



OTTAWA, June 27, 2025

TPR 2025 IN

STATEMENT OF REASONS

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

THERMAL PAPER ROLLS ORIGINATING IN OR EXPORTED FROM CHINA

DECISION

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the Canada Border Services Agency initiated investigations on June 12, 2025, respecting the alleged injurious dumping and subsidizing of thermal paper rolls originating in or exported from the People's Republic of China.

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SUMMARY

[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 (GOC) that a properly documented complaint had been filed. At that time, the GOC 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.

INTERESTED PARTIES

COMPLAINANTS

[5] The names and addresses of the complainants are 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

[6] 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

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

TRADE UNIONS

[8] 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

EXPORTERS

[9] 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), as well as the CBSA’s Subsidy RFI and Section 20 RFI.

IMPORTERS

[10] 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.

GOVERNMENT

[11] Upon initiation of the investigation, the GOC was sent the CBSA’s Government Subsidy RFI and the Government Section 20 RFI.

¹ TPR Complaint (NC), para. 45

² TPR Complaint (NC), para. 46

³ TPR Complaint (NC), paras. 47-49

[12] For the purposes of these investigations, the GOC 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

PRODUCT DEFINITION

[13] 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.

ADDITIONAL PRODUCT INFORMATION⁴

[14] 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).

[15] 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.

[16] 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.

⁴ TPR Complaint (NC), paras. 11-14

[17] 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.).

PRODUCTION PROCESS⁵

[18] 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.

[19] 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.

[20] 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.

⁵ TPR Complaint (NC), paras. 15-20

[21] 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.

[22] 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.

CLASSIFICATION OF IMPORTS

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

4811.90.00.90

[24] 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 GOODS⁶

[25] 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 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.

⁶ TPR Complaint (NC), paras. 38-41

[26] 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.

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

[28] 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.

THE CANADIAN INDUSTRY

DOMESTIC PRODUCERS

[29] 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.⁷ As previously noted, the CBSA also conducted its own supplementary research but did not identify any other thermal paper roll producers in Canada.

ESTIMATES OF DOMESTIC PRODUCTION

[30] The complaint included the annual production of like goods for the complainants, as well as an estimation for the other Canadian producer, Western Diazo, for each calendar year from 2021 to 2024. Based on the information provided in the complaint, the complainants account for the vast majority of the production of like goods in Canada.

STANDING

[31] 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.

⁷ TPR Complaint (NC), para. 44

[32] 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

[33] Statistics Canada import data for HS 4811.90.00.90 contains both subject and non-subject imports. For this reason, the complainants estimated imports meeting the subject goods product definition by using the ratio of possible subject thermal paper rolls provided to them by the CBSA on a country specific basis. The complainants applied these ratios to the Statistics Canada total import values to derive an estimated value of subject imports.

[34] The CBSA estimated the total annual value and volume of imports of thermal paper rolls from January 1, 2021 to December 31, 2024. The data is based on information obtained from the CBSA's Facility Information Retrieval Management (FIRM) database, the CBSA's Assessment and Revenue Management (CARM) system, the CBSA's Accelerated Commercial Release Operations Support System (ACROSS), import documentation provided by the complainants, and the CBSA's own research.

[35] It should be noted that in reviewing the import data available, the CBSA found that a significant amount of goods imported under the tariff code 4811.90.00.90 are not thermal paper rolls. This was not a result of misclassification, rather, the tariff classification itself covers a very broad range of paper products beyond thermal paper rolls.

[36] In addition, while the CBSA believes that the dollar values reported in FIRM are accurate for all goods imported under tariff code 4811.90.00.90, the CBSA does not believe that the volume figure is accurate. While the goods are supposed to be reported in metric tonnes, a review of the ACROSS data showed that importers used many different units of measurement, such as: each, count, dozen, pieces, square meters, sets, boxes, etc. Given the nature of thermal paper rolls, with each type of roll having its own unique dimensions resulting in a particular weight, there is no reasonable methodology in which to convert that data available from FIRM to represent a meaningful amount in metric tonnes. The matter is further complicated by the fact that the FIRM data for each year of imports consists of hundreds of thousands of line and involves thousand of exporters and importers. As a result, the CBSA considers the import data reflecting the Canadian dollar (CAD) value to be more accurate and will rely on that data for purposes of negligibility as well as for purposes of considering import trends.

**Table 1:
CBSA’s Estimate of Thermal Paper Rolls Import Value (CAD)**

Country	2021		2022		2023		2024	
	\$	%	\$	%	\$	%	\$	%
China	\$9,206,895	40.9%	\$13,811,690	45.1%	\$12,554,555	44.5%	\$13,336,214	44.7%
South Korea	\$1,245,420	5.5%	\$2,064,087	6.7%	\$1,083,785	3.8%	\$726,253	2.4%
United States	\$9,064,057	40.2%	\$10,553,976	34.5%	\$11,308,818	40.1%	\$11,945,914	40.1%
All Others	\$3,011,159	13.3%	\$4,200,528	13.7%	\$3,248,950	11.5%	\$3,816,858	12.9%
Total Imports	\$22,527,531	100%	\$30,630,282	100%	\$28,196,109	100%	\$29,825,239	100%

[37] The CBSA will continue to gather and analyze information on the volume of imports during the Period of Investigation (POI) of January 1, 2024 to December 31, 2024 as part of the preliminary phase of the dumping and subsidy investigations and will refine these estimates.

