

U.S. Industry Alleges \$14 Billion in Indonesian Subsidies to Its Lined Paper School Supplies Producers

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Washington, DC—The Association of American School Paper Suppliers has requested that the U.S. Department of Commerce investigate \$14 billion in subsidies provided to Indonesian producers of notebooks, filler paper and other lined paper school supplies.

The Association has provided evidence of two additional subsidy programs:

1. That the government of Indonesia assumed US \$1.3 billion in debts owed by Asia Pulp and Paper to Bank International Indonesia (BII), both of which are affiliated with Indonesian paper school supplies manufacturer P.T. Pabrik Kertas TK, and
2. That the government also required private creditors to forgive the vast majority of another \$12.6 billion in debts owed them by Asia Pulp and Paper.

“Through these actions, we believe the Government of Indonesia has provided as much as \$14 billion in subsidies to the principal Indonesian producer of lined paper school supplies,” said Alan H. Price, counsel to the Association of American School Paper Suppliers. “These subsidies, along with dumping of these products by India, Indonesia and China, have harmed American producers and their workers.”

In October 2005, the U.S. International Trade Commission unanimously determined that there is a reasonable indication that imports of lined paper school supplies from India, Indonesia and the People’s Republic of China are causing material injury to the U.S.

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industry. The Association had alleged that these imports were dumped in the U.S. market, and that imports from India and Indonesia benefited from illegal government subsidies.

The Commerce Department is now conducting a full investigation of the margins of dumping and the subsidy programs in existence. If Commerce makes affirmative findings, and the Commission makes an affirmative final determination of injury, the United States will impose duties on these imports to offset the subsidies and unfair pricing.

At this stage of the proceeding, 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 for the antidumping cases alone. The Department of Commerce is currently scheduled to make its preliminary determinations in these investigations in approximately mid-February 2006.