was made available.

[47] Several parties (i.e., importers and exporters) requested an extension to respond to their respective RFIs. The CBSA reviewed each request on a case-by-case basis. Where reasons for making the request constituted unforeseen circumstances or unusual burdens, an extension was granted.

[48] After reviewing the RFI responses, deficiency letters, and supplemental RFIs (SRFIs) were sent to respondents who submitted submissions, in order to clarify information provided in the responses and request additional information, where necessary.

[49] Details pertaining to the information submitted by the exporter in response to the dumping, subsidy and section 20 RFI as well as the results of the CBSA's investigations are provided in the *Results of the Dumping Investigation, Subsidy Investigation and Section 20* sections of this document, respectively.

[50] As part of the final phase of the investigations, a case brief was provided by counsel representing the complainants. A summary of the representations is provided in **Appendix 2**.

DUMPING INVESTIGATION

[51] The following presents the final results of the investigation into the dumping of thermal paper rolls originating in or exported from China.

NORMAL VALUE

[52] Normal values are generally determined based on the domestic selling prices of like goods in the country of export, in accordance with section 15 of SIMA, or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits, in accordance with paragraph 19(b) of SIMA.

[53] Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, normal values are determined pursuant to a ministerial specification in accordance with subsection 29(1) of SIMA.

EXPORT PRICE

[54] The export price of goods sold to importers in Canada is generally determined in accordance with section 24 of SIMA based on the lesser of the adjusted exporter's sale price for the goods or the adjusted importer's purchase price. These prices are adjusted where necessary by deducting the costs, charges, expenses, duties and taxes resulting from the exportation of the goods as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

[55] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is based on the importer's resale price of the imported goods in Canada to unrelated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that are additional to those incurred on the sales of like goods for use in the country of export, all costs included in the resale price that are incurred in reselling the goods (including duties and taxes) or associated with the assembly of the goods in Canada and an amount representative of the average industry profit in Canada as provided for in paragraphs 25(1)(c) and 25(1)(d) of SIMA.

[56] Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, export prices are determined pursuant to a ministerial specification under subsection 29(1) of SIMA.

MARGIN OF DUMPING

[57] The margin of dumping by exporter is equal to the amount by which the total normal value exceeds the total export price of the goods, expressed as a percentage of the total export price. All subject goods imported into Canada during the POI are included in the calculation of the margins of dumping of the goods. Where the total normal value of the goods does not exceed the total export price of the goods, the margin of dumping is zero.

[58] Further information regarding each exporter is detailed below.

BACKGROUND OF SECTION 20 INQUIRY

[59] 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.¹³

[60] 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.

[61] 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.

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

[63] The complainants provided a variety of evidence to support the claim that the Government of China substantially determines domestic prices of thermal paper rolls and that the prices are substantially different than they would be in a competitive market. Specifically, the complainant cited specific policies implemented by the Government of China and provided evidence of state-ownership, substantial government control and subsidization in the papermaking sectors as well as the thermal paper segment.

[64] At the initiation of the investigation, the CBSA had reviewed the information provided in the complaint and conducted its own research. Based on this information, the CBSA believed that there was reasonable evidence to support an inquiry into the allegations that the measures taken by the Government of China substantially influence prices in the thermal paper sector in China, and that the prices are substantially different than they would be in a competitive market.

[65] Consequently, on June 12, 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 polyester sector in China.

¹³ China is a prescribed country under Section 17.1 of the *Special Import Measures Regulations*.

[66] As part of this section 20 inquiry, the CBSA sent section 20 RFIs to all potential producers and exporters of thermal paper rolls in China, as well as to the Government of China, requesting detailed information related to the papermaking sector and thermal paper segment in China. 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 South Korea and Thailand as potential surrogate countries and sent questionnaires to known producers of thermal paper rolls in these countries.

[67] For the preliminary determinations, the CBSA had insufficient information to form an opinion with respect to section 20 of SIMA.

SUMMARY OF CHINESE EXPORTER RESPONSES

[68] The CBSA received responses to the CBSA's Dumping RFI and Section 20 RFI from two Chinese exporters, Jinan Greatshine and Shenzhen Likexin. The submission from Jinan Greatshine was found to be deficient. The submission from Shenzhen Likexin was substantially complete, but unverified information, as the exporter declined an on-site verification from CBSA officers. Nevertheless, certain information provided by Shenzhen Likexin, particularly relating to domestic selling prices and raw material purchases, was used in the section 20 analysis as it represents the best information available on the record.

GOVERNMENT OF CHINA RESPONSE

[69] An RFI was sent to the Government of China requesting information for the purposes of the section 20 inquiry. No response was received from the Government of China during the investigation.

SURROGATE COUNTRY RESPONSES

[70] The CBSA did not receive any responses to the surrogate RFI from producers of thermal paper rolls in South Korea or Thailand.

RESPONSES FROM IMPORTERS WITH SALES IN CANADA OF THERMAL PAPER ROLLS FROM OTHER COUNTRIES

[71] As part of the section 20 inquiry, RFIs sent to importers requested information on re-sales in Canada of thermal paper rolls imported from countries other than China. The CBSA received responses to the importer RFI from eight importers.¹⁴ However, no information was provided on imports into Canada of like goods from countries other than China.

¹⁴ Exhibits 37(PRO) and 37(NC) - Response to Importer RFI – Custom Paper Ltd., 42(PRO) and 43(NC) - Response to Importer RFI – Media Cash Register Inc., 49(PRO) and 50(NC) – Response to Importer RFI from PaperTec International Inc., 53(PRO) and 54(NC) - Response to Importer RFI – Buckingham Holdings 2010 Inc., 55(PRO) and 56(NC) – Response to Importer RFI from Multi-Tact Inc., 60(PRO) and 61(NC) - Response

ANALYSIS OF SECTION 20 CONDITIONS

[72] For the purposes of this section 20 inquiry, the sector under review is the papermaking sector in China, which involves the production and sale of paper and paperboard products. This sector includes a wide range of products such as printing and writing paper, packaging materials and specialty coated papers including thermal paper, which constitutes one downstream segment within the broader papermaking sector.

