



---

*CUSTOMS ACT 1901 - PART XV B*

**STATEMENT OF ESSENTIAL FACTS  
NO. 588**

**INQUIRY CONCERNING THE CONTINUATION OF  
ANTI-DUMPING MEASURES APPLYING TO  
A4 COPY PAPER  
EXPORTED TO AUSTRALIA FROM  
THE FEDERATIVE REPUBLIC OF BRAZIL,  
THE PEOPLE'S REPUBLIC OF CHINA,  
THE REPUBLIC OF INDONESIA  
AND THE KINGDOM OF THAILAND**

**17 December 2021**

# CONTENTS

<b>CONTENTS</b> .....	<b>2</b>
<b>ABBREVIATIONS</b> .....	<b>4</b>
<b>1 SUMMARY AND RECOMMENDATIONS</b> .....	<b>7</b>
1.1 INTRODUCTION.....	7
1.2 LEGISLATIVE FRAMEWORK .....	7
1.3 PRELIMINARY FINDINGS .....	8
1.4 PROPOSED RECOMMENDATION .....	8
1.5 RESPONDING TO THIS SEF .....	9
1.6 REPORT TO THE MINISTER.....	10
<b>2 BACKGROUND</b> .....	<b>11</b>
2.1 INITIATION AND CURRENT MEASURES.....	11
2.2 CONDUCT OF INQUIRY .....	14
2.3 SUBMISSIONS RECEIVED FROM INTERESTED PARTIES .....	16
2.4 PUBLIC RECORD.....	16
<b>3 THE GOODS AND LIKE GOODS</b> .....	<b>17</b>
3.1 PRELIMINARY FINDING .....	17
3.2 LEGISLATIVE FRAMEWORK .....	17
3.3 THE GOODS .....	17
3.4 MODEL CONTROL CODE.....	18
3.5 LIKE GOODS.....	18
<b>4 THE AUSTRALIAN INDUSTRY</b> .....	<b>20</b>
4.1 PRELIMINARY FINDING .....	20
4.2 LEGISLATIVE FRAMEWORK .....	20
4.3 AUSTRALIAN INDUSTRY.....	20
4.4 PRODUCTION PROCESS.....	20
4.5 SUMMARY.....	20
<b>5 AUSTRALIAN MARKET</b> .....	<b>21</b>
5.1 PRELIMINARY FINDING .....	21
5.2 MARKET STRUCTURE.....	21
5.3 PRICING .....	24
5.4 MARKET SIZE .....	26
<b>6 ECONOMIC CONDITION OF THE INDUSTRY</b> .....	<b>27</b>
6.1 PRELIMINARY FINDING .....	27
6.2 APPROACH TO ECONOMIC CONDITION ANALYSIS.....	27
6.3 VOLUME EFFECTS .....	28
6.4 PRICE EFFECTS.....	30
6.5 PROFIT AND PROFITABILITY .....	31
6.6 OTHER ECONOMIC FACTORS .....	32
<b>7 ASSESSMENT OF VARIABLE FACTORS (DUMPING)</b> .....	<b>38</b>
7.1 PRELIMINARY FINDING .....	38
7.2 LEGISLATIVE FRAMEWORK .....	38
7.3 EXPORTER QUESTIONNAIRES AND VERIFICATION.....	40
7.4 RAK.....	41
7.5 INDONESIAN ALL OTHER EXPORTERS .....	48
7.6 EXPORTS BY ALL OTHER SUBJECT EXPORTERS (BRAZIL, CHINA AND THAILAND).....	49
<b>8 LIKELIHOOD THAT DUMPING, SUBSIDISATION AND MATERIAL INJURY WILL CONTINUE OR RECUR</b> .....	<b>50</b>
8.1 PRELIMINARY FINDING .....	50
8.2 LEGISLATIVE FRAMEWORK .....	50
8.3 AUSTRALIAN INDUSTRY’S CLAIMS .....	50
8.4 ARE EXPORTS LIKELY TO CONTINUE OR RECUR? .....	51

## **PUBLIC RECORD**

8.5	WILL DUMPING AND SUBSIDISATION CONTINUE OR RECUR? .....	63
8.6	WILL MATERIAL INJURY CONTINUE OR RECUR? .....	77
8.7	SUMMARY .....	87
<b>9</b>	<b>NON-INJURIOUS PRICE .....</b>	<b>88</b>
9.1	PRELIMINARY ASSESSMENT OF NIP .....	88
9.2	APPLICABLE LEGISLATION .....	88
9.3	CALCULATION OF THE NON-INJURIOUS PRICE .....	88
9.4	COMMISSION'S ASSESSMENT .....	89
<b>10</b>	<b>PROPOSED MEASURES .....</b>	<b>90</b>
10.1	PRELIMINARY RECOMMENDATIONS .....	90
10.2	CURRENT FORM OF MEASURES .....	90
10.3	FORMS OF DUMPING DUTY AVAILABLE .....	90
10.4	CONCLUSION .....	91
<b>11</b>	<b>APPENDICES AND ATTACHMENTS .....</b>	<b>93</b>
<b>12</b>	<b>TABLES AND FIGURES .....</b>	<b>94</b>

**PUBLIC RECORD**

<b>ABBREVIATIONS</b>	
\$	Australian dollars
ABF	Australian Border Force
the Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
AFEM	APRIL Far East (Malaysia) Sdn. Bhd.
APRIL	Asia Pacific Resources International Limited.
Asia Symbol	Asia Symbol (Guangdong) Paper Co., Ltd
Brazil	the Federative Republic of Brazil
China	the People's Republic of China
CIF	Cost, Insurance and Freight
the commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
the Direction	<i>Ministerial Direction on Material Injury 2012</i>
Double A	Double A (1991) Public Co., Ltd
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
EPR	electronic public record
EXW	Ex Works
FIS	Free Into Store
FOB	Free On Board
GAAP	generally accepted accounting principles
Greenpoint	Greenpoint Global Trading (Macao Commercial Offshore) Ltd
gsm	grams per square metre
GOC	Government of China
GOI	Government of Indonesia
the goods	A4 copy paper, the goods the subject of the application (also referred to as the goods under consideration)
the Guidelines	<i>Guidelines on the Application of Forms of Dumping Duty (November 2013)</i>
IDD	interim dumping duty
ICD	Interim countervailing duty
Indah Kiat	PT Indah Kiat Pulp & Paper Tbk
Indonesia	the Republic of Indonesia
International Paper	International Paper do Brasil Ltda.

**PUBLIC RECORD**

Investigation 341	<i>Anti-Dumping Investigation No. 341</i>
Investigation 463	<i>Anti-Dumping Investigation No. 463</i>
Investigation 583	<i>Anti-Dumping Investigation No. 583</i>
Jackaroo	Jackaroo Pty Ltd
the Manual	<i>Dumping and Subsidy Manual (November 2018)</i>
MCC	model control code
the Minister	the Minister for Industry, Energy and Emissions Reduction
Nine Dragons	Nine Dragons Paper (Holdings) Limited
NIP	non-injurious price
NPI	Nippon Paper Industries Co. Ltd
OCOT	ordinary course of trade
OECD	Organisation for Economic Co-operation and Development
original investigation	Anti-Dumping Investigation No. 341
Pakistan	the Islamic Republic of Pakistan
Paper Australia	Paper Australia Pty Ltd
the period of analysis	1 July 2020 to 30 June 2021
Pindo Deli	PT Pindo Deli Pulp & Paper Mills
RAK	PT Riau Andalan Kertas
RAPP	PT Riau Andalan Pulp and Paper
the Regulation	<i>Customs (International Obligations) Regulation 2015</i>
REP 341	<i>Anti-Dumping Commission Report No. 341</i>
REP 463	<i>Anti-Dumping Commission Report No. 463</i>
REP 547	<i>Anti-Dumping Commission Report No. 547</i>
REP 551	<i>Anti-Dumping Commission Report No. 551</i>
REQ	response to exporter questionnaire
Review 547	<i>Review of Measures No. 547</i>
Review 551	<i>Review of Measures No. 551</i>
RGQ	response to government questionnaire
RISI	Fastmarkets RISI
ROI	return on investment
ROK	Republic of Korea
Russia	the Russian Federation
SEF	statement of essential facts
SG&A	selling, general, and administration
Shandong Chenming	Shandong Chenming Paper Holdings Limited

**PUBLIC RECORD**

Slovakia	the Slovak Republic
the subject countries	collectively, Brazil, China, Indonesia and Thailand
Sylvamo	Sylvamo Exports Ltda (formerly International Paper Exportadora Ltda)
Sylvamo Brazil	Sylvamo do Brasil Ltda (formerly International Paper do Brasil Ltda)
Tjiwi Kimia	PT Pabrik Kertas Tjiwi Kimia Tbk
Thailand	the Kingdom of Thailand
Mexico	the United Mexican States
USA	the United States of America
UPM	collectively, UPM Asia Pacific Pte Ltd and UPM (China) Co., Ltd
UPM AP	UPM Asia Pacific Pte Ltd
UPM China	UPM (China) Co., Ltd
USP	unsuppressed selling price
WTO	World Trade Organization
Yueyang Forest	Yueyang Forest & Paper Co., Ltd.

# 1 SUMMARY AND RECOMMENDATIONS

## 1.1 Introduction

This statement of essential facts (SEF) concerns an inquiry into whether the continuation of the anti-dumping measures applying to A4 copy paper (the goods) exported to Australia from:

- the Federative Republic of Brazil (Brazil)
- the People's Republic of China (China)
- the Republic of Indonesia (Indonesia) and
- the Kingdom of Thailand (Thailand),

collectively referred to as the subject countries in this report, is justified. The anti-dumping measures are in the form of a dumping duty notice (applying to all subject countries) and a countervailing duty notice (applying to China only).

This SEF sets out the findings and conclusions on which the Commissioner of the Anti-Dumping Commission (the Commissioner) proposes to base their recommendations to the Minister for Industry, Energy and Emissions Reduction (the Minister).

The anti-dumping measures currently applicable to exports of the goods to Australia from the subject countries are due to expire on 19 April 2022.<sup>1</sup>

The Commissioner initiated the inquiry on 2 July 2021 following consideration of an application lodged by Paper Australia Pty Ltd (Paper Australia), being the person specified under section 269ZHB(1)(b)(ii) of the *Customs Act 1901* (the Act), representing the whole of the Australian industry producing like goods to the goods covered by the measures.<sup>2</sup>

## 1.2 Legislative framework

Division 6A of Part XVB sets out, among other things, the procedures the Commissioner is required to follow when considering an application for the continuation of anti-dumping measures.

Section 269ZHE(1) requires the Commissioner to publish a SEF on which they propose to base their recommendations to the Minister concerning the continuation of the measures. Section 269ZHE(2) specifies that the Commissioner:

- must have regard to the application and any submissions received within 37 days of the initiation of the inquiry and
- may have regard to any other matters that the Commissioner considers relevant.

Pursuant to section 269ZHF(2), the Commissioner must not recommend that the Minister take steps to secure the continuation of the measures unless satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and/or subsidisation and the material injury that the measure is intended to prevent.

