

PRESS RELEASE

U.S. Department of Commerce Finds Subsidies, Imposes Countervailing Duty Margins on Imports of Lined Paper Products from Indonesia and India

February 7, 2006

Washington, DC—The Department of Commerce today made preliminary affirmative determinations in its subsidy investigations involving certain lined paper products from Indonesia and India, and imposed countervailing duty margins ranging from 33.31 to 2.2 percent. The determinations are in response to petitions filed by the Association of American School Paper Suppliers in September 2005.

As a result, the Commerce Department will suspend liquidation of all entries of certain lined paper product imports from Indonesia and India, and will require a cash deposit or the posting of a bond for such entries in the amount of the countervailing duty margins. The determinations primarily cover lined paper school supplies, such as notebooks, filler paper and composition books.

"These affirmative preliminary determinations are an important first step in addressing dumping and unfair subsidization of lined paper school supplies from these countries," said Alan Price, counsel to the Association of American School Paper Suppliers. "These subsidies, along with dumping of these products by India, Indonesia and China, give foreign producers unfair advantages in the marketplace and have harmed American producers and their workers."

The subsidy margins announced by Commerce relate to a variety of subsidy programs maintained by Indonesia and India. For example, the Indonesian government subsidizes stumpage (timber rights) to Indonesian producers. India maintains a variety of export subsidies,

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which are prohibited by U.S. law and the World Trade Organization. Moreover, Petitioners believe that the preliminary subsidy margins found today could well increase at the final determination.

Commerce is still considering whether to expand its investigation to cover additional subsidies that are potentially far greater—in particular, the \$14 billion financial restructuring and bailout of Asia Pulp and Paper by the Government of Indonesia.

The Commerce Department is now conducting a full investigation of the margins of dumping and the subsidy programs in existence. The Department is scheduled to make its preliminary determinations in the antidumping investigations in mid-March 2006. At this stage of the proceeding, antidumping duties have been established to be 258.21 percent for China, 181.86 to 215.93 percent for India, and 77.07 to 118.63 percent for Indonesia.