EVIDENCE OF DUMPING

[38] The complainants 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.

[39] 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.

[40] The complainant made the allegation that the thermal paper sector in China may not be operating under competitive market conditions and as such, the domestic market for thermal paper rolls may not be relied upon for the purpose of determining normal values.

[41] 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.

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

SECTION 20 ALLEGATIONS

[43] 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

[44] 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.

[45] 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.

[46] The complaint alleged that the conditions described in section 20 of SIMA prevail in the thermal paper industry in China, including the thermal paper rolls sector. That is, the complainant alleged that this sector in China does not operate under competitive market conditions and consequently, the domestic prices of thermal paper rolls in China are not reliable for determining normal values.

[47] The complainant provided a variety of evidence to support the claim that the GOC substantially determines domestic prices of thermal paper rolls and that the prices are substantially different than they would be in a competitive market.⁹ Specifically, the complainants cited specific policies implemented by the GOC, provided evidence of state-ownership and control, and noted the extent of the subsidization in the wood, pulp, paper products, chemicals and thermal paper sectors in China. The complaint alleged that the market distortions and cost advantages provided to Chinese producers of wood, pulp, paper products, chemicals and thermal paper translate directly into distortions to finished thermal paper roll prices in China.

[48] Based on the information provided by the complainants, the CBSA believes that there is a reasonable indication to support an inquiry into the allegations that the measures taken by the GOC may substantially influence prices in the thermal paper sector in China. 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 thermal paper sector in China.

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

⁹ TPR Complaint (NC), paras. 78-208

[49] 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 GOC, requesting detailed information related to the thermal paper sector in China.

[50] 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.

[51] 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 has sent questionnaires to known producers of thermal paper rolls in these countries.

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

[53] 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.

[54] In the event that the CBSA forms an opinion that domestic prices of thermal paper rolls 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.

[55] While the complainants alleged that section 20 conditions exist in the thermal paper sector in China, they did not provide estimated section 20 normal values in the complaint. For the purposes of initiation, the CBSA has made a conservative estimate of the margin of dumping for China and therefore did not utilize the section 20 methodology.

NORMAL VALUE

Complainants' Estimates of Normal Values

[56] The complainants' allegations of dumping are based on a comparison of their estimated normal values for the allegedly dumped goods with their estimated export prices. The complainants calculated margins of dumping for the period of January 1, 2023 to December 31, 2024.

[57] Based on information provided in the complaint, subject and like goods are available in a variety of models and can be differentiated based on a number of key product characteristics such as: product dimensions (e.g. roll width, length, diameter, etc.), paper caliper (i.e. thickness), paper weight, type of core (e.g. plastic core, fibre core, or coreless), BPA-free, backside printing, top-coating, etc.¹⁰ However, the complainants also indicated that the vast majority of thermal paper rolls sold in Canada are for point-of-sale applications which typically involve standard widths of either 3 1/8 inches (i.e. used for transaction receipts for purchases of goods/services) or 2 1/4 inches (i.e. used for debit/credit card receipts).¹¹

[58] For purposes of estimating normal values, the complainants compiled data focusing on the two most common subject goods models imported during the four quarters of 2024.¹² Those two key benchmark thermal paper roll products identified by the complainants were:

- 2 1/4 inches (i.e. width) x 60 feet (i.e. length), 48 gsm (i.e. paper weight), BPA free, blank rolls (i.e. no backside printing); and
- 3 1/8 inches x 200 feet, 48 gsm, BPA free, blank rolls.¹³

Section 15

[59] The complaint included estimates of normal values for the benchmark thermal paper roll products pursuant to section 15 of SIMA. The Chinese domestic prices used by the complainants were based on prices for finished thermal paper rolls reported on e-commerce platforms "Made-in-China" and "Alibaba". However, the complainants argued that the CBSA should disregard the online prices and the normal values estimated pursuant to section 15, as the prices from those platforms are made to a substantially different trade level than the importers in Canada and there is insufficient information to estimate a trade level adjustment. Further, the complainants noted that there is no way to accurately ensure that the online prices they found were in fact domestic prices and not prices for export given the platforms and their vendors primarily target export markets. They also noted that available evidence shows that the online prices appear to be below the Chinese cost of production of thermal paper rolls.¹⁴

¹⁰ TPR Complaint (NC), Exhibit 9-01A, Attachment 00, para. 13

¹¹ TPR Complaint (NC), Exhibit 9-01A, Attachment 00, para. 11

¹² TPR Complaint (NC), para. 65

¹³ TPR Complaint (NC), para. 383

¹⁴ TPR Complaint (NC), paras. 59-60

Section 19

[60] The complainants 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.

[61] As detailed costs of thermal paper roll production in China were not available, the complainants estimated the costs of production of the subject goods from China based on the complainants' own costs of production, adjusted to reflect conditions in China as well as publicly available information on costs and profits China.

Raw Material Cost

[62] Both subject and like goods are produced by converting jumbo thermal paper rolls (jumbo rolls) into finished thermal paper rolls.¹⁵ As such, the most important raw material is jumbo thermal paper rolls, which account for the majority of the total raw material cost of the benchmark products in Canada. The complainants estimated raw material costs for each benchmark model based on actual Chinese jumbo roll selling prices. Other minor raw materials used in producing the subject goods, such as cores and packing material, were also included.