Pursuant to section 269ZHF(1)(a), in giving the Minister a report, the Commissioner must recommend:

---

<sup>1</sup> Under section 269TM, dumping duty notices and countervailing duty notices expire 5 years after the date of publication, unless revoked earlier. If not continued the anti-dumping measures would no longer apply on and from 20 April 2022.

<sup>2</sup> All legislative references in this report are to the *Customs Act 1901* unless otherwise stated.

## **PUBLIC RECORD**

- that the notice remain unaltered or
- that the notice cease to apply to a particular exporter or to a particular kind of goods or
- that the notice have effect in relation to a particular exporter or to exporters generally, as if different variable factors had been ascertained or
- that the notice expire on the specified expiry day.

### **1.3 Preliminary findings**

Based on the evidence currently available, the Commissioner is satisfied that the expiration of the measures on exports of A4 copy paper from Brazil, China, Indonesia and Thailand would lead, or would be likely to lead, to a continuation of, or a recurrence of, dumping and subsidisation and the material injury that the measures are intended to prevent.

In relation to exports by PT Riau Andalan Kertas (RAK) and all other exporters from Indonesia, the commission has found that there has been a change in the variable factors.<sup>3</sup> Consistent with the Commissioner's notice initiating the inquiry, the variable factors for all other subject countries remain unchanged.

### **1.4 Proposed recommendation**

Based on the preliminary findings, the Commissioner proposes to recommend that the Minister:

- take steps to secure the continuation of the dumping duty notice applicable to the goods exported from Brazil, China, Indonesia and Thailand
- take steps to secure the continuation of the countervailing duty notice applicable to the goods exported from China, and
- alter the variable factors for the dumping duty notice in relation to exports by
  - RAK from Indonesia and
  - all other subject exporters from Indonesia.

The Commissioner proposes to recommend that interim dumping duty (IDD) be collected for all exporters using the combination of fixed and variable duty method (combination method), and that interim countervailing duty (ICD) be collected for all exporters subject to the notice as a proportion of the export price.

The Commissioner proposes to recommend that the non-injurious price (NIP) will be the operative measure for exports to Australia by the following entities:

- all exporters from Brazil
- all exporters from China, except for UPM Asia Pacific Pte Ltd and UPM (China) Co., Ltd (collectively, UPM) and
- all exporters from Thailand.

The effect of these recommendations, if accepted, are summarised in Table 1.

---

<sup>3</sup> The variable factors relevant to the dumping duty notice are the normal value, the export price and the non-injurious price (section 269T(4D)(a) refers). If the measures are continued, the commission considers that it is appropriate to establish a contemporary basis for calculating the payment of interim duty.



## PUBLIC RECORD

Country	Exporter	IDD rate	ICD rate
Brazil	Sylvamo Exports Ltda <sup>4</sup>	8.1%	Not applicable
	All other exporters		
China	UPM Asia Pacific Pte Ltd	3.2%	Not applicable
	Greenpoint Global Trading (Macao Commercial Offshore) Ltd	10.0%	
	All other exporters	3.0%	7.0%
Indonesia	PT Riau Andalan Kertas	59.7%	Not applicable
	All other exporters <u>except</u> PT Indah Kiat Pulp & Paper Tbk, PT Pabrik Kertas Tjiwi Kimia Tbk and PT Pindo Deli Pulp & Paper Mills		
Thailand	Double A (1991) Public Company Ltd	0.9%	Not applicable
	All other exporters		

**Table 1 Summary of proposed measures**

### 1.5 Responding to this SEF

This SEF sets out the essential facts on which the Commissioner proposes to base their recommendations to the Minister. This SEF represents an important stage in the inquiry. It informs interested parties of the facts established and allows them to make submissions in response to the SEF. It is important to note that the SEF may not represent the final views of the Commissioner.

The notice initiating the inquiry, and the subsequent notices advising extension to the deadline for the publication of the SEF, advise that interested parties had 20 days to respond to the SEF.<sup>5</sup>

The 20 day period after publication of the SEF puts the due date at 6 January 2022. As this date coincides with the Australian public holidays for the 2021/22 Christmas and New Year period, the Commissioner considers it is necessary to specify a further period of time for interested parties to lodge a submission in response to the SEF.<sup>6</sup>

Interested parties are to lodge written submission in response to this SEF no later than the close of business on **11 January 2022**. The Commissioner is not obliged to have regard to any submission made in response to the SEF received after this date if to do so would, in the opinion of the Commissioner, prevent the timely preparation of the report to the Minister.

The email addresses for receipt of submissions is [investigations1@adcommission.gov.au](mailto:investigations1@adcommission.gov.au). Alternatively, interested parties may post submissions to:

---

<sup>4</sup> Formally International Paper Exportadora Ltda

<sup>5</sup> Chapter 2.2.1 refers.

<sup>6</sup> Section 269SMG.

## PUBLIC RECORD

Director, Investigations Unit 1  
Anti-Dumping Commission  
GPO Box 2013  
CANBERRA ACT 2601  
AUSTRALIA

Confidential submissions must be clearly marked accordingly and a non-confidential version of any submission is required for inclusion on the electronic public record (EPR) maintained for the inquiry. Information in relation to making submissions is available on the commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

### 1.6 Report to the Minister

The Commissioner must provide a report and recommendations to the Minister within 155 days after the publication of a notice under section 269ZHD(4) or such longer period as is allowed.<sup>7</sup>

The Commissioner will consider submissions made in relation to this SEF in making their final report to the Minister.

The Commissioner must report to the Minister by no later than **18 February 2022**.

---

<sup>7</sup> Section 269ZHF(1). On 14 January 2017, the Minister delegated the powers and functions of section 269ZHI to the Commissioner, see Anti-Dumping Notice (ADN) No. 2017/010.

## 2 BACKGROUND

### 2.1 Initiation and current measures

The anti-dumping measures, in the form of a dumping duty notice and a countervailing duty notice, were initially imposed on 19 April 2017 by the then Assistant Minister for Industry, Innovation and Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science following consideration of *Anti-Dumping Commission Report No. 341* (REP 341).<sup>8</sup>

Investigation No. 341 (the original investigation) and the imposition of the measures resulted from an application made under section 269TB by Paper Australia who represented the Australian industry producing like goods.

On 7 July 2021, the Minister altered the anti-dumping and countervailing measures to have effect as if different variable factors had been fixed in respect of exporters generally, relevant to the determination of duty, following consideration of *Anti-Dumping Commission Report No. 551* (REP 551).<sup>9</sup>

The dumping duty notice applies to all exporters of A4 copy paper from the subject countries except by the following exporters from Indonesia:

- PT Indah Kiat Pulp & Paper Tbk (Indah Kiat)
- PT Pabrik Kertas Tjiwi Kimia Tbk (Tjiwi Kimia)
- PT Pindo Deli Pulp & Paper Mills (Pindo Deli)<sup>10</sup>

The countervailing duty notice applies to all exporters of A4 copy paper from China except by:

- Greenpoint Global Trading (Macao Commercial Offshore) Ltd (Greenpoint)
- UPM Asia Pacific Pte Ltd (UPM AP)

The anti-dumping measures are due to expire on 19 April 2022.<sup>11</sup>

A background to key cases in relation to the goods is summarised in Table 2.

Case type and no.	ADN number	Date	Country of export	Findings
Investigation No. 341	2017/039 2017/040	19 April 2017	Brazil China Indonesia Thailand	Measures imposed on exporters from all subject countries (except Tjiwi Kimia).

<sup>8</sup> ADN Nos. 2017/39 (dumping) and 2017/40 (subsidy) refer. REP 341 is available on the commission's website.

<sup>9</sup> ADN No. 2021/075 refers. REP 551 is available on the commission's website.

<sup>10</sup> Following the completion of Review of Measures No. 547, with effect from 12 March 2020, the anti-dumping notice was revoked on exports from Indonesia by Indah Kiat and Pindo Deli (ADN No. 2020/090 refers).

<sup>11</sup> On and from 20 April 2022, if not continued, the anti-dumping measures would no longer apply.

**PUBLIC RECORD**

Case type and no.	ADN number	Date	Country of export	Findings
Investigation No. 463	2019/037	10 April 2019	Austria Finland Korea Russia Slovakia	Measures imposed on exporters from all countries except Austria (ADN No. 2019/036)
Review of Measures No. 547	2020/090	14 September 2020	Indonesia	Dumping duty notice applying to Indah Kiat and Pindo Deli was revoked
Review of Measures No. 551	2021/075	9 July 2021	Brazil China Indonesia Thailand	Variable factors altered for all exporters from the subject countries (except Tjiwi Kimia, Indah Kiat and Pindo Deli)

**Table 2 Summary of cases undertaken in relation to the goods**

Table 3 sets out the current measures applying to exports of the goods to Australia.

Country	Exporter	Dumping notice		Countervailing notice	
		Method	Effective IDD rate	Method	Effective ICD rate
Brazil	Sylvamo Exports Ltda. <sup>12</sup>	Combination Method	8.1%	Not applicable	
	Uncooperative and all other exporters		8.1%		
China	UPM Asia Pacific Pte Ltd		3.2%	Not applicable	
	Greenpoint Global Trading (Macao Commercial Offshore) Ltd		10.0%		
	Uncooperative and all other exporters (dumping) Non-cooperative entities (subsidy)		3.0%	Proportion of export price	7.0%
Indonesia	PT Riau Andalan Kertas		14.7%	Not applicable	
	Uncooperative and all other exporters		19.2%		
Thailand	Double A (1991) Public Company Ltd		0.9%	Not applicable	
	Uncooperative and all other exporters		0.9%		

**Table 3 Summary of current measures applying to the goods**

Further details on the measures is available on the Dumping Commodity Register at [www.adcommission.gov.au](http://www.adcommission.gov.au).

<sup>12</sup> International Paper Exportadora Ltda changed its name to Sylvamo Exports Ltda (Sylvamo), effective from 4 August 2021. The producer of the goods in Brazil, International Paper do Brasil Ltda was also renamed to Sylvamo do Brasil Ltda (Sylvamo Brazil).

### **2.1.1 Submissions in response to the initiation of the inquiry**

The commission received several submissions relating to the Commissioner's consideration of Paper Australia's application seeking the inquiry.

- UPM AP at EPR 004 claimed that Paper Australia's application did not comply with section 269ZHC(1)(c). It also made a further submission at EPR 006.<sup>13</sup>
- Paper Australia at EPR 005, EPR 011 and EPR 012.<sup>14</sup>
- APRIL Far East (Malaysia) Sdn. Bhd. (AFEM) submitted amongst other things at EPR 007 that Paper Australia's application for the inquiry did not provide grounds or supporting evidence to satisfy section 269ZHD(2).<sup>15</sup>
- Jackaroo Paper Pty Ltd (Jackaroo), an importer of the goods from Brazil, made a submission at EPR 009 in response to Paper Australia's submission at EPR 005.<sup>16</sup>

Having regard to the issues raised in all of the above submissions, the commission considers that they all relate in one way or another to considerations outlined in section 269ZHC(1)(c), as cited by UPM AP, or section 269ZHD(2), as cited by AFEM.

