

COMMISSION IMPLEMENTING REGULATION (EU) 2023/1330**of 29 June 2023****imposing a definitive anti-dumping duty on imports of certain lightweight thermal paper originating in the Republic of Korea following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union ⁽¹⁾ ('the basic Regulation'), and in particular Article 11(2) thereof,

Whereas:

1. PROCEDURE**1.1. Previous investigations and measures in force**

- (1) By Implementing Regulation (EU) 2017/763 ⁽²⁾, the European Commission ('the Commission') imposed anti-dumping duties on imports of certain lightweight thermal paper originating in the Republic of Korea ('the original measures'). The investigation that led to the imposition of the original measures will hereinafter be referred to as 'the original investigation'. The measures took the form of fixed duty rates at the level of EUR 104,46 per tonne net, for both the sole cooperating exporting group and for all other companies.
- (2) The judgments in cases T-383/17 ⁽³⁾ and C-260/20 P ⁽⁴⁾ entailed the annulment of the measures for the sole cooperating exporting group. By Implementing Regulation (EU) 2023/593 ⁽⁵⁾, the European Commission re-imposed the anti-dumping duties on imports of certain lightweight thermal paper originating in the Republic of Korea at the revised level of EUR 103,16 per tonne net, for both the sole cooperating exporting group and for all other companies.

1.2. Request for an expiry review

- (3) Following the publication of a notice of impending expiry ⁽⁶⁾ the Commission received a request for a review pursuant to Article 11(2) of the basic Regulation.
- (4) The request for review was submitted on 1 February 2022 by the European Thermal Paper Association ('the applicant') on behalf of the Union industry of certain lightweight thermal paper in the sense of Article 5(4) of the basic Regulation. The request for review was based on the grounds that the expiry of the measures would be likely to result in continuation or recurrence of dumping and continuation or recurrence of injury to the Union industry.

⁽¹⁾ OJ L 176, 30.6.2016, p. 21.

⁽²⁾ Commission Implementing Regulation (EU) 2017/763 of 2 May 2017 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain lightweight thermal paper originating in the Republic of Korea (OJ L 114, 3.5.2017, p. 3).

⁽³⁾ ECLI:EU:T:2020:139.

⁽⁴⁾ ECLI:EU:C:2022:370.

⁽⁵⁾ Commission Implementing Regulation (EU) 2023/593 of 16 March 2023 re-imposing a definitive anti-dumping duty on imports of certain lightweight thermal paper originating in the Republic of Korea as regards the Hansol Group and amending the residual duty (OJ L 79, 17.3.2023, p. 54).

⁽⁶⁾ OJ C 314, 6.8.2021, p. 9.

1.3. Initiation of an expiry review

- (5) Having determined, after consulting the Committee established by Article 15(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, on 3 May 2022 the Commission initiated an expiry review with regard to imports into the Union of certain lightweight thermal paper originating in the Republic of Korea ('the country concerned') on the basis of Article 11(2) of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* ⁽⁷⁾ ('the Notice of Initiation').

1.4. Review investigation period and period considered

- (6) The investigation of continuation or recurrence of dumping covered the period from 1 January 2021 to 31 December 2021 ('review investigation period'). The examination of trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2018 to the end of the review investigation period ('the period considered').

1.5. Interested parties

- (7) In the Notice of Initiation, interested parties were invited to contact the Commission in order to participate in the investigation. In addition, the Commission specifically informed the applicant, the known producer in the Republic of Korea and the authorities of the Republic of Korea, known importers, users and traders, about the initiation of the expiry and invited them to participate.
- (8) Interested parties had an opportunity to comment on the initiation of the expiry review and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

1.6. Comments on initiation

- (9) The Commission received comments on initiation from Hansol Paper Co. Ltd. ('Hansol Paper'). This party claimed that the data in the request do not show that the Union industry is suffering material injury.
- (10) The Commission recalled that Hansol Paper had carried out an examination of the request in accordance with Article 11(2) and other relevant paragraphs of Article 11 of the basic Regulation, coming to the conclusion that the requirements for initiation of an investigation were met, i.e., that the adequacy and accuracy of the evidence presented by the applicants were sufficient evidence tending to show likelihood of continuation or recurrence of injurious dumping.
- (11) In this respect, it also recalled that at the stage of the request it is not necessary that the Commission has before it the same evidence of likelihood of continuation or recurrence of dumping and injury of a quantity and quality that would be necessary for the extension of the measures. An anti-dumping investigation is a process where certainty on the existence of the elements necessary to adopt or prolong a measure or to terminate a proceeding is reached gradually as the investigation moves forward. Furthermore, it is not excluded that certain errors or inaccuracies may exist in the application. However, their existence does not necessarily have an impact on the overall conclusion that the request contains sufficient evidence of a likelihood of continuation or recurrence of injurious dumping, and that the file merits investigation.
- (12) Furthermore, the legal standard of evidence required for a request (sufficient evidence) makes it clear that the quantity and quality of information in the request is not the same as the one available at the end of an investigation. It is not excluded that changes will occur between the stage of the request and the conclusion of the investigation. However, such changes do not necessarily have an impact on the overall conclusion that the file merits an investigation since there is sufficient evidence of likelihood of continuation or recurrence of injurious dumping.

⁽⁷⁾ Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of certain lightweight thermal paper originating in the Republic of Korea (OJ C 180, 3.5.2022, p. 4).

- (13) With regard to the claim that the data in the request would not show that the Union industry is suffering material injury, Hansol Paper submitted that the economic indicators provided in the request would show that imports from Korea are at non-injurious levels, Korea's market share is negligible and the Union industry is performing well in terms of sales volume, market share, investments and operating efficiency. According to Hansol Paper, the request acknowledged that sales prices of the Union producers have declined over the period considered but submitted that this is due to other market-wide factors that have nothing to do with imports from Korea.
- (14) The Commission clarified that in the request the applicant alleges the likelihood of continuation *or recurrence* of injury from the country concerned. The Commission indeed considered that, in the request, the applicant provided sufficient evidence demonstrating that, following an initial period of recovery, the Union industry was injured when the imports from the country concerned increased between 1 October 2020 until 30 September 2021. In this respect, it recalled that a finding of material injury requires an examination, inter alia, of the relevant factors as described in Article 5(2)(d) of the basic Regulation. Indeed, the wording of Article 5(2) of the basic Regulation states that the complaint shall contain the information on changes in the volume of the allegedly dumped imports, the effect of those imports on prices of the like product on the Union market and the consequent impact of the imports on the Union industry, as demonstrated by relevant (not necessarily all) factors and indices having a bearing on the state of the Union industry, such as those listed in Articles 3(3) and 3(5). This is applicable *mutatis mutandis* to the likelihood analysis in an expiry review. Equally, not all factors must show a deterioration in order for material injury (and hence, likelihood of continuation or recurrence thereof) to be established. Furthermore, the existence of other factors which may have an impact on the situation of the Union industry does not necessarily imply that the effect of dumped imports on this industry is not material (again, this is similarly applicable to the likelihood analysis). This is all the more true in the case of an expiry review where the focus lies on what would happen should measures be repealed. Moreover, in the case of expiry reviews, anti-dumping measures may have a certain positive effect even if injury continues overall. In any event, the Commission further noted that the request contained sufficient evidence on likelihood of recurrence of injury. In particular, it showed that the Korean market is characterised by significant production overcapacity. The Korean domestic market is unable to absorb this excess production. Therefore, the Union market, which is globally the largest thermal paper market is attractive to Korean exporters in terms of size. In addition, other export markets are difficult to access for several reasons ⁽⁸⁾. On this basis, the Commission was entitled to initiate the investigation.
- (15) As to Hansol Paper allegations regarding the positive development of some injury indicators in the request, e.g., market share and sales volume, the Commission noted that anti-dumping measures often have a positive effect on the state of the Union industry — a factor which was of course taken into account in the Commission's analysis.
- (16) Regarding the comment on Union interest, the Commission has no legal obligation to examine Union interest at the initiation stage.