[73] Although thermal paper represents a specialized subset of the papermaking sector, broadening the scope of analysis to the papermaking sector as a whole is necessary and appropriate for this section 20 inquiry. The cost of production of thermal paper rolls depends heavily on thermal paper jumbo rolls, which in turn are manufactured by large papermaking enterprises, which are often state-owned or state-controlled. These upstream producers of jumbo rolls are integrated into the broader papermaking industry, sharing common supply chains, input markets, financing channels and policy oversight mechanisms. As a result, the operational conditions prevailing in the papermaking sector directly influence costs, production decisions and pricing behavior within the thermal paper segment.

[74] Information on the record demonstrates that the Government of China exercises significant influence over major papermaking enterprises and that these measures shape the cost structures and capacity decisions of paper producers. Such influence, when exercised at the papermaking level, transmits downstream to thermal paper production through the pricing of jumbo rolls, which constitute the critical material input in the manufacture of thermal paper rolls. In practice, the government's interventions at the papermaking stage determine capacity utilization, production costs and ultimately domestic selling prices across the paper value chain. These non-market pricing distortions pass through the jumbo roll supply chain and affect the pricing of thermal paper rolls in the Chinese market. The detailed analysis below expands on this linkage and examines the evidence on record to illustrate how such measures in the papermaking sector extend into the thermal paper segment and influence domestic pricing outcomes.

[75] Accordingly, the papermaking sector constitutes the appropriate subject sector for this section 20 analysis. The evidence of government control within this broader sector provides the relevant context to assess whether domestic prices of thermal paper rolls are substantially determined by the government. The record also contains segment-specific information with respect to the thermal paper segment itself. These elements are addressed in the analysis below and serve to support and reinforce the findings from the papermaking sector.

to Importer RFI – JL Inc., 63(NC) – BMS Sanitation and Safety Inc., and 67(PRO) and 68(NC) - Response to Importer RFI – Goodness Distributors Ltd.

[76] The analysis below examines the Government of China's controls and measures relevant to the papermaking sector and the thermal paper segment. It is based on the evidence available on the record including the information provided in the complaint, additional information submitted by the complainants in the course of the investigation, submissions received from exporters and importers as well as the information gathered independently by the CBSA. The objective is to assess whether domestic prices of thermal paper rolls in China are substantially determined by the Government of China. It also includes a comparative price analysis of thermal paper rolls and their principal input material, thermal paper jumbo rolls, against benchmark prices observed in other competitive markets, in an effort to evaluate whether prices in China are not substantially the same as they would be if they were determined in a competitive market.

GOVERNMENT CONTROL ANALYSIS

[77] This section presents the CBSA's analysis of the extent to which, if any, the Government of China applies influence over the papermaking sector, within which the thermal paper segment operates, by examining the following:

- Government Industrial Planning and Policy Mandates
- Substantial Government Ownership and Control of Major Producers
- Influence of Industry Associations
- Extensive Financial Support by the Government
- Direct Intervention in Key Raw Material Inputs

GOVERNMENT INDUSTRIAL PLANNING AND POLICY MANDATES

[78] The Government of China's Five-Year Plans (FYPs) are used by the government and industry players as a roadmap in relation to the development of a specific industry. The extensive deployment of FYPs by the Government of China serves as the primary instrument for exerting control and strategic direction over the domestic papermaking sector including the thermal paper segment. This system of mandated, long-term planning has systematically guided the industry's development for over two decades, focusing efforts on raw material self-sufficiency, production consolidation, technology advancement and green transformation.¹⁵ The FYPs ensure that industrial structure and production capacity align with Government of China political and economic objectives, thereby contributing significantly to the Government of China's ability to substantially determine market outcomes and prices within the sector.

[79] This planning framework, spanning national, provincial, and municipal levels, integrates high-level objectives into binding local mandates, consistently targeting the paper industry as an important basic raw material industry closely related to the national economy.

¹⁵ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-71

[80] The Government of China has maintained a long standing policy focus on the forestry and paper industry, identifying its development as a policy objective across at least four consecutive FYPs, spanning two decades.¹⁶

- 10th FYP (2001-2005): advocated the goal of increasing output for the papermaking industry and developing high-grade products, emphasizing the acceleration of forestry development;
- 11th FYP (2006-2010): shifted the industry’s focus toward adjusting the raw material structure, promoting waste paper recycling and implementing “forest and paper integration” projects;
- 12th FYP (2011-2016): paid attention to pollution discharge problems, emphasized the renovation and upgrading of traditional industries like papermaking and the improvement of the green manufacturing system;
- 13th FYP (2016-2020): formalized the goal of the “overall improvement of ecological environment quality” and promoted the industry towards high-end, intelligent, green and service-oriented development.

[81] The current 14th Five-Year Plan (2021-2025) reinforces the strategic importance of the papermaking sector. The plan calls for deepening the “manufacturing powerhouse strategy”, promoting the expansion of high-quality products within the light industry which includes papermaking, and accelerating the transformation of key enterprises.¹⁷

[82] Key goals of the current Five-Year Plan include:

- Raising the levels of production chain and supply chain modernization;
- Expanding the supply of high-quality products in sectors such as light industry, which includes papermaking;
- Accelerating the transformation and upgrading of enterprises in key industries such as the chemical industry and papermaking; and
- Implementing actions to reduce manufacturing costs and burdens, which includes tax and fee reduction, reduction of production and operating costs, support for industrial land and preferential financing.

[83] The overall direction of the Chinese economy is determined by this complex system, requiring both private and state-owned economic operators to effectively adjust their business activities.