Labour Cost

[63] The complainants estimated labour costs by taking the average of the labour cost incurred by the complainants as applicable to each benchmark model and adjusting it for differences in Chinese labour rates.¹⁶

[64] The complainants calculated a labour adjustment factor by comparing 2023 Chinese manufacturing wage data with 2024 Canadian manufacturing wage data, which was the most recent information available from TradingEconomics. As a result of that comparison, the complainants calculated a downward adjustment of 69.3%. This adjustment ratio was then applied to the complainants' labour costs in order to estimate labour costs in China.¹⁷

Overhead Cost

[65] The complainants estimated overhead costs by taking the average of the overhead cost incurred by the complainants, as applicable to each benchmark model. The complainants also adjusted the proportion of their overhead costs that were attributable to labour for differences in Chinese and Canadian labour rates by using the same adjustment figure noted above.¹⁸

¹⁵ TPR Complaint (NC), para. 15

¹⁶ TPR Complaint (NC), para. 63

¹⁷ TPR Complaint (NC), para. 66

¹⁸ TPR Complaint (NC), para. 63

Administrative, Selling and Other Costs

[66] The complainants estimated an amount for administrative, selling, and other costs based on information found in publicly available financial statements of paper producers in China who produce a variety of paper products which include thermal paper rolls.

[67] Specifically, the complainants found 2024 annual public financial statements for three companies, namely, Shandong Chenming Paper (Chenming), Guangdong Guanhao High-Tech Co., Ltd. (Guanhao) and Guangdong Tengen Industrial Co. (Tengen). However, the financial statements for Chenming showed that company operated at a loss in 2024. As a result, the complainants relied upon the information found in the financial statements of the other two companies, Guanhao and Tengen. Using the information available from those two companies, the complainants calculated weighted average rates of 11.5% for selling, general and administrative (SG&A) and 1.6% for financial expenses (FE), expressed as a percentage of the cost of goods sold (COGS).¹⁹

Amount for Profits

[68] The complainants estimated an amount for profits using the 2024 publicly available financial statements of both Guanhao and Tengen. This resulted in a weighted average amount for profits of 8.2%.²⁰ That estimated amount for profits was expressed as a percentage of the total cost of production (COP), which is the sum of COGS, SG&A, and FE.²¹

CBSA's Estimates of Normal Values

[69] The CBSA agreed with the complainants that there is insufficient information available to reasonably estimate normal values pursuant to section 15 of SIMA. In conducting its own research, the CBSA was unable to find better pricing information than was presented in the complaint. Like the complainants, the CBSA was unable to find pricing specific to comparable trade levels as the importers in Canada. The CBSA also found that much of the pricing shown on websites such as Alibaba did not appear to be market specific and showed the same prices despite changing the shipping destinations to different countries around the world, including both Canada and China.

[70] As a result, the CBSA found the paragraph 19(b) methodology used by the complainants to be reasonable for purposes of estimating normal values. Where the complainants relied on their own costs as part of the estimate, they also ensured that such costs were adjusted to reflect differences in Chinese and Canadian labour costs. Further, the complainants made a reasonable effort to estimate administrative, selling and all other costs and an amount for profits based on publicly available information from Chinese thermal paper roll producers.

¹⁹ TPR Complaint (NC), para. 68

²⁰ TPR Complaint (NC), para. 69

²¹ TPR Complaint (NC), Exhibit 7-07

[71] The CBSA used the same information and paragraph 19(b) methodology as the complainants to estimate its normal values. However, the CBSA noted that the complainants had used only partial 2024 financial data for Tengen as fourth quarter results had not been available at the time of filing. The CBSA was able to find the more recent and full 2024 results²² for Tengen and used those, combined with Guanhao, to update the normal value estimates. As a result, the CBSA estimated weighted average rates of 11.3% for SG&A and 1.1% for FE, expressed as a percentage of COGS. For the amount for profits, the CBSA estimated a weighted-verage amount of 7.4%, expressed as a percentage of the total COP.

[72] With respect to the complainant's allegations that the conditions of section 20 prevail in the thermal paper sector in China, the CBSA will endeavor to gather additional information from exporters, the GOC, and other relevant sources in order to enable the CBSA to form an opinion as to whether the conditions of section 20 exist in the domestic market for thermal paper in China. While the CBSA acknowledges that there is reasonable evidence that the conditions of section 20 exist in the thermal paper sector in China, the CBSA finds the methodology of section 19 to be a conservative and reasonable basis for estimating normal values at this stage.

EXPORT PRICE

Complainants' Estimate

[73] The complainants estimated quarterly export prices for each benchmark product based on actual Chinese selling prices for thermal paper rolls. The complainants made adjustments to the prices where necessary to estimate export prices on an ex-factory China basis.²³

CBSA's Estimate

[74] The export price of goods sold to an importer in Canada is generally determined in accordance with section 24 of SIMA as being an amount equal to the lesser of the exporter's sale price for the goods and the price at which the importer has purchased or agreed to purchase the goods adjusted by deducting all costs, charges, expenses, and duties and taxes resulting from the exportation of the goods.

[75] Where possible, the CBSA often relies on its own internal import data to estimate average export prices for imports of subject goods imported during the period of review for purposes of initiating an investigation. However, the CBSA also occasionally encounters situations where internal import data cannot be used to reasonably estimate export price due to unique product characteristics, numerous different model types, inconsistent reporting of unit of measurement, wide varieties of packaging types, etc.