UPM AP's contention relates to Paper Australia's compliance with section 269ZHC(1)(c) and the requirement that an application must contain such information as the form requires.

UPM AP's submission argues Paper Australia's application omits references to a 2021 agreement that Paper Australia struck with an Australia seller of A4 copy paper. UPM-AP was the relevant customer's supplier at the time Paper Australia struck the agreement.

The commission's continuation inquiry application form B600 requests certain information from applicants. The Commissioner considered Paper Australia provided the required information.

Paper Australia fully completed the application form by answering every question, providing source data for the figures in its application and acquiring third party data to inform its responses. The data presented by Paper Australia spanned the period 2016 to 2020. Following initiation of the inquiry Paper Australia provided further sales and cost information for the March quarter of 2021.

The commission raised the matter of UP AP's submission with Paper Australia during verification of its economic condition. After ascertaining the agreement is relevant information it has been relied on to formulate the proposed recommendations to the Minister outlined in this report.

The commission considers its investigative processes have addressed the matter the subject of UPM AP's submissions.

In response to AFEM's submission the commission reiterates the requirement of the Commissioner to consider section 269ZHD(2)(b) and whether there **appear** to be **reasonable** grounds.

---

<sup>13</sup> EPR 588, No. 004 and 006

<sup>14</sup> EPR 588, No. 005

<sup>15</sup> EPR 588, No. 007

<sup>16</sup> EPR 588, No. 009

## **PUBLIC RECORD**

The commission considers that AFEM's contention imposes a demand that the Commissioner achieve a level of satisfaction above the threshold that an applicant can reasonably achieve.

By being properly completed, Paper Australia's application addressed a range of issues and provided a large body of relevant information. Information that would reasonably be available to the applicant. The Commissioner also had regard to other relevant information as permitted by section 269ZHD(1)(b). Based on this the Commissioner was satisfied there appeared to be reasonable grounds.

### **2.2 Conduct of inquiry**

The Commissioner recently completed Review of Measures No. 551 (Review 551) pursuant to Division 5 of Part XVB of the Act. The Minister accepted the findings and recommendations resulting from this review. The Commissioner's initiation notice proposed to have regard to the variable factors determined in Review 551 for the purpose of this inquiry.<sup>17</sup>

Notwithstanding the proposal outlined in the initiation notice, the commission made exporter and importer questionnaires available for completion by interested parties.

The initiation notice informed interested parties to complete exporter questionnaires by no later than close of business on Monday 9 August 2021. The period relevant to the information requested in the exporter questionnaire was 1 April 2020 to 31 March 2021 (the analysis period).

The commission has also examined data from the Australian Border Force (ABF) import database from 1 January 2010 and financial data from the Australian industry from 1 January 2015 for the purposes of analysing trends in the market for the goods and assessing potential injury factors.

#### **2.2.1 Statement of essential facts**

The initiation notice initially advised publication of the SEF was due by 20 October 2021. However, as advised in ADN No. 2021/132 the Commissioner approved an extension of time for the publication of the SEF until 17 December 2021.<sup>18</sup>

#### **2.2.2 Report to the Minister**

The initiation notice advised that the Commissioner would provide a report to the Minister on or before 6 December. However, as advised in ADN No. 2021/132 the Commissioner approved an extension of time to provide the Minister a report by 18 February 2022.<sup>19</sup>

#### **2.2.3 Australian industry**

The Commissioner is satisfied that the Australian industry for the continuation of the measures, Paper Australia, is the person specified under section 269ZHB(1)(b)(ii), being

---

<sup>17</sup> ADN 2021/082. The review period established in Review 551 was calendar year 2019.

<sup>18</sup> EPR 588, Item No. 016.

<sup>19</sup> EPR 588, Item No. 016.

## **PUBLIC RECORD**

the person representing the whole of the Australian industry producing like goods to the goods covered by the measures.

The commission conducted a verification of the information provided by Paper Australia in its application. The report made in relation to the verification is available on the EPR.<sup>20</sup>

### **2.2.4 Importers**

The commission identified several entities in the ABF import database who had imported the goods from the subject countries. As outlined in the initiation notice the commission did not forward a copy of the importer questionnaire to any interested parties. However, the commission placed a copy of the importer questionnaire on its website for voluntary completion. The commission did not receive any responses to the importer questionnaire.

### **2.2.5 Exporters**

The commission identified several suppliers in the ABF import database who had exported the goods from the subject countries. As outlined in the initiation notice the Commissioner proposed to have regard to the variable factors determined in Review 551 for the purposes of this continuation inquiry.

As outlined in the initiation notice the commission did not forward a copy of the exporter questionnaire to any interested parties. However, the commission placed a copy of the exporter questionnaire on its website for voluntary completion.

The commission received one exporter questionnaire from AFEM in connection with exports by RAK from Indonesia.<sup>21</sup> RAK and AFEM are related. AFEM is involved in the export of the goods to Australia.

The commission accepted the REQ from AFEM following an extension of 29 days to the initial deadline for the receipt of questionnaires by 9 August 2021. Information relating to the verification of AFEM's response is available on the EPR.<sup>22</sup>

### **2.2.6 Governments**

To advise the inquiry had been initiated the commission contacted the Government of China (GOC) at the outset of the inquiry. The commission also invited GOC to submit a questionnaire regarding information relevant to the countervailing duty notice. The commission did not receive a response from the GOC.

On 7 July 2021, the Government of the Federative Republic of Brazil submitted that it acknowledged the receipt of ADN No. 2021/082 and requested to be included as an interested party in the inquiry process.<sup>23</sup>

---

<sup>20</sup> EPR 588, Item No. 015

<sup>21</sup> EPR 588, Item No. 010

<sup>22</sup> EPR 588, Item No. 020

<sup>23</sup> EPR 588, No. 003

## PUBLIC RECORD

### 2.3 Submissions received from interested parties

Submissions received by the commission prior to publication of this report are summarised in Table 4. Prior to the publication of this SEF the commission had insufficient time to consider two submissions received from AFEM on 16 December 2021.<sup>24</sup> The Commission did not have regard to AFEM's submissions as to do so would, in the Commissioner's opinion, prevent the timely placement of this SEF on the public record.<sup>25</sup> The Commission will have regard to AFEM's submissions in the report to the Minister. The preparation of this SEF considered all other submissions.

Public Record Item No.	Interested Party	Date Received
003	Federative Republic of Brazil – Recognition of interested party status	07/07/2021
004	UPM Asia Pacific Pte Ltd – Paper Australia application compliance with section 269ZHC(1)(c) of the Act	09/08/2021
005	Paper Australia Pty Ltd – Response to UPM at EPR 004	23/08/2021
006	UPM Asia Pacific Pte Ltd – Response to Paper Australia at EPR 005	03/09/2021
007	AFEM – Scope of inquiry, legal test of likely and material injury, application deficiencies, response to initiation notice ADN 2021/082	07/09/2021
008	Jackaroo Paper Pty Ltd – Expiry of measures on goods from Brazil	07/09/2021
009	Jackaroo Paper Pty Ltd – Response to submissions at EPR 004 & 005	08/09/2021
011	Paper Australia Pty Ltd - Response to UPM at EPR 006	22/09/2021
012	Paper Australia Pty Ltd – Response to Jackaroo at EPR 008 & 009	23/09/2021
013	Paper Australia Pty Ltd – Pre-verification exporter briefing	06/10/2021
014	Sylvamo do Brazil Ltda – grounds that measures are no longer warranted	08/10/2021
017	AFEM – Approach to normal value calculation for RAK	10/11/2021
018	AFEM – Response to Paper Australia briefing at EPR 013	10/11/2021
019	Paper Australia Pty Ltd – Response to AFEM at EPR 017	29/11/2021
021	AFEM – Grounds arguing continuation of measures is not warranted	16/12/2021
022	AFEM – Response to draft verification report for RAK.	16/12/2021

**Table 4 Submissions received prior to publication of the SEF**

### 2.4 Public record

The public record contains non-confidential submissions received from interested parties, non-confidential versions of the commission's verification reports and other publicly available documents. It is available online via the EPR at [www.adcommission.gov.au](http://www.adcommission.gov.au).

Interested parties should read this in SEF in conjunction with documents on the public record.

---

<sup>24</sup> EPR 588, Item Nos. 021 and 022.

<sup>25</sup> Section 269ZHE(3) refers.



## 3 THE GOODS AND LIKE GOODS

### 3.1 Preliminary finding

The Commissioner considers that the A4 copy paper produced locally are “like” to the goods subject to the anti-dumping measures.

### 3.2 Legislative framework

In order to be satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation or recurrence of dumping or subsidisation, the Commissioner assesses whether the goods produced by the Australian industry are “like” to the imported goods. Section 269T(1) defines like goods as:

*“Goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration”.*

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether they have characteristics closely resembling each other against the following considerations including:

- physical likeness;
- commercial likeness;
- functional likeness; and
- production likeness.

### 3.3 The goods

#### 3.3.1 Goods subject to measures

ADN 2021/082 defines the goods under consideration as defined in as follows:

*Uncoated white paper of a type used for writing, printing or other graphic purposes, in the nominal basis weight range of 70 to 100 gsm [grams per square metre] and cut to sheets of metric size A4 (210mm x 297mm) (also commonly referred to as cut sheet paper, copy paper, office paper or laser paper).*

Further information on the subject goods specifies that the paper is not coated, watermarked or embossed and is subjectively white. It is made mainly from bleached chemical pulp and/or from pulp obtained by a mechanical or chemi-mechanical process and/or from recycled pulp.

#### 3.3.2 Tariff classification

The goods are generally, but not exclusively, classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:<sup>26</sup>

---

<sup>26</sup> These tariff classifications and statistical codes may include goods that are both subject and not subject to the anti-dumping measures. The listing of these tariff classifications and statistical codes are for convenience or reference only and do not form part of the goods description. Please refer to the goods description for authoritative detail regarding goods subject to the anti-dumping measures.

## PUBLIC RECORD

Tariff Subheading	Statistical Code	Description
4802		UNCOATED PAPER AND PAPERBOARD, OF A KIND USED FOR WRITING, PRINTING OR OTHER GRAPHIC PURPOSES, AND NON PERFORATED PUNCH-CARDS AND PUNCH TAPE PAPER, IN ROLLS OR RECTANGULAR (INCLUDING SQUARE) SHEETS, OF ANY SIZE, OTHER THAN PAPER OF 4801 OR 4803; HAND-MADE PAPER AND PAPERBOARD:
4802.56		Weighing 40 g/m <sup>2</sup> or more but not more than 150 g/m <sup>2</sup> , in sheets with one side not exceeding 435 mm and the other side not exceeding 297 mm, in the unfolded state:
4802.56.10		<i>Printing and writing paper, 297 mm x 210 mm (A4 paper): Weighing 40 g/m<sup>2</sup> or more but less than 90 g/m<sup>2</sup>:</i>
	03	<i>White</i>
	09	<i>Weighing 90 g/m<sup>2</sup> or more but not more than 150 g/m<sup>2</sup></i>

**Table 5 Tariff classification of the goods**

### 3.4 Model control code

The commission undertakes model matching using a model control code (MCC) structure to identify key characteristics used to compare the goods exported to Australia and the like goods sold domestically in the country of export.<sup>27</sup>

The MCC structure outlined below for this inquiry mirrors the accepted structure applied in Review 551 and Review 547.