1.7. Sampling

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

1.7.1. Sampling of Union producers

- (18) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected a sample of three Union producers. The criteria used for the selection of the sample were the largest representative volume of sales and production of the like product in the EU between 1 January 2021 and 31 December 2021. The sampled Union producers accounted for 86 % of the estimated total volume of production and sales in the Union. In accordance with Article 17(2) of the basic Regulation, the Commission invited interested parties to comment on the provisional sample. One comment was received from the Union association who supported the provisional sample. The sample was confirmed on 12 May 2022. The sample is representative of the Union industry.

⁽⁸⁾ Request section 10.3, pages 26-28.

1.7.2. *Sampling of importers*

- (19) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation. No unrelated importers submitted the requested information. Consequently, the Commission decided that sampling was not necessary.

1.8. **Replies to the questionnaire**

- (20) The Commission invited the three sampled Union producers and the main known exporting producer in Korea to fill in the relevant questionnaires made available online ⁽⁹⁾ on the day of the initiation.
- (21) Questionnaire replies were received from the three sampled Union producers, the main known exporting producer, Hansol Paper, and its related importers Hansol Europe B.V. and Hansol America Inc. Moreover, the applicant provided a questionnaire reply with macro-data.

1.9. **Verification**

- (22) The Commission sought and verified all the information deemed necessary for the determination of likelihood of continuation or recurrence of dumping and injury and of the Union interest. Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:

Union producers

- Koehler Paper SE, Oberkirch, Germany
- Mitsubishi HiTec Paper Europe GmbH, Bielefeld, Germany.
- Jujo Thermal Oy, Kauttua, Finland.

Exporting producer in the Republic of Korea

- Hansol Paper Co. Ltd, Seoul and Seochon-gun, Chungcheongnam-do, the Republic of Korea ('Hansol Paper')

Related importers

- Hansol Europe B.V., Hoofddorp, the Netherlands ('Hansol Europe')
- Hansol America Inc., Fort Lee, the United States of America ('Hansol America')

1.10. **Subsequent procedure**

- (23) On 27 April 2023, the Commission disclosed the essential facts and considerations on the basis of which it intended to maintain the anti-dumping duties in force. On 10 May 2023, the Commission sent an update of the undercutting calculation to Hansol Paper only. All parties were granted a period within which they could make comments on the disclosure. Comments were received from the applicants and Hansol Paper.
- (24) The comments made by interested parties were considered by the Commission and taken into account, where appropriate. No parties requested a hearing.

1.11. **Presentation of data**

- (25) Given the limited number of parties that submitted data, some of the figures presented below had to be in the form of ranges in order to avoid confidentiality breaches. The data from the sole cooperating exporting producer are also given in ranges as it is the only company that cooperated.

⁽⁹⁾ <https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2596>

2. PRODUCT UNDER REVIEW, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under review

- (26) The product under review is the same as in the original investigation, namely certain lightweight thermal paper weighing 65 g/m² or less; in rolls of a width of 20 cm or more, a weight of the roll (including the paper) of 50 kg or more and a diameter of the roll (including the paper) of 40 cm or more ('jumbo rolls'); with or without a base coat on one or both sides; coated with a thermo-sensitive substance on one or both sides; and with or without a top coat ('the product under review'), currently falling under CN codes ex 4809 90 00, ex 4811 90 00, ex 4816 90 00 and ex 4823 90 85 (TARIC codes: 4809 90 00 10, 4811 90 00 10, 4816 90 00 10, 4823 90 85 20).
- (27) Lightweight thermal paper is a specialty paper. It has a thermal active coating which reacts to form an image when heat is applied by printers with thermal printheads. Lightweight thermal paper is used for point-of-sale applications such as the receipts issued by retail, but also for self-adhesive labels for e-commerce packaging, tickets and tags.
- (28) Lightweight thermal paper can be produced with several types of chemical developers. All types are concerned by the present investigation.

2.2. Product concerned

- (29) The product concerned by this investigation is the product under review originating in the Republic of Korea.

2.3. Like product

- (30) As established in the original investigation, this expiry review investigation confirmed that the following products have the same basic physical and technical characteristics as well as the same basic uses:
- the product concerned when exported to the Union;
 - the product under review produced and sold on the domestic market of the Republic of Korea; and
 - the product under review produced and sold in the Union by the Union industry.
- (31) These products are therefore considered to be like products within the meaning of Article 1(4) of the basic Regulation.

2.4. Claims regarding product scope

- (32) In a submission of 1 July 2022, the exporting producer requested a clarification whether new product types produced by Union industry would be included or excluded from the scope of the expiry review. These new product types do not use any chemical developer and the image is released based on physics instead of a chemical process. A note to the file dated 19 September 2022 clarified the scope of the investigation in the sense that only lightweight thermal paper with a chemical developer is covered by the proceeding.

3. DUMPING

3.1. Preliminary remarks

- (33) During the review investigation period, imports of lightweight thermal paper from the Republic of Korea continued, albeit at lower levels than in the investigation period of the original investigation (i.e. from 1 January 2015 to 31 December 2015). According to table 2 below, imports of lightweight thermal paper from the Republic of Korea accounted for 2,7 % of the Union market in the review investigation period compared to 13,6 % market share during the original investigation.
- (34) Hansol Paper cooperated with the investigation. It accounted for (close to) all imports of the product under review from the Republic of Korea. No other exporting producer came forward. The findings with regard to the continuation of dumping are based on the verified data of Hansol Paper.