¹⁶ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-71

¹⁷ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-33

[84] Moreover, the papermaking industry is explicitly listed as an “encouraged industry” in documents such as the 2024 Edition of the Guidelines for Industrial Structure Adjustment¹⁸ and China’s 2019 Catalogue for Guiding Industry Restructuring, signaling preferential regulatory and financial treatment.¹⁹ As another example, the Work Plan for Steady Growth of Light Industry (2023-2024) identifies papermaking as one of six “key industries” targeted for support, with funding allocated for intelligent and green manufacturing.²⁰

[85] This planning further extends to a micro level, with provincial and municipal plans mandating the development of thermal paper production and directing specific producers to accelerate technological upgrades.²¹ The 14th Five-Year Plan of Guangdong Province (a significant manufacturing region where a thermal paper rolls producers is located) explicitly mandates the development of papermaking and supporting equipment industries, specifically mentioning thermal paper production.²² This control is executed at a granular level; for example, the Zhanjiang City 14th Five-Year Plan calls for optimizing the development of the high-end papermaking industry, explicitly mentioning the need to “focus on developing high_end specialty paper industries such as thermal recording paper, carbonless copy paper, coated white carboard, and high-end cultural paper”.²³ Additionally, the local Key Points for the Work of Zhenjiang’s Equipment Manufacturing Industry in 2024 mandates guiding enterprises such as Gold East Paper to accelerate the demonstration and cultivation of intelligent manufacturing.²⁴

[86] The Government of China’s FYPs and their subsequent implementation through detailed sector-specific policies are intended to guide industries toward state-defined goals and are linked to resource allocation, ensuring that land, capital and other elements flow to projects aligned with state priorities, thereby demonstrating substantial government control over the sector.

¹⁸ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-38

¹⁹ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-139

²⁰ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-43

²¹ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-125

²² Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-45 and Public Exhibit 7-55

²³ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-55

²⁴ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-125

SUBSTANTIAL GOVERNMENT OWNERSHIP AND CONTROL OF MAJOR PRODUCERS

[87] Evidence on the record demonstrates that the Government of China exerts influence over the Chinese thermal paper segment through its substantial ownership of the key domestic producers of thermal paper jumbo rolls, which are the significant input for the final subject goods.²⁵ Analysis of production capacity indicates that entities directly owned or heavily influenced by the Government of China accounts for an estimated 84% of total Chinese thermal paper production. This control is concentrated in a few dominant state-owned enterprises (SOEs) that act as price leaders.

[88] The two largest SOEs, Shandong Chenming Paper Holdings Ltd. (Chenming) and Guangdong Guan hao High-Tech Co. Ltd. (Guanhao), are both directly owned and controlled by the Government of China and collectively represent an estimated 61.2% of the market.

[89] Chenming is identified as one of China's largest papermaking companies and is the single largest producer of thermal paper jumbo rolls, commanding an estimated 50% market share on a derived capacity of 1.2 million MT.²⁶ Chenming is a vertically integrated producer and is owned and controlled by the Government of China. Its ownership structure shows it is held by Chenming Holdings (27%), which, in turn, is 45% held by the fully state-owned entity Shandong Shouguang Jinxin Investment Development Holding Group Co., Ltd..²⁷ The company's beneficial controller is identified as the State-owned Assets Supervision and Administration Bureau of Shouguang City, an entity whose official mandate includes the management and capital operation of state-owned assets.²⁸ This alignment is further reflected in public information indicating that certain senior executives hold Party-affiliated roles, and that the company's stated mission to "revitalize the Chinese papermaking industry" is framed in support of broader national industrial objectives.²⁹ Evidence shows Chenming is sustained by substantial government support despite reporting a net loss RMB 1,281 million for 2023, the company maintained an opening balance of over 1.3 billion in its deferred government grants account in 2024.³⁰

²⁵ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-91

²⁶ Exh 133 – NC - Additional comments submitted by counsel for the complainants regarding the application of section 20 - Attachment 27 – Public

²⁷ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-93

²⁸ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-154

²⁹ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-94

³⁰ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-154

[90] Guanhao, the third largest producer with an estimated 11.2% market share and 270,000 MT capacity, is also directly owned and controlled by the Government of China. Guanhao is controlled by China Chengtong Holdings Group Co., Ltd. (Chengtong), which is identified as a central state-owned enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council.³¹ As a central state capital operation company, Chengtong's explicit mission is "serving the national strategies". Guanhao reinforces this alignment, stating in its annual report that it is "guided by the spirit of the 20th National Congress of the Communist Party of China" and continuously strengthens the "overall leadership of the party over the work of the enterprise".³² Beyond its ownership, Guanhao has effectively monopolized the market for specialized thermal paper used in government-issued documents like VAT invoices and lottery tickets, indicating significant non-arm's length transactions.

[91] The dominance of these state-controlled entities means that private companies supplying thermal paper rolls are forced to compete under fundamentally non-market conditions. Sustained by subsidies and directed by state policies, Chenming and Guanhao are enabled to sell at prices that may not cover their costs, thereby substantially determining the domestic price of jumbo rolls and thermal paper rolls in a distorted manner. This influence is embedded within a comprehensive policy framework where the papermaking industry is defined as an "important basic raw material industry" and a national strategic priority.

[92] While SOEs form the core of the Government of China's control, its influence extends systemically to non state-owned enterprises (non-SOEs), bringing the total production capacity subject to state control or influence to an estimated 84%. This is achieved through political integration, financial dependency, and policy mandates.³³

[93] Henan Jianghe Paper (Jianghe), the second largest thermal paper jumbo roll producer with an estimated 18.7% market share and 450,000 MT capacity, demonstrates clear political entanglement. The company was founded as a state funded enterprise, and its CEO serve as a municipal politician, creating a direct link between the company and local government. This connection ensures alignment with state policies, as evidenced by local officials visiting Jianghe to guide its operations to support high-quality development and achieve the 14th Five Year Plan goals for Jiaozuo City.³⁴

³¹ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-97

³² Exh 133 – NC - Additional comments submitted by counsel for the complainants regarding the application of section 20 - Attachment 7 – Public and Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-96

³³ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-20

³⁴ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-104

[94] APP China, which holds an estimated 4.2% market share, also demonstrates potent Government of China influence, stemming from historical resource transfers and ongoing political and financial connections. Its facility, Gold East Paper, is explicitly named in local government plans mandating technological upgrades. The company has received strategic financing from state-owned banks, and its leadership has publicly engaged with high-level Chinese Communist Party (CCP) officials.