²² <https://www.wsj.com/market-data/quotes/CN/XSHE/003003/financials/annual/income-statement>

²³ TPR Complaint (NC), paras. 212 to 215

[76] In the case of thermal paper rolls, the CBSA does not consider the data to reasonably or reliably reflect the volume of subject imports, as detailed earlier. As a result, CBSA did not use internal import data to estimate export prices for purposes of estimating a margin of dumping.

[77] For thermal paper rolls, the CBSA used the same methodology as the complainants in order to estimate quarterly weighted average export prices of subject goods in 2024. Following a review of the complainants' information and calculations, the CBSA made some adjustments and corrections to their data which resulted in slightly different estimated export prices.

ESTIMATED MARGIN OF DUMPING

[78] The CBSA estimated the margin of dumping for subject goods from China by comparing the estimated normal values with the estimated export prices for the period of January 1, 2024 to December 31, 2024. The CBSA estimates that subject goods from China were dumped on average by 55.2%, expressed as a percentage of the export price.

EVIDENCE OF SUBSIDIZING

[79] 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.

[80] 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.

[81] 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.

[82] 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.

[83] 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.

[84] 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

[85] The complainants 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 complainants asserted that the programs are subsidies according to section 2 of SIMA and that they are actionable. The complainants has also claimed that the programs are either used by or available for use by thermal paper roll producers and exporters in China.

[86] In the analysis of the complainants’ 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 section 2, including 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.

Complainants' Identification of Alleged Subsidy Programs in China

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

[88] The complainants identified and provided 31 potential subsidy programs that producers and exporters of thermal paper rolls in China may have benefitted from. The complainants alleged 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 thermal paper rolls in China. The documents that formed the basis for these allegations were appended to the complaint. The complainants also asserted that the subsidy programs they had identified are not exhaustive and alleged potential additional countervailable subsidy programs available to producers of thermal paper rolls in China.²⁴

[89] The complainants provided a general description of each alleged subsidy program, together with references to the provisions in SIMA, under which the subsidy is alleged to constitute a financial contribution and under which it would be considered to be specific and, therefore, actionable. The complainants alleged that each identified program potentially confers an actionable or prohibited subsidy to producers and exporters of thermal paper rolls in China. The documents that formed the basis for these allegations were appended to the complaint.

CBSA's Analysis of Alleged Subsidy Programs in China

[90] Given that the complainants' principal evidence, with respect to availability and/or use of subsidy programs by thermal paper roll producers/exporters in China, consists of references to other countervailing investigations conducted by either the CBSA or USDOC, the CBSA reviewed the relevant public decision documents for these investigations. Further, the CBSA reviewed China's most recent Subsidy Notifications to the WTO.²⁵

²⁴ TPR Complaint (PRO), para. 219

²⁵ New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures; China; 20 July, 2023;

[91] In recent subsidy investigations concerning China, namely *Upholstered Domestic Seating*, *Decorative Plywood*, *Container Chassis*, *Mattresses*, and *Pea Protein*, the CBSA conducted in-depth analyses of Chinese subsidy programs across various cases to eliminate duplicates, resulting in 27 programs at initiation for *Upholstered Domestic Seating*²⁶, 23 programs at initiation for *Decorative Plywood*²⁷, 27 programs at initiation for *Container Chassis*²⁸, 34 programs at initiation for *Mattresses*²⁹ and 16 programs at initiation for *Pea Proteins*³⁰.

[92] For purposes of the thermal paper rolls subsidy investigation, the CBSA started with these analyses and removed any programs identified that were not relevant to the complaint, such as programs only applicable to other industries, and other programs referencing specific exporters or producers. This resulted in a list of potential subsidies based upon past and most recent CBSA investigations that likely impact the manufacture and exportation of the subject goods.

[93] The CBSA then compared this list to the subsidy programs alleged in the complaint itself, where sufficient evidence was provided. The majority of the programs alleged in the complaint were already covered under the list created by the CBSA.

[94] In addition, some programs identified in the complaint were previously identified as duplicates in the above mentioned CBSA analysis in recent subsidy investigations concerning China which resulted in some programs being combined and/or renamed. For example, the complainants identified several preferential loan, export credit insurance, and tax benefit programs, but these had already been captured under the various Preferential Loan, Tax and Grant programs identified by the CBSA.

[95] Using information provided by the complainants, the CBSA added to its list 10 alleged subsidy programs that may confer a countervailable benefit specifically to the thermal paper roll industry in China and/or individual producers of subject goods.