3.2. Continuation of dumping during the review investigation period

3.2.1. Normal value

- (35) The Commission first examined whether the total volume of domestic sales of the cooperating exporting producer was representative, in accordance with Article 2(2) of the basic Regulation. The domestic sales are representative if the total domestic sales volume of the like product to independent customers on the domestic market per exporting producer represented at least 5 % of its total export sales volume of the product under review to the Union during the review investigation period. On this basis, the total sales by the exporting producer of the like product on the domestic market were representative.
- (36) The Commission subsequently identified the product types sold domestically that were identical or comparable with the product types sold for export to the Union for the exporting producer with representative domestic sales.
- (37) The Commission then examined whether the domestic sales by the exporting producer on its domestic market for each product type that is identical or comparable with a product type sold for export to the Union were representative, in accordance with Article 2(2) of the basic Regulation. The domestic sales of a product type are representative if the total volume of domestic sales of that product type to independent customers during the review investigation period represents at least 5 % of the total volume of export sales of the identical or comparable product type to the Union. The Commission established that, for some product types that were exported to the Union during the review investigation period, there were no domestic sales and were thus not representative.
- (38) The Commission next defined the proportion of profitable sales to independent customers on the domestic market for each product type during the review investigation period in order to decide whether to use actual domestic sales for the calculation of the normal value, in accordance with Article 2(4) of the basic Regulation.
- (39) The normal value is based on the actual domestic price per product type, irrespective of whether those sales are profitable or not, if:
- (a) the sales volume of the product type, sold at a net sales price equal to or above the calculated cost of production, represented more than 80 % of the total sales volume of this product type; and
 - (b) the weighted average sales price of that product type is equal to or higher than the unit cost of production.
- (40) In this case, the normal value is the weighted average of the prices of all domestic sales of that product type during the review investigation period.
- (41) The normal value is the actual domestic price per product type of only the profitable domestic sales of the product types during the review investigation period, if:
- (a) the volume of profitable sales of the product type represents 80 % or less of the total sales volume of this type; or
 - (b) the weighted average price of this product type is below the unit cost of production.
- (42) The analysis of domestic sales showed that, depending on the product type, between 32 % and 100 % of all domestic sales volume were profitable and that the weighted average sales price of each product type was higher than the cost of production. Accordingly, depending on the product type, the normal value was calculated as a weighted average of the price of all domestic sales during the review investigation period or as a weighted average of the profitable sales only.
- (43) Where a product type was not sold on the domestic market, and in the absence of a domestic sales price of such product type by any other exporting producer, the Commission constructed the normal value in accordance with Article 2(3) and (6) of the basic Regulation.

- (44) Normal value was constructed by adding the following to the average cost of production of the like product of the cooperating exporting producer during the review investigation period:
- (a) the weighted average selling, general and administrative ('SG&A') expenses incurred by the cooperating exporting producer on domestic sales of the like product, in the ordinary course of trade, during the review investigation period; and
 - (b) the weighted average profit realised by the cooperating exporting producer on domestic sales of the like product, in the ordinary course of trade, during the review investigation period.

3.2.2. *Export price*

- (45) Hansol Paper exported the product under review to the Union either directly to independent customers or through its related company Hansol Europe.
- (46) For sales of the exporting producer directly to independent customers in the Union, the export price was the price actually paid or payable for the product under review when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.
- (47) For sales of the exporting producer to the Union through Hansol Europe acting as an importer, the export price was established on the basis of the price at which the imported product was first resold to independent customers in the Union, in accordance with Article 2(9) of the basic Regulation. In this case, adjustments to the price were made for all costs incurred between importation and resale, including SG&A expenses, and for profits accruing.
- (48) With respect to the profit margin used, in line with established case-law of Union courts, ⁽¹⁰⁾ the Commission did not use the profit margin of the related company as it is considered unreliable. In the absence of any other information, it resorted to the profit margin of 4,5 % which had also been used in the original investigation. ⁽¹¹⁾

3.2.3. *Comparison*

- (49) The Commission compared, per product type, the normal value and the export price of the exporting producer on an ex-works basis.
- (50) Where justified by the need to ensure a fair comparison, the Commission adjusted the normal value and/or the export price for differences affecting prices and price comparability, in accordance with Article 2(10) of the basic Regulation. Adjustments for transport costs, handling and loading costs, bank charges, EU customs duties, year-end rebates, commissions and for a duty drawback were deducted from domestic and/or export sales prices, where they were reported and found to be justified. The Commission found the claims for adjustments relating to packing costs and credit costs unjustified.
- (51) The packing for export and for domestic sales was basically identical, therefore there was no reason to grant the adjustment claim.
- (52) Article 2(10)(g) of the basic Regulation provides that when credit is a factor taken into account in the determination of the prices charged, an adjustment may be justifiable. The Commission rejected the credit cost adjustment based on the reasoning which, due to its sensitive nature, was disclosed only to the exporting producer. The Commission concluded that the cost of credit granted was not a factor taken into account by the party in the determination of the prices charged.

⁽¹⁰⁾ See for example paragraph 68 of Judgment of the General Court (Second Chamber), 17 March 2015 in Case T-466/12, RFA International, LP v European Commission.

⁽¹¹⁾ For details, see recital (40) of Commission Implementing Regulation (EU) 2016/2005 of 16 November 2016 imposing a provisional anti-dumping duty on imports of certain lightweight thermal paper originating in the Republic of Korea (OJ L 310, 17.11.2016, p. 1)

3.2.4. Dumping margin

- (53) The Commission compared the weighted average normal value of each type of the like product with the weighted average export price of the corresponding type of the product under review, in accordance with Article 2(11) and (12) of the basic Regulation.
- (54) On this basis, the weighted average dumping margin expressed as a percentage of the CIF Union frontier price, duty unpaid, was 29 % for Hansol Paper. It was therefore concluded that dumping continued during the review investigation period.
- (55) Following final disclosure, Hansol Paper noted that most of the dumping derived from a label-grade thermal paper and pointed at the difference in terms of product mix between its sales into the Union in the original investigation and the review investigation. The Commission recalls that the normal value and the export price were compared per product type, as described in the sections above, and that, ultimately, only one single dumping margin had to be established for the sales of all the products covered by the measures in force. Therefore, the difference in the product mix between the original investigation and the review was taken into account when establishing the dumping margin.

3.3. Likelihood of continuation of dumping should measures be repealed

- (56) Further to the finding of the existence of dumping during the review investigation period, the Commission investigated, in accordance with Article 11(2) of the basic Regulation, the likelihood of continuation of dumping, should the measures be repealed. The following elements were analysed: the production capacity and spare capacity in the Republic of Korea and the attractiveness of the Union market versus other markets.

3.3.1. Production capacity and spare capacity in the Republic of Korea

- (57) According to market intelligence, Hansol Paper was by far the largest producer of the product under review in the Republic of Korea. Its production capacity varied depending on the source. The 2019 *Hansol Paper Sustainability Report* established it at 355 000 tonnes per year for the division including lightweight thermal paper ⁽¹²⁾. In the course of the investigation, while admitting that that figure was the designed capacity of thermal coating, Hansol Paper submitted production capacity figures in the range of 250 000 – 300 000 tonnes per year. During the on-spot verification, the company claimed that the figure quoted in the 2019 Report was inaccurate. The company considered that the capacity figures in the *Thermal Paper 2019-2024 World Market Study* of Laves Chemie Consulting were more accurate. That study estimated Hansol Paper's thermal paper production capacity at 260 000 tonnes per year ⁽¹³⁾.
- (58) According to the above-mentioned study by Laves Chemie Consulting, until recently there would have been three other thermal paper producers in the Republic of Korea with a total production capacity of 45 000 tonnes ⁽¹⁴⁾. However, it remains unclear to what extent this capacity might be activated for lightweight thermal paper if the market circumstances would give reason for that. According to Union producers, the only additional Korean producer still manufacturing thermal paper would be Donghwa Ind co. Ltd, with a production capacity of 15 000 tonnes per year ⁽¹⁵⁾.