[95] Furthermore, information on the record suggests that state oversight mechanisms apply across a broad range of Chinese enterprises, including firms that are non-SOEs. It was reported that CCP cells are established within a large number of private companies, and these structures may serve as channels through which government policy priorities are communicated within the corporate sector.³⁵ Similar features are reflected in the financial system, where commercial lending operates under regulatory requirements that promote credit support for industries identified as priorities, including segments of the papermaking sector. Taken together, this information suggests that state policy objectives may influence business decisions, financing conditions, and cost structures throughout the paper value chain, including among firms that are normally private.³⁶

INFLUENCE OF INDUSTRY ASSOCIATIONS

[96] Evidence suggests various industry associations in China often act in close coordination with the Government of China and the CCP to achieve national industrial objectives. These organizations, categorized as national and regional bodies, function as critical links between the government and private enterprises.

[97] At the national level, the regulatory structure includes several self-regulatory organizations, most notably the China Paper Association (CPA). The CPA is a national group formed by pulp and paper-related enterprises. Its stated purpose is to implement national industrial policies and perform functions entrusted by the government, serving as a “bridge” between the state and the industry. This role is reinforced by its political alignment; the CPA adheres to the overall leadership of the CCP and accepts supervision from government bodies, including the Party Committee of the State-owned Assets Supervision and Administration Commission.³⁷ This structure suggests the CPA’s guidance aligns the industry with national policy objectives.

³⁵ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-20 and Public Exhibit 7-139

³⁶ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-18

³⁷ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-40

[98] The CPA actively participates in developing national standards and has released its own “Outline for the 14th Five Year Plan... of the Paper making Industry”. This plan outlines specific development strategies and sets production output goals, such as 400 million tons by 2025.³⁸ Furthermore, the outline mandates industry wide actions such as accelerating structural adjustment, reinforcing concentration through mergers, eliminating outdated capacity and maintaining market fairness. It also aims to prevent “reckless, disorderly development and malicious competition”, indicating a role in managing market behaviour. Other national bodies, such as the China Paper making Society and the Paper Industry Productivity Promotion Center, support the sector through technical guidance and research, hosting special paper committees that consult on policy and aid in formulating technical standards.

[99] Regional associations also play a significant role. The Guangdong Paper Industry Association (GPIA) is particularly relevant, as Guangdong province ranks first in China’s lightweight thermal paper market.³⁹ The GPIA, which counts major thermal paper producers like Guan hao and Chenming among its members, represents approximately 80% of the province’s production capacity. It explicitly states that its purpose is serving the government and it focuses on the “central work of the Provincial Party Committee and Provincial Government”, acting as a regional bridge for policy implementation.⁴⁰

[100] Evidence of direct influence of industry association on market behaviour was seen in 2021, when the President of the Shanghai Pudong Printing Association issued a strong warning to Chinese producers. He advised paper mills to “carefully consider aggressive price increases”, noting that if prices rose too far, the government would intervene, resulting in significant fines.⁴¹ This statement highlights an awareness within the industry that the Government of China monitors pricing and may use associations as proxies to signal its willingness to intervene and control domestic prices.

[101] In effect, the evidence suggests that these industry associations function as extensions of state policy. Rather than operating merely as member-advocacy groups, they appear to act as key instruments for translating Government of China objectives into industry wide standards, production strategies and market behaviour. This structure provides another mechanism through which government influence is transmitted within the papermaking sector, including its thermal paper segment.

³⁸ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-41

³⁹ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-46

⁴⁰ Exh 133 – NC - Additional comments submitted by counsel for the complainants regarding the application of section 20 - Attachment 12 - Public

⁴¹ Exh 133 – NC - Additional comments submitted by counsel for the complainants regarding the application of section 20 - Attachment 16 - Public

EXTENSIVE FINANCIAL SUPPORT BY GOVERNMENT

[102] The CBSA has identified 25 subsidy programs that target the thermal paper and other upstream sectors.

[103] Evidence on the record suggests that the papermaking sector which includes the thermal paper segment benefits from extensive financial support provided by the Government of China through direct subsidies and a state controlled financial system.

[104] It is evident that massive volume of government grants are provided to major SOEs in the thermal paper value chain. For example, Chenming, a large vertically integrated producer, reported an opening balance of over RMB 1.3 billion in its deferred government grants account in 2024. In 2024 alone, over RMB 104 million of these grants were amortized and recognized as income. These funds cover crucial operational and capital projects.⁴²

[105] This direct support is magnified by the Government of China's control over the financial system, where credit is allocated based on state priorities rather than market fundamentals. In the 2020 EU's investigation into aluminum converter foil, the Commission found that 47 out of 48 financial institutions providing loans to sampled companies were found to be state-owned. These institutions provide targeted support such as preferential financing, credit lines, bank acceptance drafts, and corporate bonds, specifically to "encouraged industries".⁴³ For instance, Chenming explicitly stated its intent to "strengthen cooperation with large state-owned banks in medium and long-term low-cost financing" to meet its financing needs.⁴⁴ Furthermore, the China Development Bank, a government-owned bank, provided substantial credit to companies operating in the broader paper sector, demonstrating that firms within the papermaking value chain may benefit from financing conditions shaped by government policy objectives rather than solely by market considerations.⁴⁵

[106] Furthermore, evidence suggests the financial system may not consistently enforce hard budget constraints, including in the operations of some major thermal paper producers. Despite experiencing significant financial distress, including a net loss of RMB 1,281 million in 2023 and production line suspension due to liquidity difficulties in 2024, Chenming continued to access massive financial resources. In 2024, Chenming's cash received from borrowings totalled RMB 27.22 billion, following RMB 32.27 billion in 2023.⁴⁶ This continuous access to significant financing, even while sustaining losses, is typical of state-backed firms, allowing them to maintain artificially low prices.⁴⁷

⁴² Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-154

⁴³ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-18

⁴⁴ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-94

⁴⁵ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-112

⁴⁶ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-154 and Public Exhibit 7-93

⁴⁷ Exh 102 – NC – Comments submitted by counsel for the complainants regarding the application of section 20 - Exhibit 4 - Public

[107] The CBSA's determination of amount of subsidy of 77% indicate the extent of the subsidization of thermal paper producers in China.