[96] Based on all the information available, the CBSA was able to compose a list of 25 potentially actionable subsidy programs. These programs can be grouped into the following five categories:

1. Grants;
2. Preferential Tax Programs;
3. Relief from Duties and Taxes;
4. Provision of Goods or Services at Less Than Adequate Remuneration
5. Preferential Loans and Loan Guarantees

²⁶ [Certain upholstered domestic seating 2020 investigations - Statement of Reasons—Initiation of investigations \(cbsa-asfc.gc.ca\)](https://www.cbsa-asfc.gc.ca/reasons/2020/2020-upholstered-domestic-seating-statement-of-reasons-initiation-of-investigations)

²⁷ [Decorative and other non-structural plywood 2020 Investigations - Statement of Reasons - Initiation of investigations \(cbsa-asfc.gc.ca\)](https://www.cbsa-asfc.gc.ca/reasons/2020/2020-decorative-and-other-non-structural-plywood-investigations-statement-of-reasons-initiation-of-investigations)

²⁸ [Container chassis 2021 investigations—Statement of Reasons—Initiation of investigations \(cbsa-asfc.gc.ca\)](https://www.cbsa-asfc.gc.ca/reasons/2021/2021-container-chassis-statement-of-reasons-initiation-of-investigations)

²⁹ [Mattresses 2022 investigations—Statement of Reasons—Initiation of investigations \(cbsa-asfc.gc.ca\)](https://www.cbsa-asfc.gc.ca/reasons/2022/2022-mattresses-statement-of-reasons-initiation-of-investigations)

³⁰ [High Protein Content Pea Protein 2024 investigations—Statement of Reasons—Initiation of investigations \(cbsa-asfc.gc.ca\)](https://www.cbsa-asfc.gc.ca/reasons/2024/2024-high-protein-content-pea-protein-investigations-statement-of-reasons-initiation-of-investigations)

[97] The description of the identified programs to be investigated are found in the Appendix.

[98] As for other potential subsidy programs, if more information becomes available during the investigation that indicates that some exporters/producers of subject goods may have benefited from additional programs during the POI, the CBSA will request complete information from the GOC and exporters/producers of subject goods to pursue the investigation of the program.

[99] The CBSA finds that the available information, as provided by the complainants and complemented by the CBSA, provides strong evidence that numerous countervailable subsidy programs are available to thermal paper roll producers/exporters in China and that several of these programs are likely providing benefits to these companies.

ESTIMATED AMOUNT OF SUBSIDY

Complainants' Estimate

[100] The complainants were unable to estimate the amounts of subsidy on a program basis for the subject goods imported from China. Instead, the complainants estimated the amounts of subsidy by calculating the difference between the weighted average export prices and the cost of production of the subject goods sold into Canada during the period of January 1, 2024 to December 31, 2024. The total cost of production and export price was estimated using the same methodology presented in the dumping section. This resulted in non-negligible estimated amounts of subsidy.³¹

CBSA's Estimate

[101] 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.

[102] 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 exporters' ability to sell subject goods to Canada at prices substantially below their estimated full costs supports the complainants' allegations that subsidies are being conferred on the imported goods.

[103] 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 43.8% of the export price.

³¹ TPR Complaint (NC), para. 359

SUBSIDY CONCLUSION

[104] Information provided in the complaint, gathered through the CBSA's own research and/or made available through public documents, together indicates that sufficient evidence exists respecting subsidy programs in China that benefit the exporters of subject goods.

[105] Furthermore, the information available indicates that the volumes of goods are not negligible according to SIMA and the WTO guidelines. Consequently, the CBSA is satisfied that sufficient grounds are present to warrant the initiation of a subsidy investigation concerning the subject goods from China.

EVIDENCE OF INJURY

[106] The complainants alleged 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 thermal paper roll industry in Canada. In support of its allegations, the complainants provided evidence of:

- Increased subject imports, loss of market share, lost sales;
- Price undercutting, price depression and price suppression;
- Decline in capacity utilization;
- Reduced profitability; and
- Negative impact on investments and employment.³²

INCREASED SUBJECT IMPORTS, LOSS OF MARKET SHARE, LOST SALES

[107] The complainants stated that the volume of subject good imports has increased significantly in recent years, directly contributing to lost market share and lost sales. To support their allegations, the complainants provided their estimates of imports from 2021 to 2024³³ and their sales from Canadian production for the domestic market from 2021 to 2024. As it relates to the volume of imports into Canada during the period of 2021 to 2024, the complainants noted that the volume of subject goods significantly over the whole period. The complainants further noted that the volume of subject good imports increased relative to their own domestic production levels.

[108] With respect to loss of market share, the complainants noted that as the import levels of subject goods increased significantly, that the market share of domestic producers fell. The complaint shows that imports of subject goods gained large amounts of market share during recent years. With respect to lost sales, the complainants submitted that the information in the complaint demonstrated that the domestic producers lost a significant volume of sales as the level of subject goods imports increased.

³² TPR Complaint (NC), paras. 360-412

³³ TPR Complaint (NC), Exhibit 9-04

[109] Based on the CBSA's estimates and analysis of import volumes, the CBSA finds the complainants' claim of increased import volumes to be reasonable and well supported. The CBSA finds that the injury factors of increased volume of subject goods and lost market are sufficiently supported and linked to the allegedly dumped and subsidized goods. The CBSA further finds that the complainants' details of specific lost sales are extensive and sufficiently linked to the presence of imports of subject goods.

PRICE UNDERCUTTING

[110] The complainants stated that the allegedly dumped goods captured market share at the expense of the domestic industry by undercutting the prices of the domestic producers. The complaint explained that price is an important factor for customers' thermal paper rolls purchasing decisions.

[111] The evidence of price undercutting provided by the complainants compared the average unit import value of the subject goods, as calculated based on Statistics Canada data, against the complainants' weighted average unit price for the years 2021 to 2024. The result of this comparison demonstrated significant and increasing price undercutting from the subject goods for the period 2021 to 2024.

[112] In addition, the complainants also detailed account-specific examples of price undercutting by subject goods well below that of the complainants. The complainants listed numerous examples of price undercutting occurring during the years 2022 to 2025, and showed price undercutting by the subject goods occurring on specific accounts.