⁽¹²⁾ Request, para. 99 to 101 (pages 23-24).

⁽¹³⁾ Laves Chemie Consulting: Thermal Paper 2019-2024 World Market Study, Annex 6 to the request (t22.002094).

⁽¹⁴⁾ Laves Chemie Consulting: Thermal Paper 2019-2024 World Market Study, Annex 6 to the request, page 19.

⁽¹⁵⁾ Open version of questionnaire replies in t22.003621 (Koehler), t22.003615 (Jujo) and t22.003616 (Mitsubishi).

- (59) In light of the above, whereas the Commission was unable to quantify the spare capacity in Korea overall, it could establish that production capacity is significant, being some 10 times bigger than domestic consumption in Korea and representing almost twice the Union consumption. Furthermore, Hansol Paper has repeatedly announced its intention to expand its thermal paper business, as shown in its financial report for the first half of 2021 ⁽¹⁶⁾ and subsequent financial reports (also in 2022 ⁽¹⁷⁾). Such an expansion would represent an addition to the Korean thermal paper production capacity in the review investigation period, which was already significantly higher than lightweight thermal paper consumption in the Union (see Table 1).
- (60) Following final disclosure, Hansol Paper stated that the Commission's findings on capacity in Korea were unsubstantiated and incorrect namely because: (i) Hansol Paper was the only producer of the product under review in Korea, (ii) the Commission had misinterpreted Hansol Paper's expansion announcements and (iii) the Commission had exaggerated when establishing that Hansol Paper's production capacity is significantly flexible.
- (61) The Commission disagreed. As to Hansol Paper allegedly being the only producer of the product under review in Korea, the Commission noted that this was contradicted by other information on the file including statements made by Hansol Paper itself in the course of the expiry review investigation ⁽¹⁸⁾. Whereas the Commission has consistently held that Hansol Paper was the sole cooperating exporting producer in this review investigation, the Commission had not concluded that Hansol Paper was the only producer of lightweight thermal paper in the Republic of Korea. To the contrary, as explained in recital (58) above, evidence on the file suggested that at least one other producer of the lightweight thermal paper in the Republic of Korea, namely Donghwa Ind co. Ltd, could be producing the product under review. The Commission noted that Donghwa Ind's website ⁽¹⁹⁾ included references to thermal paper production in general and pictures of products such as point-of-sale receipts typically made of lightweight thermal paper. The Commission also noted that, in view of the evidence to the contrary, Hansol Paper failed to submit evidence to substantiate its claim of being the only producer of lightweight thermal paper in the Republic of Korea. The claim was therefore rejected.
- (62) The Commission disagreed that, as stated by Hansol, the spare capacity in Korea was nil. For instance, Hansol Paper provided such low capacity figures that its reported capacity utilisation would have exceeded 100 % in some years of the period considered.
- (63) As far as the alleged misinterpretation of Hansol Paper's expansion announcements and the issue of the flexible production capacity, the Commission disagreed. Hansol Paper itself had repeatedly publicly announced in its financial reports its intention to expand its thermal paper business ⁽²⁰⁾. The fact that the investment plans available at the time of the verification visit did not include investments aimed at increasing capacity does not preclude Hansol Paper from following through on its announcements at a later stage. In any case, the means for Hansol Paper to expand its thermal paper business are manifold, including switching capacities. As noted by the party itself in the 2022 *Hansol Paper Sustainability Report* ⁽²¹⁾, undeniably, Hansol Paper has flexible production facilities. Even if the quantification of the flexibility is not clearly available, the fact that it appeared in the report suggests that the flexibility is not minor and, thus, worth a public announcement. The product mix in Hansol Paper's 2023 production plan does not prevent the party from switching a non-negligible amount of capacities to the product under review when needed.

⁽¹⁶⁾ For an excerpt, see, *inter alia*, page 24 of the request.

⁽¹⁷⁾ For Hansol Paper's financial report covering the first three quarters of 2022, see <https://dart.fss.or.kr/dsaf001/main.do?rcpNo=20221111000618> (in Korean).

⁽¹⁸⁾ On 10 May 2022 (t22.002756) Hansol Paper referred to itself as "the main exporting producer of LWTP in Korea".

⁽¹⁹⁾ Company website: <http://www.donghwaind.co.kr>

⁽²⁰⁾ See footnotes 16 and 17 above.

⁽²¹⁾ The 2022 Hansol Paper Sustainability report is available at <https://www.hansolpaper.co.kr/m/eng/management/data>. Page 10 of the report reads: "Janghang Mill ... has a flexible facility system that can swing special material paper such as high-quality printing paper, thermal paper and label paper according to market conditions.... Shintanjin Mill... has a flexible facility system to produce printing paper and thermal paper....".

3.3.2. Attractiveness of the Union market versus other markets

- (64) The domestic market of the Republic of Korea is small, with an annual consumption ranging 20 000 - 37 200 tonnes ⁽²²⁾. Hansol Paper's annual production alone is 4 to 9 times bigger than the consumption of the product under review in its domestic market. The investigation established that, volume-wise, the domestic consumption is shrinking as the lightweight thermal paper domestic sales of Hansol Paper, the country's dominant producer, dropped by 29 % during the period considered ⁽²³⁾. Therefore, the Korean lightweight thermal paper industry is export-oriented. As to the profitability of Hansol Paper's domestic sales, see section 3.2.1 above.
- (65) On the basis of the verified data of Hansol Paper, the Commission established that the volume of Korean exports to destinations other than the Union grew during the period under review ⁽²⁴⁾. It also established that Korean exports, in particular to the US, were significant ⁽²⁵⁾. However, the sales prices of Korean exports to destinations other than the Union dropped over the period under review. This is clearly visible on the US market ⁽²⁶⁾. Moreover, the US authorities imposed anti-dumping measures on imports of thermal paper originating, inter alia, in the Republic of Korea on 27 September 2021 ⁽²⁷⁾. For those reasons, in terms of prices, the US market has become less attractive to Korean exports.
- (66) The Union market is the largest market for lightweight thermal paper in the world, accounting for some 25 % of global consumption, and it has a high growth potential in absolute terms ⁽²⁸⁾. The investigation established that the Union market is attractive in terms of prices as compared to other markets. After the imposition of the anti-dumping measures in 2017, imports from the Republic of Korea dropped significantly and they amounted to 1 000 - 2 500 tonnes only in 2020. However, since then, and despite the anti-dumping duties in force, Korean sales to the Union increased again ⁽²⁹⁾ and they amounted to 4 500 - 6 000 tonnes in the review investigation period, representing a market share of 2,7 %.
- (67) Following final disclosure, Hansol Paper requested the Commission to calculate a dumping margin for Hansol Paper's sales to third country markets on the grounds that such calculation was a consistent practice in expiry reviews carried out by the Commission and that the Commission had not assessed whether Hansol Paper's export prices to non-EU markets indicated dumping. The Commission clarified that, the purpose of an expiry review is to establish whether the expiry of measures would be likely to lead to a continuation or recurrence of dumping and injury. Given the finding of significant dumping during the review investigation period for sales to the Union and the subsequent conclusion on likelihood of continuation of dumping, the Commission was not required to perform any further dumping determination in the present investigation. As to Hansol Paper's export prices to non-EU markets, they were analysed in recital (65) above. They are further analysed in the recitals below.