Category	Sub-category	Identifier	Sales Data	Cost data
Weight (grams per square meter (gsm))	70 gsm	70	Mandatory	Mandatory
	> 71 gsm to 80 gsm	80		
	> 81 gsm to 85 gsm	85		
	> 85 gsm to 90 gsm	90		
	> 91 gsm to 100 gsm	100		
Recycled content	100%	R100+	Mandatory	Mandatory
	50% to 99%	R50		
	30% to 49%	R30		
	1% to 29%	R10		
	0%	N		

**Table 6 MCC Structure**

### 3.5 Like goods

This section sets out the commission's assessment of whether the locally produced goods are identical to, or closely resemble, the goods under consideration and are therefore 'like goods'. For the purposes of the findings below, the commission has relied upon information obtained from the verification of Paper Australia's manufacturing facilities and prior findings of the commission.

<sup>27</sup> Guidance on the Commission's approach to model matching is in the Anti-Dumping Commission, *Dumping and Subsidy Manual (November 2018)* (the Manual), available at [www.adcommission.gov.au](http://www.adcommission.gov.au)

### **3.5.1 Physical likeness**

The A4 copy paper produced for sale onto the Australian market by the Australian industry is physically like to the goods. They share similar physical characteristics, being white and falling within the gsm weight of between 70 and 100 (noting that the majority of A4 copy paper is 80 gsm).

### **3.5.2 Commercial likeness**

The A4 copy paper produced for sale onto the Australian market by the Australian industry is commercially like to the goods. Australian industry sells A4 copy paper into the same market sectors, considered interchangeable and use similar distribution channels as the imported goods.

### **3.5.3 Functional likeness**

The A4 copy paper produced by the Australian industry for sale in the Australian market are considered to be functionally alike as they have the same end use, including high speed and low speed copying, printing and general use in business, education and home offices as well as in small offset printers.

### **3.5.4 Production likeness**

The A4 copy paper produced by the Australian industry for sale in the Australian market are manufactured using the same or similar raw material inputs and manufacturing processes used to produce the goods.

### **3.5.5 Like goods assessment**

Based on the above findings the commission considers that the A4 copy paper manufactured by the Australian industry, have characteristics closely resembling, the goods exported to Australia, as:

- the primary physical characteristics of the goods and locally produced goods are similar
- the goods and locally produced goods are commercially alike as they are sold to common users, and directly compete in the same market
- the goods and locally produced goods are functionally alike as they have a similar range of end uses and
- the manufacturing process for locally produced goods and the goods is similar.

In light of the above, the Commissioner is satisfied that the Australian industry for A4 copy paper produces like goods to the goods the subject of the application, as defined in section 269T(1).

## 4 THE AUSTRALIAN INDUSTRY

### 4.1 Preliminary finding

The Commissioner is satisfied that there is an Australian industry producing like goods, consisting solely of Paper Australia.

### 4.2 Legislative framework

The Commissioner must be satisfied that like goods are in fact produced in Australia. Sections 269T(2) and 269T(3) specify that for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. The manufacture of the goods must include at least one substantial process carried out in Australia to consider the goods partly manufactured in Australia.

### 4.3 Australian industry

Paper Australia is the sole manufacturer of A4 copy paper in Australia. The commission has previously visited Paper Australia's manufacturing facilities in Maryvale, Victoria and were able to observe the production process. No further Australian industry manufacturers of the goods identified themselves to the commission following the initiation of the inquiry, nor were any further Australian industry manufacturers identified by the commission.

Based on these considerations, the commission is satisfied that there is an Australian industry consisting only of Paper Australia that produces like goods in Australia.

### 4.4 Production process

Australian Paper claims that the entire manufacturing process from wood to wrapped, boxed and palletised cut sheet paper takes place in Australia (at its Maryvale mill in Gippsland, Victoria).

The major raw material used in papermaking is wood-free pulp (made from wood), including recycled pulp. Paper Australia's Maryvale site produces the majority of pulp used in the production process and supplemented by up to 10% imported pulps. Calcite and starch are the other key materials used in the production process. Australian entities produce and supply these inputs.

Australian Paper claims the production process described in its application is consistent with the papermaking process in all printing and writing paper mills. The commission has previously attended the Maryvale mill to view the production process for A4 copy paper.

### 4.5 Summary

The commission is satisfied there is an Australian industry who continues to produce like goods and that the manufacture of A4 copy paper is substantially in Australia.

## 5 AUSTRALIAN MARKET

### 5.1 Preliminary finding

The commission has found that the Australian industry, imports from China, Indonesia, Brazil and Thailand, and imports from other countries not subject to measures continues to supply the Australian market for A4 copy paper.

### 5.2 Market structure

Paper Australia predominantly sells cut sheet paper (copy paper, office paper or laser paper) that is A4 (210 x 297 mm) in size and 80 gsm in weight, with a much smaller quantity sold in other sizes (i.e. A3 and A5). Australian Paper advises it sold small quantities in other sheet weights of 70, 75, 85, 90 and 100 gsm of A4 copy paper.

Australian A4 copy paper of imported sources originates from numerous countries, with the highest volumes historically originating from China and Indonesia. All subject countries continue to supply the Australian market.

Anti-dumping duties imposed on all exports of the goods from Finland, the Republic of Korea (ROK), the Russian Federation (Russia) and the Slovak Republic (Slovakia) (except by Mondi SCP a.s (SK)) followed the completion of Investigation No. 463 in April 2019.<sup>28</sup> These countries are not the subject of this inquiry.

In addition to the countries named above, exporters from other countries that are not subject to anti-dumping measures supply the Australian market. This has predominantly included exports from the following countries in the 3 year period prior to 2021

- Germany
- the French Republic
- Malaysia
- the Republic of South Africa

The commission confirmed that Paper Australia and imports from other countries, which includes exporters from the countries the subject of this inquiry, i.e. Brazil, China, Indonesia and Thailand, either supplies or has the potential to supply the Australian market for A4 copy paper.

#### 5.2.1 Marketing

The commission established that suppliers of A4 copy paper market to the following three broad categories of end users:

- manufacturer brands
- private label/customer brands and
- plain or generic labelled brands.

Notwithstanding the existence of different brand categories, Paper Australia claims that end users are unlikely to discern significant physical or functional differences between brands. End users are most likely aware only of brand recognition and price differences, particularly where promotions are in place.

---

<sup>28</sup> ADN No. 2019/037 refers.

## PUBLIC RECORD

Copy paper use occurs in a wide variety of commercial outlets including mail houses, digital, instant and commercial printing businesses. Entities engaged in activities such as offset printing and general printing, business, educational and home office also use copy paper in smaller quantities.

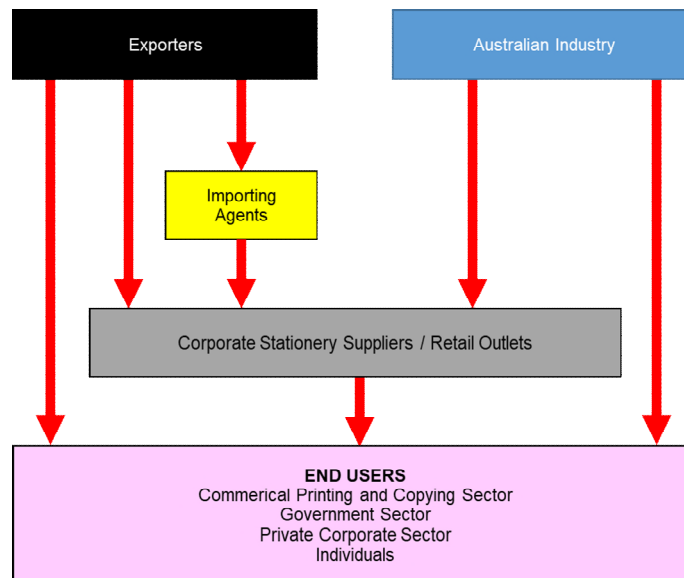
### 5.2.2 Supply and distribution

Paper Australia has previously stated that supply channels of A4 copy paper are concentrated through a limited number of national resellers and retailers. The commission's examination of sales and trade flow information confirmed this to be the case.

The key supply channels for A4 copy paper in Australia are the retail, corporate stationery and resellers. These supply channels then sell to following categories of end users:

- home and home office/small office/business sectors
- medium and large business, the government and education sectors and
- industrial sector including instant print and in-plant printing operations.

The commission has represented this market structure graphically at Figure 1.



**Figure 1 The commission's representation of the Australian market**

Sellers of A4 copy paper, particularly in the corporate stationery and retail segments, commonly source a range of A4 copy paper brands and grades from multiple sources, both Australian made and imported. Therefore, consumer groups also have access to and consume A4 copy paper from a variety of sources.

Supply channels for A4 copy paper are concentrated through a limited number of national resellers and retailers. Paper Australia and imported sources supply the same end users, via the same supply channels, resulting in direct competition.

Paper Australia has a network of warehouses across Australia to service a broad range of customers. In addition to its production of A4 copy paper, it sells other paper products (produced at Maryvale), imported stationery items, envelopes (produced at Preston) and overprint services for the envelope market.

### **5.2.3 Demand**

Paper Australia indicated that strongest demand exists in the medium to large business, government and education sectors. Second in ranking was the home office/small business and personal home usage sector. A market segment analysis confirmed this description.<sup>29</sup>

Paper Australia has cited in prior cases that demand drivers for copy paper historically related to population growth generally and growth in the Australian workforce. However, it now considers these indicators are no longer accurate predictors of copy paper demand.

Paper Australia attributes declining demand to the increased level of digitisation of communications and record keeping in developed economies.<sup>30</sup> Paper Australia's parent company, Nippon Paper Industries Co. Ltd (NPI), expresses similar views in its May 2021 business plan and results presentation for the 2020 financial year.<sup>31</sup>

The commission examined trends in products that are complementary to A4 copy paper usage. In particular, the commission found the value of imported toner cartridges used in multi-function devices and photocopiers, printing and copying devices and machinery had declined in recent years.<sup>32</sup> The trends in these complementary markets is consistent with reasons Paper Australia cites as being the driver for the contracting A4 copy paper market in Australia.

Whilst the above relate to longer terms trends in copy paper demand, the reduction in market volume depicted for 2020 at Figure 2 suggests other factors may be driving down demand in the shorter term. The commission considers the COVID-19 pandemic is one such factor as both NPI and Paper Australia address the impact of the COVID-19 pandemic in their 2020 financial statements.