DIRECT INTERVENTION IN KEY RAW MATERIAL INPUTS

[108] The Government of China also appears to exercise influence over the supply and pricing of chemical coatings, another key input for thermal paper production. This influence is suggested by evidence of direct market intervention, the implementation of strategic national plans, and the significant role of its SOEs. The heat-sensitive coating on thermal paper is a mix of specialty chemicals, including dyes, sensitizers and developers.⁴⁸ These chemical costs represent a significant portion of a manufacturer's operating expenses; for instance, information on the record indicates that in 2024, chemicals accounted for 13% of Chenming's operating costs for machine-made paper in 2024.⁴⁹

[109] A notable example of this influence is the Government of China's direct regulatory action affecting production and supply. In 2017, Chinese authorities ordered the closure of major domestic producers of leuco dye, a critical chemical for thermal paper, as part of an environmental enforcement campaign. One affected producer reportedly supplied a substantial share of leuco dye used by coating mills in Asia and Europe, and its closure contributed to a global shortage. Following this action, reports indicate that only smaller dye mills were permitted to continue operating, primarily to safeguard supply for state-designated uses such as rail ticketing, lottery products and air travel documents. By exercising control over this key chemical, the Government of China demonstrated an ability to influence the cost base for thermal paper. This action appears to have contributed to market distortions, creating a situation where reliable supply became a primary concern, separate from price.⁵⁰

[110] The Government of China also appears to leverage its national strategic planning to shape the cost of chemical inputs used in thermal paper production. The chemical sector, including chemical dyes, is designated as an encouraged industry under the 2019 Guidelines for Industrial Structure Adjustment, a classification that can provide access to preferential financing and other government support.⁵¹ This priority is reinforced in the 14th Five-Year Plan, which calls for upgrading key industries such as chemicals and papermaking with the stated objective of reducing domestic production costs.⁵²

⁴⁸ Exh 002 – NC – Complaint – Thermal Paper Rolls

⁴⁹ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-154

⁵⁰ Exh 133 – NC - Additional comments submitted by counsel for the complainants regarding the application of section 20 - Attachment 13 – Public and Attachment 15 - Public

⁵¹ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-38

⁵² Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-131

[111] The Government of China's involvement also extends to upstream production. Large SOEs such as Sinochem, one of the world's major chemical producers, manufacture essential coating inputs, including BPA and polyvinyl alcohol. The 2012 merger of Sinochem and the China National Chemical Corporation is cited as further consolidating state oversight across the sector.⁵³ Local industrial policies appear to complement these national measures through chemical-industry parks in provinces such as Guangdong, Jiangsu and Zhejiang, which reportedly facilitate bulk purchasing of coating components.⁵⁴ State-affiliated associations likewise promote integration across related industries to maintain stable chemical supply chain.⁵⁵

[112] Taken together, these actions suggest that the Government of China influences the cost of the critical chemical coatings used in thermal paper production. As a result, it is reasonable to believe these input costs may not be set purely by competitive market conditions.

ANALYSIS OF DOMESTIC PRICE IN CHINA

[113] The pricing of thermal paper jumbo rolls is a key indicator in this analysis because jumbo rolls constitute the main input into finished thermal paper rolls and represent the majority of total production costs. As a result, persistent price difference at the jumbo roll level are expected to pass through to the downstream prices of the subject goods. A comparison between Chinese domestic jumbo roll prices and those in a competitive market provides a direct way to assess whether Chinese prices align with what would be expected under competitive market conditions.

[114] Based on information on the record, the CBSA conducted a monthly comparison of jumbo roll prices in China and Germany. The CBSA used Shenzhen Likexin's purchases of jumbo rolls during the POI as it represents the best available information on the record. The German benchmark was supplied by the complainants, based on pricing data obtained from a producer of thermal paper jumbo rolls in Germany.

⁵³ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7-147

⁵⁴ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7 - 153

⁵⁵ Exh 002 – NC – Complaint – Thermal Paper Rolls - Public Exhibit 7 - 152

[115] The month to month comparison shows that Chinese jumbo roll prices remain consistently below those observed in the benchmark market. The gap is significant in magnitude, sustained across the entire twelve month period, and does not align with typical market responses to cost changes. Given that jumbo rolls account for most of the production cost of finished thermal paper rolls, a persistent price divergence at this upstream stage would be expected to carry through to the pricing of the subject goods. The analysis that follows examines thermal paper roll pricing in this context.

[116] The complainants submitted domestic pricing for thermal paper rolls sold in the United States, along with publicly available pricing published by Fastmarkets. The U.S. domestic prices represent average monthly transaction values supplied by a U.S. producer of thermal paper rolls. The pricing data from Fastmarkets reflect monthly average prices for thermal paper rolls produced and sold in the U.S., adjusted as required to enable a fair comparison with Chinese domestic prices. This data, together with the other pricing information on the record, were reviewed to assess how domestic prices in China compare with competitive benchmarks.

[117] A comparison between Shenzhen Likexin's domestic prices and U.S. benchmark prices shows that Chinese domestic prices were consistently and materially lower in every month of the POI. The price gap was significant and did not reverse at any point; Chinese domestic prices remained below the U.S. benchmark throughout the period.