⁽²²⁾ Laves Chemie Consulting: Thermal Paper 2019-2024 World Market Study, Annex 6 to the request, table "Balance of Supply and Demand in Metric Tonnes", page 22, established that thermal paper consumption in Korea amounted to 60 000 tonnes in 2019. The open version of the questionnaire replies in t22.003621 (Koehler), t22.003615 (Jujo) and t22.003616 (Mitsubishi) estimated lightweight thermal paper yearly consumption in Korea at 37 200 tonnes.

⁽²³⁾ Hansol Paper's questionnaire reply (t22.003569), table C.2 (sales quantity).

⁽²⁴⁾ Ibid.

⁽²⁵⁾ Request, Annex 6, page 21 ("Korea exports 78% of production to North and Central & South America, and also to other Asian countries. ...").

⁽²⁶⁾ Hansol Paper's questionnaire reply (t22.003569), tables K.3 of the file "R768 Tables K-L-M (HAI) - OPEN.pdf", in light of which, over the period under review, the turnover of the product under review of Hansol America fell by 13 % whereas sales volume increased by 2 %. It is to be noted that, in light of the U.S. Census Bureau, the prices of Korean thermal paper fell from 2 223 USD/tonne in 2018 to 1 645 USD/tonne in 2020 (see "import statistics" in the following website of the International Trade Administration of the US: <https://www.trade.gov/faq/final-determinations-antidumping-duty-investigations-thermal-paper-germany-japan-south-korea>).

⁽²⁷⁾ See the official website of the International Trade Administration of the US, namely <https://www.trade.gov/faq/final-determinations-antidumping-duty-investigations-thermal-paper-germany-japan-south-korea>.

⁽²⁸⁾ Request, Annex 6, tables "Consumption by Grade and Geographic Area 2020", "Consumption by Geographic Area in Metric Tonnes 2022-2024" and "Consumption by Grade and Geographic Area 2024".

⁽²⁹⁾ Hansol Paper's questionnaire reply (t22.003569), tables K.3 of the file "R768 Tables K-L-M (HEB) - OPEN.pdf".

- (68) Following final disclosure, Hansol Paper alleged that the Commission should have found that the Union lightweight thermal paper market was no longer attractive in light of information already submitted by Hansol paper (and, allegedly, not sufficiently addressed by the Commission) and, in particular, the claims that Hansol Paper would no longer concentrate on the Union market, the importance of the US market for Hansol Paper, the level of US anti-dumping measures on thermal paper and that the Commission did not describe in this Regulation Hansol Paper's activities in other third markets.
- (69) The Commission disagreed with the alleged unattractiveness of the Union market for Korean exports. The facts that during the review investigation period the Union market was not Hansol Paper's main market volume-wise and that Hansol Paper had significant sales to the US do not undermine the attractiveness of the Union market. Also, the Commission maintained that the mere existence of anti-dumping measures in the US makes the US market less attractive than before any measures were imposed, even if the level of the measures is not prohibitive. As to Hansol Paper's sales on other markets, the Commission was not able to disclose its sales volumes and prices on other markets per country in this Regulation to the extent that such information had been considered as sensitive by the party (i.e. the only source of the data in question). The Commission took nevertheless stock of Hansol Paper's sales and price strategy on other markets, as shared with the party via the verification reports. In this respect, the Commission found that, worldwide, there is thermal paper production in a handful of countries, as shown in the *Thermal Paper 2019-2024 World Market Study* of Laves Chemie. Therefore, producers of the product under review face competition from local producers only in a few areas of the world. South and Central America, Africa, Australasia and most Asian countries were thus net importers of thermal paper ⁽³⁰⁾, mainly from Korea. Even if, in principle, markets without (significant) domestic production would seem more attractive at first sight, the Commission found that, in broad terms, Hansol Paper's sale prices of the product under review to non-EU export markets, including the US, decreased over the period considered by a similar degree as prices to the Union. A comparison of Hansol Paper's sale prices to all non-EU export markets and Hansol Paper's sale prices to the Union revealed that, during the period considered, EU prices were overall consistently higher than Hansol Paper's sale prices to the rest of the world. The Commission therefore confirmed that the Union market, the largest market for lightweight thermal paper in the world and a market with a high growth potential in absolute terms, was volume- and price-wise an attractive market for Korean exports, regardless of the changes in Hansol Paper's sales network since the original investigation.

3.3.3. Conclusion on the likelihood of continuation of dumping

- (70) In view of its findings on the continuation of dumping during the review investigation period as established in recital (54), the existence of non-negligible flexible production capacity in the Republic of Korea, the yet again growing Korean interest in the large Union market with attractive prices and the recently imposed anti-dumping measures on its currently main export market ⁽³¹⁾, a further increase of dumped imports of the product concerned can be expected if the measures are repealed. Therefore, the Commission concluded that there is a strong likelihood that the expiry of the anti-dumping measures on imports of the product concerned would result in the continuation of dumping.

4. INJURY

4.1. Definition of the Union industry and Union production

- (71) The like product was manufactured by five producers in the Union during the period considered. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

⁽³⁰⁾ Request, Annex 6, page 21 ("Korea exports 78% of production mainly to North and Central & South America, and also to other Asian countries. (...) Central & South America exports are insignificant. Imports (*into Central & South America*) are 50% of consumption mainly from Europe, North America, China, and Korea. ROW countries in this context comprise Asia (except China, Japan, Korea), Africa, and Australasia. Exports (*by ROW countries*) are insignificant but ROW countries import 80% of consumption mainly from Korea, China and Europe...").

⁽³¹⁾ In light of the U.S. Census Bureau, thermal paper imports from Korea amounted to 54 337 tonnes in 2020 (see "import statistics" in the following website of the International Trade Administration of the US: <https://www.trade.gov/faq/final-determinations-antidumping-duty-investigations-thermal-paper-germany-japan-south-korea>).

- (72) The total Union production during the review investigation period was established at around 360 727 tonnes. The Commission established the figure on the basis of all the available information concerning the Union industry, such as the questionnaire reply submitted by the applicant, cross checked against the individual questionnaire replies of the sampled Union producers. As indicated in recital (18), three Union producers were selected in the sample representing 86 % of the total Union production of the like product.