The Paper Australia financial report for 2020 dated May 2021 states

- the pandemic resulted in deteriorating selling prices and returns due to the significant impact on demand for domestic office and printing papers.
- local and international business conditions, and pricing, improved towards the end of 2020 and into 2021.
- the domestic economy rebounded despite ongoing global impact of the pandemic
- business conditions and confidence are at multi-years highs and this is expected to continue through 2021.

Paper Australia's parent company, NPI, outlines in its May 2021 business plan presentation that the rate of reduction in demand increased in the 2020 financial year due to the pandemic. It states this reduction is in addition to the structural decrease in demand due to the progress of digitisation.

---

<sup>29</sup> Confidential Attachment 1 to EPR 588 Item No. 015, pp.24-25 refers.

<sup>30</sup> Confidential Attachment 1 to EPR 588 Item No. 015, p.78 refers.

<sup>31</sup> [2030 VISION – MEDIUM TERM BUSINESS PLAN 2025, p.7, NPI, 14 May 2021 \(downloaded 16 September 2021\)](#)

<sup>32</sup> Confidential Attachment 1 to EPR 588 Item No. 015, pp.78-80 refers.



## PUBLIC RECORD

International Paper Company, who was the US based parent company of Sylvamo, also states in its 2020 performance summary the pandemic led to an unprecedented decline in printing paper demand due to the impact on business and schools.<sup>33</sup>

UPM AP's Finland based parent company, UPM-Kymmene Corporation, also cited the pandemic as a cause of reduced demand for paper products in its 2020 annual report.<sup>34</sup>

### 5.3 Pricing

Due to the homogenous nature of A4 copy paper, Paper Australia's products compete directly with products imported from overseas in all market segments.

In its questionnaire response for Investigation 583 which is examining imports of allegedly dumped goods from Indonesia, Paper Australia highlighted that there is a 'great deal' of transparency in the market due to large sellers servicing end-users across all segments (e.g. home/small offices, medium and even large sized businesses, as well as the education sector).<sup>35</sup> Paper Australia describes that price negotiation power resides with a handful of resellers and retailers who supply the Australian market.

Paper Australia stated in its submission of 23 August 2021 that it provided the commission with evidence of competitive price offers.<sup>36</sup> In a request for information (RFI) issued during verification, the commission invited Paper Australia to provide the information cited in its submission as it was not provided with its inquiry application. The RFI also invited Paper Australia to describe the resources available to participants in the market that caused prices to be transparent.<sup>37</sup>

Paper Australia's response to the RFI referred the commission to various statements in *Anti-Dumping Commission Report No.463* (REP 463) and cited the data it provided in its application for Investigation No. 583.

REP 463 examined calendar year 2017 in relation to alleged dumping of A4 copy paper from Austria, Finland, ROK, Russia and Slovakia. The price offer data relied on in REP 463 does not relate to the exporters from the countries examined in this inquiry, nor is it contemporaneous to the current inquiry period. The relevance of this information may therefore be limited. However, REP 463 did establish that cross channel trade in the market led to price transparency.<sup>38</sup>

The market structure diagram provided at Figure 1 and the examination of the Australian market undertaken for the purpose of this inquiry supports a conclusion that cross channel trade continues to be a feature of the Australian market.

In relation to Paper Australia's citation of its application for Investigation 583, the commission notes that this investigation is examining alleged dumping by only one Indonesian exporter, Tjiwi Kimia. Notwithstanding the data was supplied for a different matter, the information relates to interactions between market participants. The

---

<sup>33</sup> [https://s1.g4cdn.com/597881801/files/doc\\_financials/2020/ar/2020-Annual-Performance-Summary.pdf](https://s1.g4cdn.com/597881801/files/doc_financials/2020/ar/2020-Annual-Performance-Summary.pdf)

<sup>34</sup> <https://www.upm.com/siteassets/asset/investors/2020/upm-annual-report-2020.pdf>

<sup>35</sup> EPR 583 Item No. 004, p.11.

<sup>36</sup> [EPR 588 Item No. 005, p.3](#)

<sup>37</sup> Confidential Attachment 1 to EPR 588 Item No. 015, p.20 refers.

<sup>38</sup> Chapter 5.2.1, REP 463, p.19.



## PUBLIC RECORD

commission considers examination of price setting practices summarised below is relevant.

Paper Australia describes the downstream market for copy paper as 'highly competitive' and very price sensitive. Paper Australia identifies that major or dominant market participants incentivise purchasers of copy paper by using marketing strategies such as:

- price beat guarantees at major/dominant retail market players
- aggressive price-pointing (or price-fighter) strategies to maximise sales in the ultra-price sensitive market
- customers or 'resellers' will often use the largely indiscernible product differences to justify these price-pointing strategies despite there being little to no practical difference between the goods
- low priced copy paper to entice customers to visit stores and possibly purchase higher margin items in the same visit.<sup>39</sup>

Paper Australia stated it was not the price leader for sales of copy paper in Australia. Paper Australia claims that the price of imported goods determines market pricing expectations and cited by Paper Australia's customers during price negotiations.<sup>40</sup>

Paper Australia further explained it is a price taker on account that the barriers for customers to seek alternate supply are very low. Paper Australia the strong bargaining positions held by customer requires it to track the price offers for goods sourced from subject exporters.<sup>41</sup>

In relation to considerations other than the price offers from exporters, Paper Australia set out in its RFI response that it also had regard to input costs such as key raw materials (wood/fibre), utility expenses and logistic and warehousing costs.<sup>42</sup>

Based on the price suppression finding at chapter 6.4.2 and the profit results at chapter 6.5, it was not clear to the commission as to whether cost was a core consideration. However, Paper Australia's prices were sufficient to recover a material proportion of its production costs.

As directed by Paper Australia, the commission also undertook an examination of the case study data outlined in Paper Australia's application for Investigation No. 583.<sup>43</sup> The price negotiations outlined in the evidence supplied with its application related to tenders to supply customers in the 2020 calendar year.

The examined information did not specifically refer to competing overseas exporter's price offers. However, it did permit validation of Paper Australia's claims regarding the selection of in preference to Paper Australia.

Paper Australia's price offer evidence was useful to demonstrate the conduct of negotiations with potential customers and the outcomes that negatively affect Paper Australia's sales volumes and revenue. However, it remains that the evidence provided did not relate to the exporters the subject of this inquiry.

---

<sup>39</sup> Section B-2.3, EPR 583 Item No. 004, p.23.

<sup>40</sup> Section B-3.1, EPR 583 Item No. 004, p.24.

<sup>41</sup> Section B-3.3, EPR 583 Item No. 004, p.25-26.

<sup>42</sup> Section B-3.4, EPR 583 Item No. 004, p.26.

<sup>43</sup> Item A-9.1.1 and A-9.1.2, EPR 583 Item No. 001, p.40-42.

## 5.4 Market size

The commission has estimated the size of the Australian market for A4 copy paper using the domestic sales data from Paper Australia and data sourced from the ABF import database.

Figure 2 depicts the commission’s estimate of the Australian market size for A4 copy paper in the period 1 January 2012 to 31 December 2020. The entities relating to each data series includes the following:

- Australian industry - Paper Australia
- Subject exporters (341) - entities that were examined for the purpose of Investigation No. 341 and remain subject to measures
- Non-subject exporters (341) - entities that were examined for the purpose of Investigation No. 341 and are no longer subject to measures
- All other exporters - exporters from countries examined for the purpose of Investigation No. 463 and all other countries not subject to measures.

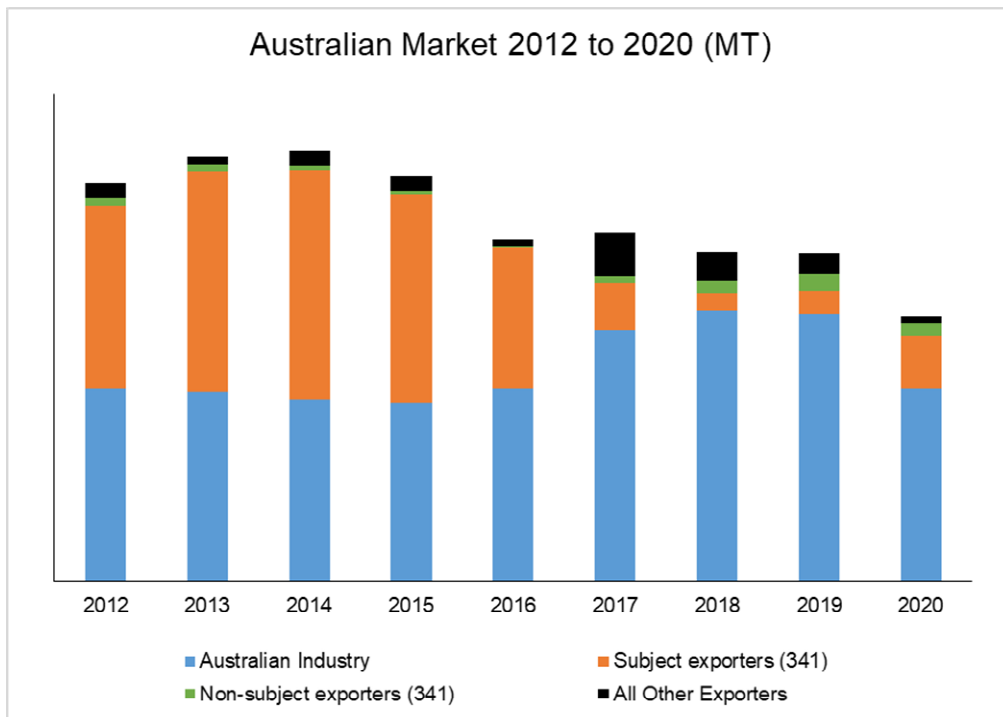


Figure 2 Australian Market Size

The market depicted in Figure 2 shows that the size of the Australian market for A4 copy paper has decreased since 2015. This is consistent with Paper Australia’s claims that there has been a lack of growth in the market.

The commission’s assessment of the size of the Australian market is contained in **Confidential Attachment 1**.

## 6 ECONOMIC CONDITION OF THE INDUSTRY

### 6.1 Preliminary finding

The commission preliminarily finds that the economic condition of the Australian industry exhibited mixed results in the period from 1 January 2015 to 31 December 2020.

Prior to 2020 and since the imposition of anti-dumping measures on exports from the subject countries, the Australian industry improved its economic condition in relation to

- sales volume
- market share
- value of assets deployed in the production of like goods
- capital investment
- sales revenue
- capacity
- capacity utilisation
- employment levels
- productivity
- inventory turnover

However, performance measured by the above factors deteriorated in 2020.

In what appears to be a longer term issue, Paper Australia was not able to achieve price increases that were sufficient to cover increasing costs during the analysis period. This outcome has had a significant impact on its profit and profitability for a number of years. As a result the commission considers the Australian industry has continued to experience injury in the form of

- price depression
- price suppression
- reduced profit and profitability
- reduced return on investment (**ROI**).

Performance in relation to the following other economic factors was also found to have declined at the same time as when Paper Australia was experiencing increasing sales volumes and revenue prior to 2020.