[113] Based on the CBSA's analysis of the information contained in the complaint, the CBSA finds the claim of price undercutting to be supported and sufficiently linked to the allegedly dumped and subsidized goods.

PRICE DEPRESSION AND PRICE SUPPRESSION

[114] The complainants submitted that the price undercutting discussed above has resulted in price depression and price suppression during 2023 and 2024 when they lowered prices to compete with subject goods imports.

[115] Regarding price depression, the complainants noted that their overall average selling price fell from 2023 to 2024. To support the allegations of price suppression, the complaint provided information which suggests that the domestic industry was unable to increase selling prices from 2021 to 2024 at a commensurate level with the increase to their costs of goods sold over the same period.

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

REDUCED CAPACITY UTILIZATION

[117] The complaint included data with respect to the capacity utilization and production volumes of the domestic producers of thermal paper rolls. This information suggested a worsening trend as information contained in the complaint showed the capacity utilization of the complainants dropped from 2021 to 2024 for all production. The complainants stressed that their declining capacity utilization rates and increasing excess production capacity occurred during the same timeframe that the volume of imports of subject goods significantly increased.

[118] Based on the CBSA's analysis of information of the consolidated production and capacity utilization of the complainants, the CBSA finds the complainants' claims of reduced production volumes and capacity utilization to be reasonable and well supported. As such, the CBSA is of the opinion that this injury factor is sufficiently supported and linked to the allegedly dumped and subsidized goods.

REDUCED PROFITABILITY

[119] The complaint alleged that the injurious impact of the dumped and subsidized goods is demonstrated by the financial results of the complainants. Specifically, the complainants argued that competition from subject imports had an adverse impact on the profitability of the domestic producers through the above-noted lost sales, price suppression and price depression. The complainants argued that this raises significant concerns about the viability of their domestic industry going forward.³⁴ To support this allegation, the complaint pointed to significant reductions in both gross margin and net income from 2021 to 2024.

[120] The CBSA has reviewed the financial information contained in the complaint and finds that the information establishes a trend of a worsening financial situation, thereby supporting the complainants' allegations of impacted financial results and reduced profitability. The CBSA finds it reasonable to assume that the presence of the other injury factors would have some impact on the financial results of the domestic industry, but that the information in the complaint has sufficiently linked the allegedly dumped and subsidized goods to the domestic industry's impacted financial results.

NEGATIVE IMPACTS ON INVESTMENT AND EMPLOYMENT

[121] The complaint included details of recent and potential investment activities for thermal paper roll production in Canada. However, the complainants noted recent difficulties realizing the expected returns or benefits from their investments due to increased competition from the subject goods, putting these investments and future capital investments at risk.

[122] Regarding the adverse impact on employment, the complaint showed some employee layoffs occurred as well as declining production hours in recent years.

³⁴ TPR Complaint (NCs), para. 397

EVIDENCE OF THREAT OF INJURY

[123] The complainants alleged that the dumping and subsidy of thermal paper rolls are threatening to cause injury to its production and provided evidence for each of the following factors to support its allegations:

- Chinese and Global Market Conditions Will Encourage Increased Chinese Exports;
- Increase in Subject Good Imports;
- Chinese producers are export-oriented and have significant freely disposable capacity;
- Subject Imports from China Are Likely to Continue to be Dumped and Subsidized at Injurious Low Prices;
- Subject Imports from China are Likely to Negatively Impact the Domestic Industry; and
- The Effects of Subsidy is Significant.

CHINESE AND GLOBAL MARKET CONDITIONS WILL ENCOURAGE INCREASED CHINESE EXPORTS

[124] According to the complainants, Chinese and international market conditions will incentivize increased subject Chinese exports in the next 12 to 24 months.³⁵ To support this allegation the complaints included data with respect to a number of market conditions which, according to the complainants, will make Canada an attractive market for the continued export of subject goods. These conditions include:

1. Declining market demand in China;
2. Declining market demand in global markets; and
3. Canada will remain an attractive market for subject imports.

[125] The CBSA has reviewed the information contained in the complaint with respect to the declining market demand for subject goods in China; due to its online payment revolution and government initiatives to go paperless and the potential impact on the supply and demand for thermal paper rolls in the domestic market.³⁶ With respect to the information in the complaint concerning this condition, the CBSA finds there is unlikely to be a significant domestic Chinese market for thermal paper rolls in the next 12 to 24 months. However, the information with respect to the supply of paper products in China is found to be general and not sufficiently linked to the production of thermal paper rolls.

³⁵ TPR Complaint (NC), para. 413

³⁶ TPR Complaint (NC), paras. 415-419

[126] The complainants provided evidence that the declining market demand in global markets for thermal paper rolls, specifically in the European Union, the United Kingdom, and the United States, will increase exports of subject goods to Canada.³⁷ With respect to the information in the complaint concerning this condition, the CBSA finds this information to be specific to thermal paper rolls and is sufficiently linked to the demand for thermal paper.

[127] The CBSA does not find that the information provided with respect to the general market conditions for thermal paper rolls in Canada is sufficient to reasonably establish that Canada will remain a more attractive thermal paper roll market than any other country in the following 24 months. However, a review of the CBSA's estimates of imports and export prices does suggest a trend of increasing imports of subject goods to Canada at prices well below those offered by the domestic producers. Further, when paired with the information provided in the complaint which suggests that a declining demand for subject goods in the global markets, the CBSA acknowledges the likelihood that Canada may remain an attractive market for dumped and subsidized subject goods.