[118] While both markets exhibited month to month variation, the movements did not align. Chinese domestic prices declined slightly from January to April and then rose to their highest level in August, whereas U.S. prices moved in the opposite direction during the same period. This divergence indicates that Chinese domestic price movements did not track those of a competitive market, even as the overall level gap remained substantial.

[119] U.S. domestic prices also fluctuated more visibly over the year, while Chinese domestic prices followed a different trajectory, remaining comparatively stable with independent movements at certain points. This pattern reinforces that the monthly trend in China diverged from competitive market behavior.

[120] Taken together, the available pricing information shows that throughout 2024, domestic prices for thermal paper rolls in China remained well below competitive benchmark levels and followed a distinct monthly trend, separate from movements observed in the U.S. market.

[121] Information on the record supports the allegation that the domestic prices of thermal paper rolls are not substantially the same as they would be if they were determined in a competitive market.

SUMMARY OF THE RESULTS OF THE SECTION 20 INQUIRY

[122] Based on the information on the record, there is sufficient reason to believe that the Government of China exercises a notable degree of influence over domestic pricing within the papermaking sector including the thermal paper segment, both directly through state ownership and participation in major producers, and indirectly through policy instruments and financial support mechanisms. State-owned and state-controlled enterprises occupy a significant share of domestic production and appear to act as price leaders within the market. The available evidence further suggests that these enterprises have received continued government support and direction, which could affect pricing decisions and the degree of market responsiveness.

[123] At the same time, the record includes information suggesting policy driven influences in related areas such as industrial planning, subsidization of input materials and guidance issued through provincial and sectoral associations that may indirectly affect the cost and supply of thermal paper and its main input, thermal paper jumbo rolls. Taken together, these elements provide indications that domestic prices are likely influenced by government intervention rather than being determined solely by market forces.

[124] Furthermore, these actions likely lead to suppressed or distorted domestic prices for both jumbo rolls and thermal paper rolls, such that those prices are not substantially the same as they would be in a competitive market.

[125] The Government of China did not provide information to support or counter the evidence already on the administrative record and did not respond to the CBSA's section 20 RFI. As a result, no evidence was submitted from the Government of China concerning the existence of market distortions or applicability of section 20 to the papermaking sector in China. In the absence of cooperation from the Government of China and most Chinese exporters, the CBSA relied on the information available from the complainants and from the limited exporter responses received. Based on this information, the CBSA considers that there is a reasonable basis to conclude that government involvement may substantially influence domestic pricing within the sector under review.

[126] Based on the above analysis, for the purposes of the final determination, the CBSA has formed the opinion that the conditions of paragraph 20(1)(a) of SIMA exist in the papermaking sector in China:

- domestic prices in the papermaking sector in China, which includes thermal paper rolls, are substantially determined by the Government of China and
- there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market

FINAL RESULTS OF THE DUMPING INVESTIGATION

Normal Values and Export Prices

Shenzhen Likexin Industrial Co., Ltd.

[127] Shenzhen Likexin is a privately held limited liability company established in 2000. Shenzhen Likexin manufactures and sells thermal paper rolls as well as other types of paper products.

[128] Subject goods shipped to Canada during the POI were produced in Shenzhen Likexin's manufacturing facility located in Dongguan City, China and processed by Dongguan Likexin Printing Co., Ltd. (Dongguan Likexin) in its manufacturing facility, also located in in Dongguan City, China. Dongguan Likexin is a paper processing company related to Shenzhen Likexin. The company was established in 2020 and has been processing paper products, including thermal paper rolls, for Shenzhen Likexin since its establishment.

[129] Exports by Shenzhen Likexin represent 10.0% of the value of subject goods shipped to Canada during the POI.

[130] Shenzhen Likexin and its related company each provided a substantially complete response to the CBSA's RFIs. Supplemental RFIs were sent to each entity to gather additional information and seek clarifications regarding their original responses, where Shenzhen Likexin provided joint responses to the supplemental RFIs on behalf of both companies.

[131] During the final phase of the investigations, Shenzhen Likexin declined an on-site verification visit from CBSA officers. The CBSA deemed the unverified information provided in Shenzhen Likexin's submissions unreliable to determine normal values or export prices as discrepancies and inconsistencies in their submissions could not be verified. As a result, Shenzhen Likexin will be considered unverified and non-cooperative for the purposes of final determinations.

[132] The margin of dumping for Shenzhen Likexin will be determined based on the "All Exporters – China" normal value and export price methodology described below.

All Exporters – China

[133] The CBSA did not receive any complete and verified Dumping RFI response from exporters of thermal paper rolls. The CBSA determined the normal values and export prices for China on the basis of facts available. In establishing the methodology for determining normal values and export prices, the CBSA considered all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the preliminary determination and customs documentation.

[134] The CBSA decided that the normal values determined for all exporters would be based on Fastmarkets public pricing information provided from the complainants, with certain adjustments applied. The pricing data obtained was on a delivered basis. The CBSA adjusted the delivered prices by deducting an amount for freight using the information provided by the complainants and converting the unit of measure to square meters to align with the measurement standard used throughout this investigation. The CBSA finds this information to be more relevant and reflective of the market in China than the information provided from the complainants at initiation.

[135] The export prices were based on the declared selling prices on import documentation of thermal paper rolls submitted by importers in the Importer RFI. The CBSA considers this the best available information on which to base the export prices of goods for all exporters as it reflects actual import data.

[136] The CBSA examined the difference between the normal value and the export price for each individual transaction on import documentation from the importer RFI, and considered that the highest amount (expressed as a percentage of the export price), was an appropriate basis for determining normal values. This methodology relies on information related to goods that were shipped to Canada during the POI and limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. No such anomalies were identified.

[137] If the CITT finds that the dumped imports from China are causing injury, the CBSA will impose anti-dumping duty on these goods. Based on the methodology described above, in the event of a finding by the CITT, the normal value for all exporters from China will be determined by advancing the export price by 282.1%, pursuant to a ministerial specification under subsection 29(1) of SIMA.