- closing stock levels
- accounts receivable balance
- receivables turnover

### 6.2 Approach to economic condition analysis

Using the information provided by Paper Australia and the ABF the commission assessed the economic condition of the Australian industry from 1 January 2015. The data interval for each period reflects calendar years ending 31 December. Where relevant the commission has also had regard to data provided for the quarter ending 31 March 2021.

A report outlining a verification of the data supplied by Paper Australia is available on the public record.<sup>44</sup>

---

<sup>44</sup> 588 EPR Item No. 015.

### 6.3 Volume effects

#### 6.3.1 Sales volume

The commission examined Paper Australia’s sales volumes in the period spanning 2010 to 2020. Figure 3 indicates that sales of all like goods declined year on year to 2015.

Following the imposition of measures in April 2017, Paper Australia’s sales increased. Prior to a sharp decline in 2020, 2019 and 2018 sales were similar. Sales in 2020 returned to 2016 levels, the year after the period examined in Investigation No. 341.

The commission’s analysis of Paper Australia’s data revealed that like goods sales of 0% to 20% recycled content were consistently sold in the highest volume and influenced total sales volume overall. Historically, fluctuations in sales for like goods in the other two categories were minimal.

The commission’s analysis indicated that the majority of sales within the 0% to 20% recycled content were of 0% recycled contents. This indicates that Paper Australia’s economic condition is most sensitive to sales of this variant of like goods.

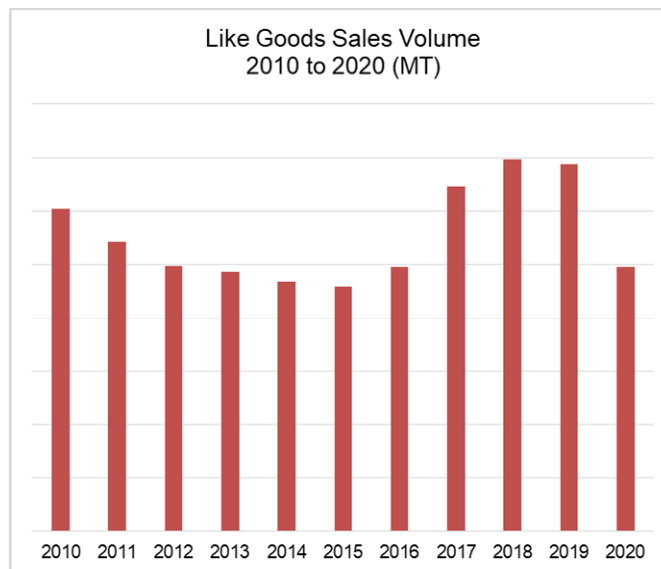


Figure 3 Sales Volume<sup>45</sup>

The Australian market depicted in Figure 2 at chapter 5.4 shows that the size of the Australian market for A4 copy paper appeared to have undergone a sustained contraction after 2015. This is consistent with Paper Australia’s claims that there has been a lack of growth in the market.

Notwithstanding the contracting market size, Paper Australia secured higher sales volumes following imposition of measures on the subject countries by way of two Preliminary Affirmative Determinations (PADs) in September and November of 2016 and the final measure imposed in April 2017.

Table 7 below further details the change in sales volumes in relation to country of origin. The figures for Indonesia include exporters from that country who are not subject to measures.

<sup>45</sup> Confidential Attachment 1 to EPR Item No. 015, p.27.

## PUBLIC RECORD

Place of origin	2015	2016	2017	2018	2019	2020
Australian Industry	100	108	141	152	150	108
Brazil	100	78	41	26	9	22
China	100	48	2	2	11	38
Indonesia	100	115	73	36	32	33
Thailand	100	53	24	16	15	10
Other Subject Countries (463)	100	11	698	382	0	0
All Other Countries	100	52	98	96	197	67
<b>Total Market</b>	<b>100</b>	<b>84</b>	<b>86</b>	<b>81</b>	<b>80</b>	<b>64</b>

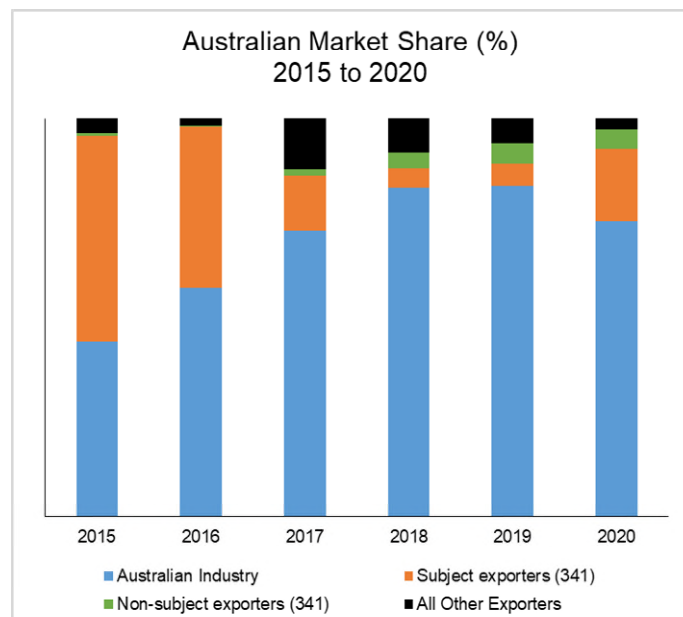
**Table 7 Index of change in sales volume<sup>46</sup>**

It would appear that trading conditions in 2020 have led to a further contraction in the Australian market. However, the Australian industry suffered a greater decline in sales compared to the market generally. In contrast, the subject exporters collectively achieved higher sales compared to 2019.

### 6.3.2 Market share

The commission's analysis of market share in Figure 4 below indicates that:

- Australian industry secured increasing market share from 2015 to 2018
- the subject exporters acquired market share from the Australian industry and exporters from all other countries in 2020.
- exporters not subject to measures examined in Investigation No. 341, i.e. Indah Kiat, Pindo Deli and Tjiwi Kimia, held increasing market share since 2017.<sup>47</sup>



**Figure 4 Market Share<sup>48</sup>**

<sup>46</sup> Table 3 to Confidential Attachment 1.

<sup>47</sup> Data Series 'Non Subject Exporters (341)' refers

<sup>48</sup> Table 6 to Confidential Attachment 1.

### 6.3.3 Conclusion – volume effects

Paper Australia experienced improved economic condition in relation to sales volume and market share in the period 2016 to 2019. This improvement coincides with the imposition of anti-dumping measures in the form of two PADs of September 2016 and November 2016 in relation to imports from the subject countries and the dumping and subsidy notices in April 2017.

However, Paper Australia’s economic condition in relation to these factors exhibited a deterioration in 2020, particularly in relation to sales volume, which returned to the pre-measures level of 2016. It also lost 10% of market share.

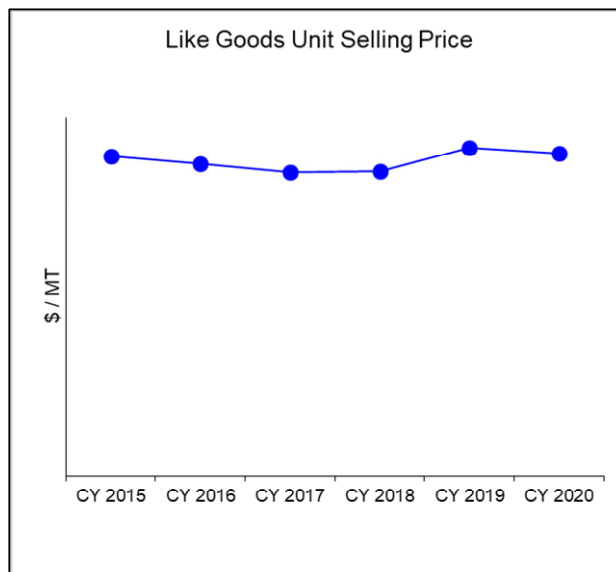
Notwithstanding the contraction in the Australia market during 2020, the subject exporters achieved higher sales volumes and market share compared to 2019.

### 6.4 Price effects

#### 6.4.1 Price depression

Price depression occurs when a company, for some reason, lowers its prices.

Figure 5 shows that Paper Australia experienced reducing selling prices from 2015 to 2017. After implantation of measures in April 2017, 2018 saw unit price stabilise before increasing in 2019. Prices in 2019 did not persist into 2020. Data available to the commission shows that prices continued to decline in the quarter ending 31 March 2021.



**Figure 5 Unit Selling Price<sup>49</sup>**

Paper Australia has previously claimed that the expected positive effect on its economic condition did not transpire following the imposition of measures after the conclusion of Investigation No. 341 in April 2017. Rather, it cites the flat price trend throughout 2017 and 2018 caused by the emergence of dumped imports from countries examined in Investigation No. 463. Paper Australia achieved increased prices following the imposition of measures after Investigation No. 463.

<sup>49</sup> Worksheet 'Aggregated Charts' to Confidential Attachment 2 refers.

## PUBLIC RECORD

### 6.4.2 Price suppression

Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

To assess whether Paper Australia has experienced injury in the form of price suppression, the commission has had regard to Paper Australia's per unit selling prices and cost to make and sell (CTMS) in Figure 6.

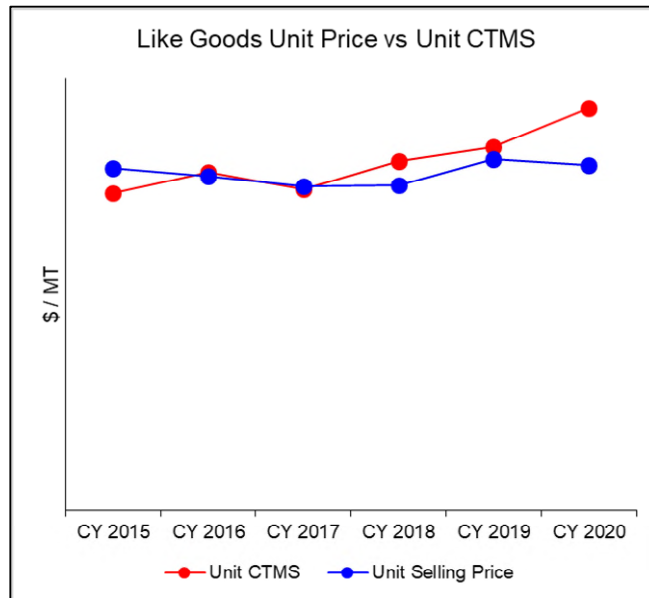


Figure 6 Unit Selling Price and CTMS<sup>50</sup>

Having regard to the relationship between the trends in Figure 6, the commission makes the following observations:

- Unit CTMS increased from 2017 to 2020
- Selling prices have generally not kept pace with increasing CTMS.

The commission observes that Paper Australia has not been able to increase unit selling prices in conjunction with the upward trend in per unit CTMS.

### 6.5 Profit and profitability

Figure 7 charts Paper Australia's profit and profitability for all like goods sales as a percentage of revenue in the period 2015 to 2020.

<sup>50</sup> Worksheet 'Aggregated Charts' to Confidential Attachment 2 refers.