[128] The CBSA finds that certain market conditions outlined in the complaint to reasonably support the allegation that there is unlikely to be a significant market for thermal paper rolls in China and globally in the next 12 to 24 months. As a result, the CBSA finds that producers of subject goods in China may view Canada as an attractive market for future exports.

INCREASE IN SUBJECT GOOD IMPORTS

[129] The complainants showed increasing imports of subject goods from China for the years 2021 through 2024. Moreover, the complainants submitted that imports from China under HS code 4811.90.00.90 has grown significantly since 2013, and that imports of subject goods will continue to grow.³⁸ The complainants attributed this growth to factors such as "Chinese producers are export-oriented and have significant freely disposable capacity", which are further discussed below.

[130] The CBSA finds this allegation reasonable and well-supported. The trend of increased subject imports could lead to further increases at prices that substantially undercut domestic producer's pricing, which will threaten to cause injury to the Canadian domestic industry.

³⁷ TPR Complaint (NC), paras. 420-426

³⁸ TPR Complaint (NC), paras. 433-445

CHINESE PRODUCERS ARE EXPORT-ORIENTED AND HAVE SIGNIFICANT FREELY DISPOSABLE CAPACITY

[131] According to the complainants, Chinese thermal paper producers are becoming increasingly export-oriented as demand for paper products in China, including thermal paper rolls, declines. The complainants provided evidence of major Chinese paper manufacturers actively marketing thermal paper rolls and other paper products to international markets for export.³⁹

[132] The complainant provided evidence that Chinese producers have significant excess production capacity, which could enable them to capture a larger share of the Canadian thermal paper roll market. For example, the complainant provided a list of 19 Chinese thermal paper rolls producers and their production capacity, showing a combined total production capacity of 3,490,946 MT.⁴⁰

[133] The complainant further stated that the Canadian market is particularly attractive to Chinese producers due to a steady Canadian market for subject goods and heightened global competition due to US tariffs and ant-dumping and countervailing duties, and government regulations in the European Union.⁴¹

[134] The CBSA finds that the information suggests the existence of excess production capacity of thermal paper rolls in China. The CBSA also finds that Chinese producers of thermal paper rolls will attempt to increase exports to attractive markets like Canada and thereby threaten to cause injury to the Canadian domestic industry.

SUBJECT IMPORTS FROM CHINA ARE LIKELY TO CONTINUE TO BE DUMPED AND SUBSIDIZED AT INJURIOUSLY LOW PRICES

[135] As described in the Injury section, the complainants alleged that the subject imports have caused material injury to the domestic industry in the form of price undercutting, price depression, and price suppression.⁴² The complainants submitted these injurious pricing effects are likely to continue over the next 12 months as market pressures encourage exporters of subject goods to continue to export to Canada. According to the complainants, given the increasing levels of price undercutting, there is no indication that this behaviour is likely to subside in the next 12 months.

[136] As discussed in the respective sections, the CBSA finds the complainants' allegations of price undercutting and price suppression to be well documented, well supported and reasonable. Further, the CBSA finds that the continued presence of these conditions threaten to cause further injury to the domestic industry.

³⁹ TPR Complaint (NC), paras. 438-445

⁴⁰ TPR Complaint (NC). Table 22 : Chinese Thermal Paper Roll Production Capacity

⁴¹ TPR Complaint (NC), paras. 454-457

⁴² TPR Complaint (NC), paras. 381-390

SUBJECT IMPORTS FROM CHINA ARE LIKELY TO NEGATIVELY IMPACT THE DOMESTIC INDUSTRY

[137] As discussed in the Injury section, the complainants submitted that the significantly increasing volumes of dumped and subsidized subject imports have caused material injury to the domestic industry. The complainants alleged that the price effects of the subject imports include: lost sales and market share, price undercutting, reduced capacity utilization, price depression and suppression, losses of profitability, and negative impact on employment, wages, and investments.⁴³ The complainants argued that all indications are that these adverse impacts are likely to continue and may grow as subject import volumes increase, threatening to cause further injury to the domestic industry.

[138] As discussed in the respective sections, the CBSA finds the complainants' allegations that the subject imports have adversely impacted the domestic industry to be reasonable and well supported. Specifically, the CBSA finds that the complainants have provided sufficient evidence to reasonably link the allegations of lost sales and market share, price undercutting, reduced capacity utilization, price depression and suppression, losses of profitability, and negative impact on employment, wages, and investments. Further, the CBSA finds that the continued presence of the allegedly dumped and subsidized goods threaten to cause further injury to the domestic industry.

THE EFFECTS OF SUBSIDY ARE SIGNIFICANT

[139] The complainants submitted that Chinese producers of thermal paper rolls will likely continue to benefit from subsidies received at all levels of government in China and referenced their arguments made in the complaint.⁴⁴ More specifically, the complainants submitted that the Government of China is promoting the domestic papermaking industry through massive subsidies.

[140] As discussed earlier, information provided in the complaint, gathered through the CBSA's own research, and/or made available through public documents, together indicates that sufficient evidence exists respecting subsidy programs in China that benefit the exporters of subject goods. The CBSA finds that the arguments outlined in the complaint reasonably support the allegation that the continuation of subsidies available to Chinese thermal paper roll producers likely threatens to cause injury.