SUMMARY OF RESULTS – DUMPING

[138] A summary of the results of the dumping investigation respecting all subject goods released into Canada during the POI are as follows:

Table 2:

Summary of Results - Dumping (January 1, 2024 to December 31, 2024)

Country of Origin or Export	Margin of Dumping (% of Export Price)	% of Total Imports (by Value)
All Exporters - China	282.1%	44.7%
Total China		44.7%
All Other Countries	N/A	55.3%
All Countries		100%

[139] In order to make a final determination of dumping, the CBSA must be satisfied that:

- i) the subject goods have been dumped; and
- ii) that the margin of dumping of a particular exporter is not insignificant.

[140] Under paragraph 41(1)(a) of SIMA, the CBSA is required to terminate an investigation in respect of any goods of an exporter if it is satisfied that the goods have not been dumped or the margin of dumping of the goods of that exporter is insignificant, meaning a margin of dumping that is less than 2% of the export price of the goods.

[141] The margin of dumping determined for all exporters of subject goods originating in or exported from China is greater than the threshold of 2% and is therefore not considered insignificant. As a result, the legislative requirements are satisfied for making a final determination of dumping respecting thermal paper rolls from China.

[142] A summary of the margin of dumping is presented in **Appendix 1**.

SUBSIDY INVESTIGATION

[143] 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.

[144] 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.

[145] Where subsidies exist, they may be subject to countervailing measures if they are specific in nature. According to subsection 2(7.2) of SIMA a subsidy is considered to be specific when it is limited, in a legislative, regulatory or administrative instrument, or other public document, to a particular enterprise within the jurisdiction of the authority that is granting the subsidy; or is a prohibited subsidy.

[146] A “prohibited subsidy” is either an export subsidy or a subsidy or portion of a subsidy that is contingent, in whole or in part, on the use of goods that are produced or that originate in the country of export. An export subsidy is a subsidy or portion of a subsidy contingent, in whole or in part, on export performance. An “enterprise” is defined as including a group of enterprises, an industry and a group of industries. These terms are all defined in section 2 of SIMA.

[147] Notwithstanding that a subsidy is not specific in law, under subsection 2(7.3) of SIMA a subsidy may also be considered specific having regard as to whether:

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

[148] For the 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 subject to countervailing measures if the persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods under investigation have benefited from the subsidy.

[149] Financial contributions provided by SOEs may also be considered to be provided by the government for purposes of this investigation. A 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 some combination thereof.

RESULTS OF THE SUBSIDY INVESTIGATION

[150] At the initiation of the subsidy investigation, the CBSA sent subsidy RFIs to the Government of China, as well as to all known exporters/producers of thermal paper rolls in China.

[151] The Government of China was also requested to forward the subsidy RFI to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the subsidy RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[152] The Government of China and the exporters/producers were also notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the subsidy RFI, failure to permit verification of any information or failure to provide documentation requested during the verification visits may result in the amount of subsidy and the assessment of countervailing duties on subject goods being based on facts available to the CBSA. Further, they were notified that a determination on the basis of facts available could be less favourable than if complete, verifiable information was made available.

[153] The Government of China did not respond to the CBSA’s government subsidy RFI. The lack of response from the Government of China limited the CBSA’s ability to estimate the amount of subsidy in the prescribed manner as the required information relating to financial contribution, benefit and specificity was not provided. It also limited the CBSA’s ability to determine whether producers, or other suppliers of goods and services, are public bodies.

[154] Due to a lack of government and exporter response, subsidy amounts for all exporters were determined pursuant to subsection 30.4(2) of SIMA, based on a ministerial specification.

[155] The amount of subsidy for all exporters from China is presented in a summary table in **Appendix 1**. The total list of programs can be found in the [Statement of reasons—Initiation of investigations](#).

ALL EXPORTERS – CHINA

[156] The CBSA received one complete subsidy RFI response from Shenzhen Likexin. However, Shenzhen Likexin declined an on-site verification visit from CBSA officers.. The CBSA did not receive a response from the Government of China to the government subsidy RFI.

[157] In establishing the methodology for determining the amount of subsidy for all exporters from China, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, and the CBSA's estimates at the preliminary determination of the investigation. Due to the absence of sufficient responses from the Government of China and exporters in China, for all exporters, the amount of subsidy of subject goods originating in or exported from China were based on the CBSA's preliminary determination estimates of the amount of subsidy while using updated export price information on import documentation from the importer RFI.

[158] Using the above methodology, for the final determination of subsidy, the amount of subsidy for all exporters in China is 77.0% expressed as a percentage of the export price.

SUMMARY OF RESULTS – SUBSIDY

[159] A summary of the results of the subsidy investigation respecting all subject goods released into Canada during the POI follows

Table 3:
Summary of Results - Subsidy
(January 1, 2024 to December 31, 2024)

Country of Origin or Export	Amount of Subsidy (% of Export Price)	% of Total Imports (by Value)
All Exporters - China	77.0%	44.7%
Total China		44.7%
All Other Countries	N/A	55.3%
Total		100%

[160] Under paragraph 41(1)(a) of SIMA, the CBSA is required to terminate an investigation in respect of any goods of an exporter if the CBSA is satisfied that the goods have not been subsidized or the amount of subsidy on the goods of that exporter is insignificant.

[161] Pursuant to subsection 2(1) of SIMA, an amount of subsidy of less than 1% of the export price of the goods, for a developed country, is defined as insignificant.

[162] The amount of subsidy determined for all exporter of thermal paper rolls originating in or exported from China is greater than the 1% threshold and is therefore not considered insignificant. As a result, the legislative requirements are satisfied for making a final determination of subsidy respecting thermal paper rolls originating in or exported from China.