## PUBLIC RECORD

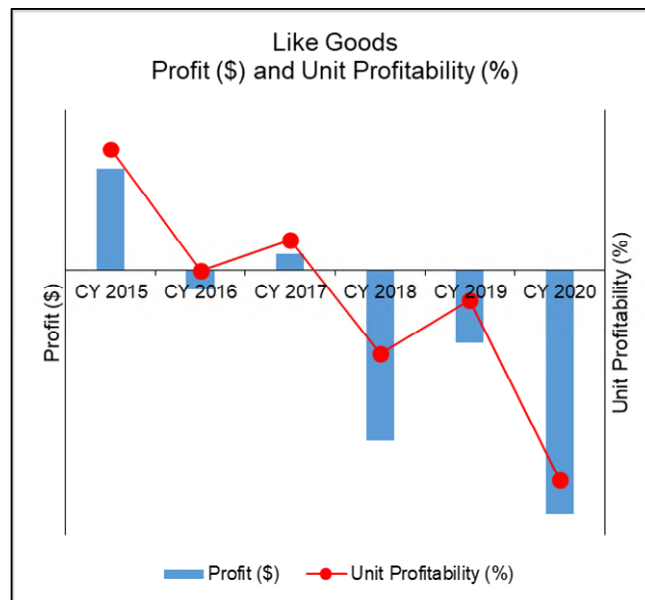


Figure 7 Profit and profitability<sup>51</sup>

The profit performance outlined in Figure 7 shows that Paper Australia was profitable in 2015, the period that examined for the purpose of Investigation No. 341.

In contrast to its 2015 results, Paper Australia has experienced a significant deterioration of its profit and unit profitability since 2015, particularly in the period following the imposition of anti-dumping measures following Investigation No. 341 and Investigation No. 463. The data examined by the commission for the quarter ending 31 March 2021 indicated that Paper Australia had improved as net losses had reduced by 50%.

### 6.5.1 Conclusion – profit effects

The commission considers that Paper Australia experienced a deterioration in its economic condition as a result of the decline in profit and profitability since 2015.

## 6.6 Other economic factors

As part of its application, Paper Australia provided data in relation to a range of other economic factors that may also be indicative of injury. This included data for the period covering calendar years 2015 to 2020 in relation to:

- assets
- capital investment
- revenue
- return on investment
- capacity
- capacity utilisation
- employment
- wages
- productivity
- stocks
- cash flow measures.<sup>52</sup>

<sup>51</sup> Worksheet 'Aggregated Charts' to Confidential Attachment 2 refers.

<sup>52</sup> Worksheet 'Annualised' to Confidential Attachment 3 refers.



## PUBLIC RECORD

For each economic factor listed above the commission outlines its observations in the following.

### 6.6.1 Assets

The commission calculated the value of assets deployed in the production of like goods as relevant revenue divided by total assets.

Paper Australia's initial figures indicated a significant increase in assets reported for 2020. In response to questions on this trend, the company confirmed that the increase was the result of a preparation error that incorrectly included the assets acquired as part of Paper Australia's 2020 purchase of Orora Fibre.

Based on records available to the commission, Paper Australia's installed production capacity increased in 2016 after it commissioned a de-inking facility. Since this time, Paper Australia has not undertaken any significant changes to its production assets. The fluctuation shown in the table below is therefore a function of the allocation base utilised by Paper Australia rather than any increase in the actual value of assets deployed.

Correcting for the above preparation error the total 'Assets' in 2020 is approximate to prior periods. Table 8 depicts the indexed variation of assets used in the production of like goods (as corrected).

Assets	2015	2016	2017	2018	2019	2020
Production of like goods	100	119	144	159	147	147

Table 8 Goods Production Assets Deployed 2015 to 2020

### 6.6.2 Capital Investment

In place of 'capital investment' data, Paper Australia provided fixed asset balances. The yearly trends observed in fixed assets (or property, plant and equipment (PPE)) for the production of like goods (Table 9 below) is relatively consistent with the asset deployment trends in Table 8 above. Taking the effects of depreciation into account the balance of fixed assets observed for production of like goods in 2019 and 2020 suggests minimal outlays of capital investment.

Fixed Assets, or PPE	2015	2016	2017	2018	2019	2020
Production of like goods	100	120	144	163	152	152

Table 9 Goods Production Fixed Assets 2015 to 2020

### 6.6.3 Revenue

Table 10 depicts the variation of Paper Australia's revenue in the period 2015 to 2020.

The commission observed revenue from like goods increased year on year from 2015 to 2019, but fell significantly in 2020. The increasing revenue up to 2019 corresponds with Paper Australia securing a larger share of the market and increasing sales volumes. Likewise, the decline in 2020 was largely due to the reduction in sales volume observed in this period.

**PUBLIC RECORD**

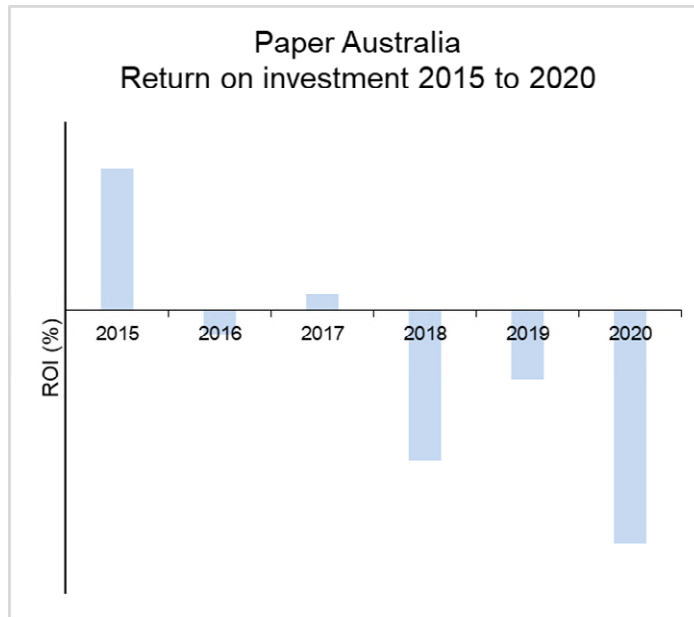
Revenue	2015	2016	2017	2018	2019	2020
Like goods	100	114	126	131	135	106

**Table 10 Index Revenue Variation 2015 to 2020**

**6.6.4 Return on Investment (ROI)**

Figure 8 shows Paper Australia’s ROI, recalculated by the commission as operating profit divided by the value of assets deployed in the production of like goods as reported by Paper Australia.

The chart indicates that the overall trend shows declining returns, despite a short-lived recovery to positive ROI in 2017. This result is consistent with other observations that Paper Australia has experienced low or no profits since 2015 and an asset base that has remained largely unchanged since the installation of a de-inking plant at the end of 2015.



**Figure 8 Return on Investment 2015 to 2020**

**6.6.5 Capacity and Capacity Utilisation**

Table 11 shows capacity of like goods production increased in 2016 and then remained relatively stable over the next 4 years. The commission established there has been no new capacity since the installation of a de-inking facility in 2015.

Capacity	2015	2016	2017	2018	2019	2020
Like goods	100	122	122	124	127	119

**Table 11 Index Capacity Variation 2015 to 2020**

Table 12 shows that capacity utilisation relating to like goods production remained at similar levels from 2015 to 2019. Capacity utilisation reduced to below 2015 levels in 2020, noting that plant capacity in 2015 precedes the installation of the de-inking facility.

## PUBLIC RECORD

Capacity utilisation	2015	2016	2017	2018	2019	2020
Actual production of like goods	100	127	123	127	131	99
Capacity utilisation of like goods	100	104	101	103	103	83

**Table 12 Index Capacity Utilisation Variation 2015 to 2020**

### 6.6.6 Employment and Wages

Table 13 depicts the variation in the number of people employed in the production of like goods at Paper Australia's facility in Maryvale, Victoria. The number of employees involved in like goods production increased to 2017 where it then remained at similar levels through to 2019, before reducing in 2020.

Paper Australia confirmed that the reduction in employment numbers observed for 2020 was the result of

- a hiring freeze due to uncertainty in the market arising because of COVID and
- deployment of existing staff (particularly the finishing and converting room) to other functions.

Employment	Unit	2015	2016	2017	2018	2019	2020
Like goods	Persons	100	119	123	122	123	108

**Table 13 Persons Employed in Production of Goods 2015 to 2020**

In addition to number of persons employed, the verification team also examined the wages data reported by Paper Australia. The trend in annual average wages per employee across the analysis period exhibited modest variation compared to the base year of 2015.

### 6.6.7 Productivity

The commission calculates like goods productivity by the number of persons employed. Table 14 shows that productivity of like goods remained relatively stable in the period from 2015 to 2019, but reduced in 2020. The high number of employees relative to what were lower production volumes in 2020 is a likely explanation for the reduced productivity.

Productivity	2015	2016	2017	2018	2019	2020
Like goods	100	107	100	105	107	92

**Table 14 Index Productivity Variation 2015 to 2020**

### 6.6.8 Closing stock levels

Table 15 below shows that the average closing stock holdings fluctuated in the period 2015 to 2020 and were higher in 2020 than the base year of 2015.

Inventory Metric	2015	2016	2017	2018	2019	2020
Like goods production	100	121	123	124	148	107
Like goods domestic sales	100	108	141	152	150	108
Closing stock	100	168	115	89	146	135

**Table 15 Index Stock Movement Variation 2015 to 2020**

Paper Australia explained in response to questions from the commission that the reduction in 2018 closing stock levels was the combined result of two events:

## PUBLIC RECORD

- unbudgeted increase in demand from customers who had previously secured inventories from overseas suppliers and
- temporary production issues.

The increase in Paper Australia's sales volumes at Figure 3 supports its comments regarding demand during 2018.

Paper Australia claimed the unbudgeted demand in 2018 coincided with the implementation of anti-dumping measures arising out of Investigation No. 463.

Data relating to imports of the goods subject to Investigation No. 463 indicated that volumes from the relevant subject countries reduced just after the Commissioner made a PAD on imports from Austria, Finland, ROK, Russia and Slovakia in May 2018.<sup>53</sup> The increase in sales during 2018 correlates with Paper Australia's views regarding unbudgeted demand. The commission considers it reasonable that Paper Australia's could have also anticipated such demand as it was its own application that lead to the initiation of Investigation No. 463 and the subsequent PAD.

Paper Australia further explained that the higher closing stock levels observed for 2019 was the result of depleting inventory levels being restored to 'normal' levels and softening demand.<sup>54</sup>

### 6.6.9 Cash Flow Measures

Paper Australia provided data in relation to three measures of cash flow:

- accounts receivables
- receivables turnover and
- inventory turnover.

Table 16 above details the indexed variations of each of the above measures.

Cash flow measures (like goods)	2015	2016	2017	2018	2019	2020
Accounts receivable	100	103	104	124	125	121
Receivables turnover	100	100	97	90	81	78
Inventory turnover	100	132	102	114	116	58

**Table 16 Index Variation of Cash flow Measures 2015 to 2020**

Accounts receivable balances relating to like goods increased year on year from 2015 to 2019 but reduced slightly in 2020.