4.2. Union consumption

- (73) The Commission established the Union consumption on the basis of: (a) the applicant's data concerning Union industry's sales of the like product, partially cross-checked with the sales volumes reported by sampled Union producers ⁽³²⁾; and (b) imports of the product under review from all third countries as reported in the Eurostat and analysis of the export data of the co-operating exporting producer.
- (74) Union consumption developed as follows:

Table 1

Union consumption (tonnes)

	2018	2019	2020	RIP
Total Union consumption	179 500 –184 000	170 000 –174 500	165 500 –170 000	177 000 –181 500
Index	100	94	92	98

Source: Eurostat, Questionnaire replies and Request.

- (75) Union consumption decreased by 8 % from 2018 to 2020. Union consumption was affected in 2020 due to the global COVID pandemic, however, Union consumption rebounded during the review investigation period and there is an overall decrease of 2 % over the period considered.

4.3. Imports from the country concerned

4.3.1. Volume and market share of the imports from the country concerned

- (76) The Commission established the volume of imports on the basis of the questionnaire reply submitted by the co-operating exporting producer and Eurostat statistics. The market share of the imports was established on the basis of Union consumption.
- (77) Imports from the country concerned developed as follows:

Table 2

Import volume (tonnes) and market share

	2018	2019	2020	RIP
Volume of imports from the country (tonnes)	2 500 –4 000	1 500 – 3 000	1 000 – 2 500	4 500 – 6 000
Index	100	64	48	165
Market share	1,6 %	1,1 %	0,9 %	2,7 %
Index	100	68	53	167

Source: Dumping questionnaire and Eurostat.

⁽³²⁾ Source: questionnaire reply submitted by the applicant and verified individual questionnaire replies of the sampled Union producers.

- (78) The volume of imports from the country concerned decreased from 2018 to 2020. However, the volume increased significantly during the review investigation period and are 65 % up from the 2018 figure. Market share increased during the period considered rising from 1,6 % in 2018 to 2,7 % in the RIP.
- (79) In order to establish the import volumes and values in the period considered, the Commission analysed the export data reported by Hansol Paper, the co-operating exporting producer in the country concerned, in the light of the import statistics recorded in Eurostat. The Commission found discrepancies between Hansol Paper's reported exports to Denmark, Estonia, Finland and Lithuania and imports in those Member States recorded in Eurostat. Based on the information submitted by the company, the Commission concluded that the product under review exported by Hansol Paper to Denmark, Estonia, Finland and partially also to Lithuania, did not enter the customs territory of the Union. Those sales likely remained in transit and/or were destined for countries outside of the Union. Therefore, with regard to imports to the four above-mentioned Member States, the Commission relied on statistics recorded in Eurostat.

4.3.2. *Prices of the imports from the country concerned and price undercutting*

- (80) The Commission established the prices of imports on the basis of the questionnaire reply submitted by the exporting producer and Eurostat statistics.
- (81) The average price of imports from the country concerned developed as follows:

Table 3

Import prices (EUR/tonne)

	2018	2019	2020	RIP
Average price of imports from Republic of Korea	1 800 – 2 000	1 550 – 1 750	1 450 – 1 650	1 450 – 1 650
<i>Index</i>	100	91	82	81

Source: Dumping questionnaire and Eurostat.

- (82) The average price of imports from the country concerned decreased by 19 % over the period considered.
- (83) The Commission determined the price undercutting during the review investigation period by comparing:
- the weighted average sales prices per product type of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level; and
 - the corresponding weighted average prices per product type of the imports from the cooperating producer to the first independent customer on the Union market, established on a Cost, insurance, freight (CIF) basis, with appropriate adjustments for post-importation costs.
- (84) The price comparison was made on a type-by-type basis for transactions at the same level of trade, duly adjusted where necessary and after deduction of rebates and discounts. The result of the comparison was expressed as a percentage of the theoretical turnover (exporting producer's exported quantities valued at the Union industry's sales price) per model of each exporting producer where an identical PCN for the Union industry was found.
- (85) It showed a weighted average undercutting margin of 13,7 % by the imports from the country concerned on the Union market. Around 83 % of the import volumes were found to be undercutting.

- (86) Following final disclosure, Hansol Paper claimed that the majority of the undercutting concerned a label-grade thermal paper that does not relate to the products covered by the original investigation. The Commission calculated the undercutting margin on product type comparison as in the original investigation. Therefore, this claim was dismissed.

4.4. Imports from third countries other than the Republic of Korea

- (87) The imports of certain lightweight thermal paper from third countries other than the Republic of Korea were mainly from China and the USA.
- (88) The volume of imports as well as the market share and price trends for imports of certain lightweight thermal paper from other third countries developed as follows:

Table 4

Imports from third countries

Country		2018	2019	2020	RIP
PRC	Volume (tonnes)	6 000-7 500	4 500-6 000	3 500-5 000	3 500-5 000
	<i>Index</i>	100	80	62	48
	Market share	3,5 %	3,0 %	2,4 %	1,7 %
	<i>Index</i>	100	85	67	49
	Average price (EUR/tonne)	1 500-1 650	1 600-1 750	1 500-1 650	1 500-1 650
	<i>Index</i>	100	104	96	96
USA	Volume (tonnes)	2 850-3 000	2 350-2 500	2 850-3 000	3 000-3 150
	<i>Index</i>	100	84	100	105
	Market share	1,6 %	1,4 %	1,7 %	1,7 %
	<i>Index</i>	100	89	109	107
	Average Price (EUR/tonne)	2 400-2 550	2 950-3 100	2 950-3 100	2 800-2 950
	<i>Index</i>	100	122	120	115
Total of all third countries except the country concerned	Volume (tonnes)	10 00-00-11 500	9 500-11 000	9 000-10 500	9 000-10 500
	<i>Index</i>	100	93	87	90
	Market share	5,8 %	5,7 %	5,5 %	5,3 %
	<i>Index</i>	100	98	95	91
	Average price (EUR/tonne)	1 950 – 2 150	2 250-2 450	2 250-2 450	2 450 – 2 650
	<i>Index</i>	100	115	118	126

Source: Eurostat.

- (89) Imports from China decreased by more than 50 % during the period considered, while imports from the USA increased by 5 %. The market share of other third countries decreased steadily from 5,8 % in 2018 to 5,3 % in the RIP.

4.5. Economic situation of the Union industry

4.5.1. General remarks

- (90) In accordance with Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports on the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.
- (91) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data contained in the questionnaire reply of the applicant, duly cross-checked with the information in the request and Eurostat statistics. The data related to all Union producers. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies submitted by the sampled Union producers. Both sets of data were found to be representative of the economic situation of the Union industry.
- (92) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin, and recovery from past dumping.
- (93) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.

4.5.2. Macroeconomic indicators

4.5.2.1. Production, production capacity and capacity utilisation

- (94) The total Union production, production capacity and capacity utilisation developed over the period considered as follows:

Table 5

Production, production capacity and capacity utilisation

	2018	2019	2020	RIP
Production volume (tonnes)	399 607	392 619	348 216	360 727
<i>Index</i>	100	98	87	90
Production capacity (tonnes)	563 021	581 338	640 533	633 474
<i>Index</i>	100	103	114	113
Capacity utilisation	71 %	68 %	54 %	57 %
<i>Index</i>	100	95	77	80

Source: Injury questionnaire and Request.