[163] A summary of the results of the subsidy investigation respecting the subject goods released into Canada during the subsidy POI are presented in **Appendix 1**.

DECISIONS

[164] On December 9, 2025, pursuant to paragraph 41(1)(b) of SIMA, the CBSA made final determinations respecting the dumping and subsidizing of thermal paper rolls originating in or exported from China.

FUTURE ACTION

[165] The provisional period began on September 10, 2025, and will end on the date the CITT issues its finding. The CITT is expected to issue its decision by January 8, 2026. Provisional duties will continue to be imposed on the subject goods from China until the CITT renders its decision. For further details on the application of provisional duty, refer to the Statement of Reasons issued for the preliminary determination.

[166] If the CITT finds that the dumped and subsidized goods have not caused injury and do not threaten to cause injury, all proceedings will be terminated. In this situation, all provisional duty paid or security posted by importers will be returned.

[167] If the CITT finds that the dumped and subsidized goods have caused injury, the anti-dumping duty and/or countervailing payable on subject goods released by the CBSA during the provisional period will be finalized pursuant to section 55 of SIMA. Imports released by the CBSA after the date of the CITT's finding will be subject to anti-dumping duty equal to the margin of dumping and countervailing duty equal to the amount of subsidy.

[168] The importer in Canada shall pay all applicable duties. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the customs documents, an administrative monetary penalty could be imposed. The provisions of the Customs Act apply with respect to the payment, collection or refund of any duty collected under SIMA. As a result, failure to pay duty within the prescribed time will result in the application of interest.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[169] Under certain circumstances, anti-dumping and/or countervailing duty can be imposed retroactively on subject goods imported into Canada. When the CITT conducts its inquiry on material 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. Should the CITT issue a finding that there were recent massive importations of dumped and/or subsidized goods that caused injury, imports of subject goods released by the CBSA in the 90 days preceding the day of the preliminary determinations could be subject to anti-dumping and/or countervailing duty.

[170] In respect of importations of subsidized goods that have caused injury, 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. In such a case, the amount of countervailing duty applied on a retroactive basis will equal the amount of subsidy on the goods that is a prohibited subsidy. An export subsidy is a prohibited subsidy according to subsection 2(1) of SIMA.

PUBLICATION

[171] A notice of these final determinations of dumping and subsidizing will be published in the *Canada Gazette* pursuant to paragraph 41(3)(a) of SIMA.

CONTACT US

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

E-mail: simaregistry@cbsa-asfc.gc.ca

Web site: www.cbsa-asfc.gc.ca/sima-lmsi



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

ATTACHMENTS

- Appendix 1: Summary of Margin of Dumping and Amount of Subsidy
- Appendix 2: Dumping and Subsidy Representations

**APPENDIX 1 – SUMMARY OF MARGIN OF DUMPING AND
AMOUNT OF SUBSIDY**

Exporter	Margin of Dumping (% of Export Price)	Amount of Subsidy (% of Export Price)
China		
All Exporters - China	282.1%	77.0%

Note: The CBSA did not receive sufficient information from the Government of China, nor exporters/producers. Thus, in the event of an injury finding by the Canadian International Trade Tribunal, all exporters/producers will be subject to the All Exporters - China anti-dumping duty rate and countervailing duty rate, pursuant to a ministerial specification.

Please consult the [SIMA Self-Assessment Guide](#) for more detailed information explaining how to determine the amount of SIMA duties owing.

APPENDIX 2 – DUMPING AND SUBSIDY REPRESENTATIONS

During the investigations, representations were received on behalf of the complainants, McDermid Paper Converters Limited (McDermid), Media Cash Register Inc. (Media), and Custom Paper Ltd. (Custom Paper) (hereinafter, “the complainants”)⁵⁶ and on behalf of Unifor⁵⁷

Following the closing of the record on October 20, 2025, case arguments were received on behalf of the complainants⁵⁸.

The CBSA did not receive any reply submissions:

Certain details provided in case briefs and reply submissions were designated as confidential information by the submitting counsel. This has restricted the ability of the CBSA to discuss all issues raised in these submissions. The material issues raised by the parties are summarized as follows:

Dumping Representations

The CBSA should find that Section 20 conditions exist in the thermal paper sector in China

Counsel for the complainant emphasized that the Government of China owns or controls the largest Chinese producers of thermal paper jumbo rolls provides massive subsidization to both jumbo and finished thermal paper roll producers, and enacted policies directing the development of the paper industry including specifically the thermal paper industry.

CBSA’s response

The CBSA is of the opinion that the conditions of section 20 exist in the papermaking sector in China, which includes the thermal paper segment, based on available evidence on the record. A summary of the analyses and findings are included in the section 20 analysis above.

⁵⁶ Exhibits 93 (PRO) & 94 (NC) - Comments submitted by counsel for McDermid Paper Converters Ltd., Media Cash Register Inc., and Custom Paper Ltd. (“the Complainants”) regarding exhibits 069-070 and 077-078, Exhibits 101 (PRO) & 102 (NC) - Comments submitted by counsel for McDermid Paper Converters Ltd., Media Cash Register Inc., and Custom Paper Ltd. (“the Complainants”) regarding the application of section 20, Exhibits 111 (PRO) & 112 (NC) - Comments submitted by counsel for McDermid Paper Converters Ltd., Media Cash Register Inc., and Custom Paper Ltd. (“the Complainants”) regarding Dongguan Likexin Printing Co., Ltd.’s exporter request for information (RFI) response (refers to exhibits 105-106), and Exhibits 132 (PRO) & 133 (NC) - Additional comments submitted by counsel for McDermid Paper Converters Ltd., Media Cash Register Inc., and Custom Paper Ltd. (“the Complainants”) regarding the application of section 20

⁵⁷ Exhibits 140 (NC) - Comments submitted by Unifor regarding the application of section 20 in the People's Republic of China

⁵⁸ Exhibits 143 (PRO) & 144 (NC) – Case brief filed on behalf of the complainants.