[141] Based on the CBSA's estimates with respect to the margin of dumping and amount of subsidy, the CBSA finds that there is a reasonable indication that the subject goods have been dumped and subsidized, and that the magnitude of this alleged dumping and subsidizing is such that it poses a threat of material injury to the Canadian domestic industry.

⁴³ TPR Complaint (NC), paras. 464-476

⁴⁴ TPR Complaint (PRO), paras. 477-482

INJURY AND THREAT OF INJURY CONCLUSION

[142] 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. The CBSA is satisfied that there is sufficient evidence that 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 increased volume of subject good imports, lost sales and market share, price undercutting, reduced capacity utilization, price depression and suppression, losses of profitability, and negative impact on employment, wages, and investments.

[143] With respect to threat of injury, the information provided in the complaint indicates that imports of allegedly dumped and subsidized subject goods from China are posing a threat of injury to the Canadian domestic industry. Given the presence of the risk factors discussed above, the CBSA believes that the allegation of threat of injury is reasonably supported.

CAUSAL LINK - DUMPING/SUBSIDIZING AND INJURY/THREAT OF INJURY

[144] The CBSA finds that the complainant has sufficiently linked the injury it has suffered to the alleged dumping and subsidizing of the subject goods imported into Canada. This injury includes loss of market share, lost sales, price undercutting, price depression and price suppression, reduced profitability, decline in capacity utilization, and negative effects on employment.

[145] The complainants submitted that the continued dumping and subsidizing of goods from China will cause further injury to the Canadian domestic industry in the future. As discussed above, the CBSA is of the opinion that this allegation of threat of injury is reasonably supported.

[146] 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

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

[148] 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 January 1, 2024 to December 31, 2024 were dumped. 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 GOC with respect to the possibility that the conditions of section 20 of SIMA exist in the thermal paper sector in China.

[149] The CBSA has also requested information from the GOC and all potential producers/exporters to determine whether or not subject goods imported into Canada during the POI of January 1, 2024 to December 31, 2024 were subsidized. The information requested will be used to determine the amounts of subsidy, if any.

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

FUTURE ACTION

[151] 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.

[152] If the CITT finds that the evidence discloses a reasonable indication of injury to the Canadian industry and the CBSA's preliminary investigations 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 September 10, 2025. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigations.

[153] 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.

[154] 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.

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

[156] 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.

[157] 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.

[158] 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

[159] 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.

[160] 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.

[161] 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

[162] 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.

[163] 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.

[164] 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 the e-mail address identified in the “Contact us” section of this document.

[165] If undertakings were to be accepted, the investigation 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

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

INFORMATION

[167] 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.

[168] To be given consideration in these investigations, all information should be received by the CBSA by October 20, 2025, at noon.

[169] 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.

[170] 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 the CBSA at the email address identified below or by visiting the CBSA’s website.

[171] 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.

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

Mail: SIMA Registry and Disclosure Unit
Trade and Anti-dumping Programs Directorate
Canada Border Services Agency
100 Metcalfe Street, 11th floor
Ottawa, ON K1A 0L8
Canada

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

Website: www.cbsa-asfc.gc.ca/sima-lmsi

A handwritten signature in black ink, appearing to read 'Sean Borg', with a stylized flourish at the end.

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 Canada Border Services Agency (CBSA) suggests that the Government of China (GOC) 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

Wood pulp is a major raw material input used in the production of paper and paper products like thermal paper. These grants provided by the GOC are intended to reduce and stabilize the price fluctuations of wood pulp. The complainants allege that Chinese thermal paper producers are eligible for such grants.

The financial contribution by the government consists of 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 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 GOC 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 GOC 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 GOC has introduced several grants and incentives related to facilitating the transformation of restructuring of industries and/or technologies. The complainants allege Chinese thermal paper 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 GOC has introduced several grants and incentives related to research and development under the State Key Technology Project Fund.. The complainants allege Chinese thermal paper 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 GOC has introduced several grants and incentives related to science and technology. The complainants 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 GOC has introduced several grants and incentives related to intellectual property rights. The complainants 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 GOC has introduced several grants and incentives related to promoting investments nationally and locally. The complainants 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 GOC 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 GOC 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 GOC 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 GOC 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 GOC 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 GOC 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 complainants argue that, per China's Ministry of Industry and Information Technology, the papermaking industry is among the "light industry" and thermal paper roll 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* 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 complainants 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 thermal paper producers would be eligible to benefit from this program.

The financial contribution by the government consists 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 *Enterprise Income Tax Law*, tax deductions are awarded to enterprises that purchase “special equipment for protecting environment, saving energy, work safety, etc.”

The complainants have provided evidence suggesting Chinese thermal paper 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 GOC 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 GOC has introduced rebate programs for the purchase of domestically-produced machinery by foreign-owned enterprises. The complainants allege that some Chinese thermal paper producers are partly foreign-owned and are eligible for such rebates.

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 complainants 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 thermal paper rolls through state-owned and controlled suppliers at less than fair market value. In addition, the complainants identified electricity as an input that may be provided to thermal paper 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 GOC (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 to the Thermal Paper Industry

Evidence provided in the complaint states that the loans aim at developing China’s papermaking industry.

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 GOC 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.