- (95) Over the period considered, the Union industry's production volume decreased by 10 %. There was a 13 % decrease in the production volume in 2020 in relation to 2018, due to the impact of the COVID-19 pandemic.
- (96) The production capacity increased during the period considered and remained relatively stable during 2020 and the RIP.

- (97) The capacity utilisation rate decreased by 23 % between 2018 and 2020. There was a slight increase in the utilisation rate by 3 percentage points between 2020 and the RIP.

4.5.2.2. Sales volume and market share

- (98) The Union industry's sales volume and market share developed over the period considered as follows:

Table 6

Sales volume and market share

	2018	2019	2020	RIP
Sales volume on the Union market (tonnes)	168 151	159 905	156 357	164 118
<i>Index</i>	100	95	93	98
Market share	92,6 %	93,2 %	93,7 %	92,0 %
<i>Index</i>	100	101	101	99

Source: Injury questionnaire, Request and Eurostat.

- (99) The Union industry sales volume on the Union market decreased by 2 % during the period considered. Again, there was a significant drop in sales in 2020, linked to the COVID crisis. There was an increase in sales in the RIP which is similar to the trend for consumption shown in Table 1.
- (100) The Union industry's market share remained relatively stable during the period considered, at 92 % in the RIP.

4.5.2.3. Growth

- (101) During the period considered, Union consumption decreased by 2 %. At the same time, there was a similar decrease in industry sales on the EU market. The market share of the Union industry decreased only slightly, from 92,6 % to 92 %.

4.5.2.4. Employment and productivity

- (102) Employment and productivity developed over the period considered as follows:

Table 7

Employment and productivity

	2018	2019	2020	RIP
Number of employees	1 080	1 057	951	870
<i>Index</i>	100	98	88	81
Productivity (tonnes/employee)	370	371	366	415
<i>Index</i>	100	100	99	112

Source: Injury questionnaire and Request.

- (103) During the period considered, there has been a significant drop in the number of employees employed by the Union industry, decreasing by 19 percentage points overall.

- (104) The productivity of the Union industry's workforce was stable during the period of 2018 to 2020 and has increased by 13% since 2020.

4.5.2.5. Magnitude of the dumping margin and recovery from past dumping

- (105) During the review investigation period, the individual dumping margin found for the cooperating exporting producer was still substantial (see recital (54) above).
- (106) However, despite the fact there was still dumping for the country concerned, the analysis of the injury indicators shows that the measures in place had a positive impact on the Union industry.

4.5.3. Microeconomic indicators

4.5.3.1. Prices and factors affecting prices

- (107) The weighted average unit sales prices of the sampled Union producers to unrelated customers in the Union developed over the period considered as follows:

Table 8

Sales prices and cost of production in the Union (EUR/tonne)

	2018	2019	2020	RIP
Average unit sales price in the Union on the total market	1 721	1 729	1 525	1 518
<i>Index</i>	100	100	89	88
Unit cost of production	1 557	1 504	1 377	1 453
<i>Index</i>	100	97	88	93

Source: Injury questionnaire.

- (108) During the period considered, the average sales price of the Union industry decreased by 12 %. The cost of production decreased between 2018 and the RIP by 7%. It first decreased by 12 % between 2018 and 2020, but then it increased by 5,5 % between 2020 and the RIP. This was due to an increase in the cost of raw materials, notably the cost of wood pulp, and the energy costs.

4.5.3.2. Labour costs

- (109) The average labour costs of the sampled Union producers developed over the period considered as follows:

Table 9

Average labour costs per employee

	2018	2019	2020	RIP
Average labour costs per employee (EUR)	61 576	68 809	74 604	75 027
<i>Index</i>	100	112	121	122

Source: Injury questionnaire.

- (110) During the period considered, labour costs increased by 22 %. At the same time there was a decrease in employee numbers. This increase in labour costs was far above that of the overall increase in costs for the Union industry due to inflation.

4.5.3.3. Inventories

- (111) Stock levels of the sampled Union producers developed over the period considered as follows:

Table 10

Inventories

	2018	2019	2020	RIP
Closing stocks (tonnes)	17 878	18 452	15 810	16 082
<i>Index</i>	100	103	88	90
Closing stocks as a percentage of production	5,3 %	5,5 %	5,2 %	5,0 %
<i>Index</i>	100	105	100	96

Source: Injury questionnaire.

- (112) The closing stocks as a percentage of production show a stable footing across the period considered. The production of the product under review is usually done to order and therefore closing stocks tend to be stable. However, the level of closing stock decreased by 10 % during the period considered, which coincides with a decrease in production over the same period.

4.5.3.4. Profitability, cash flow, investments, return on investments and ability to raise capital

- (113) Profitability, cash flow, investments and return on investments of the sampled Union producers developed over the period considered as follows:

Table 11

Profitability, cash flow, investments and return on investments

	2018	2019	2020	RIP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	11,3 %	14,8 %	12,2 %	6,6 %
<i>Index</i>	100	131	108	59
Cash flow (EUR)	87 661 559	87 198 733	67 116 931	41 474 900
<i>Index</i>	100	99	77	47
Investments (EUR)	34 123 041	58 784 540	61 376 912	6 839 111
<i>Index</i>	100	172	180	20
Return on investments	104 %	50 %	25 %	24 %
<i>Index</i>	100	49	24	24

Source: Injury questionnaire.

- (114) The Commission established the profitability of the sampled Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales.
- (115) Profitability was positive throughout the period considered. However, following an increase in the costs of production, profitability dropped during the RIP, falling to 6,6 %, well below the target profit of 11,5 % established in the original investigation. This drop in profitability is due in part to the increase in costs between 2020 and the RIP, documented in recital (108), and coincides with the significant surge in imports from the country concerned in the same period.
- (116) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow developed downward during the period considered dropping by 53 %. This is similar to the situation that occurred in the original investigation.
- (117) Union industry continued investment during the period 2018 to 2020. However, this investment decreased dramatically during the RIP.
- (118) The return on investments is the profit in percentage of the net book value of investments. It developed in a downward trend during the period considered dropping by 76 %. This drop in the return on investments is in line with the drop in profitability.
- (119) The ability to raise capital by Union industry has been affected by the diminishing profitability, as can be seen from the significant drop in investment during the RIP.

4.6. Conclusion on injury

- (120) During the period considered, the market share of the Union industry remained high and stable, at 92% or above. Sales volumes on the Union market decreased slightly, paralleling a similar decrease in consumption.
- (121) In terms of financial indicators, the Union industry profitability has been positive throughout the period considered, and over or around the target profit of 11,5% established in the original investigation for most of the period considered. Notably, the Union industry made profits over of 11,3 %, 14,8 % and 12,2 % in years 2018, 2019, and 2020 respectively. However, costs increased by 5,5 % from 2020 to the review investigation period, while prices remained stable, which drove profitability down to 6,6 %. This also coincided with an increase of dumped imports, from 0,9 % market share in 2020 to 2,7 % market share in the review investigation period.
- (122) The indicators examined demonstrate that the anti-dumping measures had achieved their intended result of removing the injury suffered by the Union producers. Indeed, the imposition of the original measures in 2017 has allowed the Union industry to recover, and keep, high market shares in the Union and make profits throughout the period considered. However, the Union industry's profitability dropped below the target profit in the review investigation period, due to the price pressure from the dumped imports that prevented the Union industry from increasing their prices in line with the increase in their cost of production.
- (123) On the basis of the above, the situation of the Union industry verified during the review investigation period was injurious. Irrespective of whether that injury would already qualify as material within the meaning of Article 3(5) of the basic Regulation, the Commission decided to analyse the likelihood of recurrence of injury.
- (124) Following disclosure, Hansol Paper claimed that the situation of the Union industry was not injurious during the review investigation period.
- (125) As stated in recital (83), the Commission established an undercutting margin of 13,7 %. The Commission also noted in recital (114) that there was a dramatic decrease in investment for the Union industry over the period considered, dropping by 80 %. During the review investigation period the Union industry's profitability was well below that of the target profit of 11,5 % established in the original investigation. All of these issues show an injurious situation of the Union industry during the review investigation period. This claim was therefore rejected.

5. LIKELIHOOD OF RECURRENCE OF INJURY

- (126) The Commission further assessed, in accordance with Article 11(2) of the basic Regulation, whether there would be a likelihood of recurrence of injury originally caused by the dumped imports from the Republic of Korea, if the measures against were allowed to lapse.
- (127) In this respect the following elements were analysed by the Commission: the production capacity and spare capacity in the country concerned, the attractiveness of the Union market and the impact of the potential import volume and import prices on the Union industry's situation should the measures be allowed to lapse.
- (128) As described in recitals (57) to (59), the exporting producer in the country concerned has the capability to increase its allocation of production capacity to benefit the production of lightweight thermal paper. Indeed, Hansol Paper's sustainability report noted the possibility for swing capacities that allow to produce different paper types depending on the market situation. Furthermore, as noted in recital (59), production capacity in Korea is significant, being some 10 times bigger than domestic consumption in the country and nearly twice Union consumption.
- (129) Secondly, as described in recital (66), the Union market is the largest market for lightweight thermal paper in the world, accounting for some 25 % of global consumption. Furthermore, as described in recital (65), the US authorities have recently imposed anti-dumping measures on the product concerned, making this major market less attractive to Korean exports. In addition, these exports, in certain periods of the period considered, were sold at higher prices on the Union market in comparison to the US market. This makes the Union market attractive both in terms of price and accessibility and there is a strong likelihood that the expiry of the anti-dumping measures would result in a significant increase of dumped imports.
- (130) Thirdly, as shown in tables 2 and 3, during the period considered, the import volumes from the country concerned have increased, while the import prices have decreased. These import prices are lower than those of the Union industry. Indeed, as described in recitals (83) to (85), the undercutting analysis carried out by the Commission has shown an undercutting margin without duties of 13,7 % in the RIP. This shows that, if measures are allowed to lapse, Korean exporters would have an incentive to export to the Union at injurious price levels. This would cause price pressure on the Union industry that would then lose sales volumes and/or be obliged to decrease their price levels, with the consequent impact on profitability.
- (131) On this basis, it is concluded that the absence of measures would in all likelihood result in a significant increase of dumped imports from the Republic of Korea and material injury would be likely to recur.

6. UNION INTEREST

- (132) In accordance with Article 21 of the basic Regulation, the Commission examined whether maintaining the existing anti-dumping measures would be against the interest of the Union as whole. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and users.
- (133) All interested parties were given the opportunity to make their views known pursuant to Article 21(2) of the basic Regulation.
- (134) On this basis, the Commission examined whether, despite the conclusions on the likelihood of continuation of dumping and the likelihood of recurrence of injury, compelling reasons existed which would lead to the conclusion that it was not in the Union interest to maintain the existing measures.

6.1. Interest of the Union industry

- (135) The Union industry consists of five producers located in three Member States (Germany, Spain and Finland). All five producers were in favour of the expiry review.

(136) As concluded in recital (123), the situation of the Union industry during the review investigation period was injurious. Moreover, as concluded in recital (130) the Union industry would not be able to cope with a removal of the measures, as it would likely result in a strong increase of dumped imports. Allowing the measures to lapse would therefore put the industry's long term financial viability in jeopardy.

(137) The Commission concluded that the continuation of the measures, therefore, is in the interest of the Union industry.

6.2. Interest of unrelated importers and users

(138) All known unrelated importers and users were informed about the initiation of the review. However, the Commission received no cooperation from unrelated importers and users.

(139) Therefore, there were no indications that the maintenance of the measures would have a negative impact on the users and/or importers outweighing the positive impact of the measures.

6.3. Conclusion on Union interest

(140) On the basis of the above, the Commission concluded that there were no compelling reasons of the Union interest against the maintenance of the existing measures on imports of certain lightweight thermal paper originating in the Republic of Korea.

7. ANTI-DUMPING MEASURES

(141) On the basis of the conclusions reached by the Commission on the likelihood of continuation of dumping, likelihood of recurrence of injury and Union interest, the anti-dumping measures on certain lightweight thermal paper from the Republic of Korea should be maintained.

(142) All interested parties were informed of the essential facts and considerations on the basis of which it was intended to recommend that the existing measures be maintained. All parties were also granted a period to make representations subsequent to this disclosure and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings. The submissions and comments were duly taken into consideration.

(143) In view of Article 109 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council ⁽³³⁾ when an amount is to be reimbursed following a judgment of the Court of Justice of the European Union, the interest to be paid should be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union on the first calendar day of each month.

(144) The measures provided for in this regulation are in accordance with the opinion of the Committee established by Article 15(1) Regulation (EU) 2016/1036,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is imposed on imports of certain lightweight thermal paper weighing 65 g/m² or less; in rolls of a width of 20 cm or more, a weight of the roll (including the paper) of 50 kg or more and a diameter of the roll (including the paper) of 40 cm or more ('jumbo rolls'); with or without a base coat on one or both sides; coated with a thermo-sensitive substance on one or both sides; and with or without a top coat, currently falling under CN codes ex 4809 90 00, ex 4811 90 00, ex 4816 90 00 and ex 4823 90 85 (TARIC codes: 4809 90 00 10, 4811 90 00 10, 4816 90 00 10, 4823 90 85 20), originating in the Republic of Korea.

⁽³³⁾ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

2. The rate of the definitive anti-dumping duty applicable to the product described in paragraph 1 shall be a fixed amount of EUR 103,16 per tonne net.
3. Unless otherwise specified, the provisions in force concerning customs duties shall apply.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 29 June 2023.

For the Commission
The President
Ursula VON DER LEYEN