The indexed variation depicted in Table 16 shows a steady decline in Paper Australia's receivables turnover. By dividing like goods revenue by accounts receivable of like goods. Receivables turnover was calculated. The cash flow measure of receivables turnover provides an indication of how efficiently Paper Australia collects on credit sales made. The increasing trend in accounts receivable balances appeared to drive the decline in the metric of receivables turnover. The reduction in receivables turnover is an indicator of the deterioration in a company's liquidity (e.g. reduced cash flow).

---

<sup>53</sup> During Investigation No. 463 a PAD resulted in the taking of securities on imports from Austria, Finland, ROK, Russia and Slovakia in May 2018. Anti-dumping measures were subsequently implemented in April 2019, with the exception of Austria

<sup>54</sup> Confidential Attachment 1, p.56 refers.

## **PUBLIC RECORD**

Inventory turnover identifies how quickly Paper Australia can convert stock into revenue. Higher inventory levels due to reduced demand for products can lead to reduced inventory turnover performance. Paper Australia's figures for inventory turnover are worked out by dividing the like goods revenue with the average stock of the relevant year. The resulting figures indicates that inventory turnover fluctuated in the period 2015 to 2019 prior to a significant decline in 2020.

## **7 ASSESSMENT OF VARIABLE FACTORS (DUMPING)**

### **7.1 Preliminary finding**

The notice announcing the initiation of the inquiry advised of the Commissioner's proposal to rely on the variable factors and the resulting dumping margins established in Review 551. With the exception of RAK from Indonesia, the commission did not receive questionnaire responses from any other subject exporters. This chapter therefore deals with the variable factors relevant to exports from Indonesia. The variable factors and dumping margins determined in Review 551 for exports from Brazil, China and Thailand remain unchanged.

The margins outlined below in Table 17 therefore reflect the dumping margins determined in REP 551 for exporters from Brazil, China and Thailand, and the margin based on data supplied in RAK's questionnaire response to the inquiry.

Country	Exporter	Dumping margin
Brazil	Sylvamo Exports Ltda <sup>55</sup>	8.1%
	All other exporters	8.1%
China	UPM Asia Pacific Pte Ltd	3.2%
	Greenpoint Global Trading (Macao Commercial Offshore) Ltd	10.0%
	All other exporters	3.0%
Indonesia	PT Riau Andalan Kertas	59.7%
	All other exporters	59.7%
Thailand	Double A (1991) Public Company Ltd	0.9%
	All other exporters	0.9%

**Table 17 Proposed dumping margins**

### **7.2 Legislative framework**

In accordance with section 269ZHF(2), the Commissioner must not recommend that the Minister take steps to secure the continuation of anti-dumping measures unless the Commissioner is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of dumping. The existence of dumping during the inquiry period may be an indicator of whether dumping may occur in the future.

Dumping occurs when one country exports goods to another country at a price less than its normal value. The export price and normal value of the goods are determined under sections 269TAB and 269TAC respectively.

The commission applied the methodology in section 269TACB(2)(a) to determine whether dumping has occurred and the levels of dumping by comparing the weighted average export price over the whole of the inquiry period with the weighted average of corresponding normal values over the whole of the inquiry period.

---

<sup>55</sup> Formerly International Paper Exportadora Ltda.

### **7.2.1 Export price**

Export price is determined in accordance with section 269TAB, taking into account whether the purchase or sale of goods are arms-length transactions under section 269TAA. Section 269TAB(1)(a) generally provides that the export price of any goods exported to Australia is the price paid or payable for the goods by the importer where the goods have been exported to Australia otherwise than by the importer, and have been purchased by the importer from the exporter in arms-length transactions.

### **7.2.2 Normal value**

Section 269TAC(1) provides that the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms-length transactions by the exporter, or, if like goods are not so sold by the exporter, by other sellers of like goods.

Section 269TAC(2)(a)(i) provides that the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a price under section 269TAC(1). Relevant sales are sales of like goods sold for home consumption that are arms-length transactions and sold in the OCOT.

Domestic sales of like goods are taken to be in a low volume where the total volume of like goods is less than 5% of the total volume of the goods under consideration that are exported to Australia (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison).<sup>56</sup> As per the commission's Dumping and Subsidy Manual (November 2018) (the Manual), where the total volume of relevant sales is 5% or greater than the total volume of the goods under consideration, and where comparable models exist, the Commission also considers the volume of relevant domestic sales of like goods for each model (or MCC).

### **7.2.3 Cooperative exporters**

In the notice announcing the initiation of the inquiry, the Commissioner proposed to have regard to the variable factors established in Review 551 for the purposes of this continuation inquiry. However, it was open for exporters to submit questionnaire responses containing information that the commission may consider relevant to exporters in a later period.

The commission received one exporter questionnaire from RAK.

Further details of the export price and normal value calculations for RAK are set out below.

### **7.2.4 Uncooperative exporters**

Section 269T(1) provides that an exporter is an 'uncooperative exporter' where

- the Commissioner is satisfied that an exporter did not give the Commissioner information that the Commissioner considered to be relevant to the inquiry within a period the Commissioner considered to be reasonable; or
- where the Commissioner is satisfied that an exporter significantly impeded the review.

---

<sup>56</sup> Section 269TAC(14).

## PUBLIC RECORD

As a result of the commission's proposal to conduct the inquiry on the basis of variable factors established in Review 551, nil responses from exporters previously examined in Review 551 are not considered to constitute non-cooperation within the definition of section 269T(1).

### 7.3 Exporter questionnaires and verification

The Commissioner suspended onsite exporter verification from 20 March 2020. As a result, the verification of all cooperating exporters was undertaken remotely.<sup>57</sup>

#### 7.3.1 Submissions received in relation to verification of exporters

In its submission of 10 November 2021, AFEM expressed its concerns regarding the commission's conduct of exporter verification briefings.<sup>58</sup> AFEM broadly raises the following issues

- the commission has not provided interested parties with information relating to the circumstances surrounding Australian industry's involvement
- how the scope of the briefing was developed and
- why RAK was the only exporter selected for the briefing.

To address AFEM's submission, the commission provides the following information about the exporter verification briefing:

- Australian industry was invited to brief the commission once RAK's REQ was published
- the commission did not specify an agenda for Australian industry
- RAK was the subject of the briefing as it was the only exporter who completed a questionnaire response to the inquiry
- the briefing provided commission staff with an opportunity to familiarise themselves with the product
- the commission considered briefing materials presented in a public record format consistent with section 269ZJ.<sup>59</sup>

The commission does not agree with AFEM that the correspondence inviting Australian industry to conduct a briefing requires publication.

The commission considers the document put on the public record following the briefing is sufficient to allow interested parties a reasonable understanding of the substance of the information and the circumstances leading to the receipt of the information. This included a review of the document by commission staff to ensure it satisfied the requirement at section 269ZJ. In this regard, the commission took adequate steps to afford interested parties an opportunity to defend their interests if statements in the briefing related to their activities.

---

<sup>57</sup> Refer to ADN No. 2020/029.

<sup>58</sup> 588 EPR Item No. 018

<sup>59</sup> 588 EPR Item No. 013



## 7.4 RAK

### 7.4.1 Particular market situation in Indonesia

In REP 341, REP 547 and REP 551, the commission found that a particular market situation existed in the Indonesian domestic A4 copy paper market.

The commission's most recent assessment in REP 551 examined the period 1 January 2019 to 31 December 2019. Underpinning the finding in REP 551 was the observed continuation of various programs and policies of the Government of Indonesia (GOI) and the export ban on logs. The identification of these factors in the conduct of the original investigation subsequently led to the finding in REP 341 that a particular market situation existed in Indonesia. The Commission notes that the market situation in REP 341 was consistent with Article 2.2 of the Anti-Dumping Agreement by the World Trade Organization (WTO) Panel.<sup>60</sup>

For assessing variable factors relevant to this inquiry, the commission placed exporter questionnaires on the public record. The questionnaire sought information relevant to the particular market situation assessment for the period 1 July 2020 to 31 June 2021.

In parallel to this inquiry, the commission also initiated *Anti-Dumping Investigation No. 583*, which is investigating exports of the goods by Tjiwi Kimia from Indonesia in the period 1 April 2020 to 31 March 2021. After initiating this investigation, the commission invited and received a fully completed questionnaire from the GOI on matters relating to particular market situation and proper comparison.<sup>61</sup> As the period relevant to Investigation 583 and this review are almost identical, the commission considers the GOI's response is relevant information.

The commission considers it reasonable that the grounds upon which REP 551 found particular market situation is likely still relevant due to the proximity of the period examined in Review 551 and the period specified in the questionnaire for this review.

The commission's consideration of such matters includes:

- the ongoing ban on log exports from Indonesia
- a continued high level of concentration in suppliers to the Indonesian market
- Indonesia's Master Plan for the Pulp and Paper Industry (2015-2025)
- Indonesian Forestry Long Term Development Plan (2006-2025).

### 7.4.2 Suitability of domestic sales in Indonesia

Where a particular market situation is found, pursuant to section 269TAC(2)(a)(ii), the Commission must also consider whether, because of the situation in the Indonesian market, sales of A4 copy paper in Indonesia are not suitable for determining a price under section 269TAC(1).

The commission's examination of RAK in Review 551 found that the situation in the Indonesian market did not render RAK's domestic sales unsuitable for determining a normal value in accordance with section 269TAC(1).

For the purpose of this inquiry, the commission has had regard to the discussion outlined in chapter 4.6.3 to REP 551 and the circumstances that supported the commission's

---

<sup>60</sup> Panel Report, Australia – Anti-Dumping Measures on A4 Copy Paper (Indonesia), para. 7.56.

<sup>61</sup> [583 EPR Item No. 009 refers](#).

## PUBLIC RECORD

findings that RAK's domestic selling prices were suitable for the comparison to export prices.

Having regard to the information available to this inquiry, the commission considers there is no evidence to suggest that the circumstances outlined in REP 551 have changed. The commission is therefore satisfied that the provisions of section 269TAC(2)(a)(ii) do not apply to RAK's domestic sales.

### 7.4.3 Verification of RAK's information

The commission is satisfied that RAK is the producer of the goods and like goods. The commission is satisfied that the information provided by RAK is accurate and reliable for ascertaining the variable factors applicable to its exports of the goods.

A report covering the verification findings is available on the public record.<sup>62</sup>

### 7.4.4 The exporter of the goods

The commission considers RAK to be the exporter of the goods<sup>63</sup>, because:

- RAK and is located in the country of export (Indonesia) and manufactures the goods exported to Australia.
- RAK sold the finished goods to AFEM (an entity incorporated and based in Malaysia), which on-sold the goods to the Australian importer.
- RAK was aware that AFEM on-sells the goods to Australia. The sales documents, including the commercial invoices raised by RAK, listing the Australian customer's name and location, as well as the final Australian port destination.
- RAK was responsible for delivering the goods to the port of export in Indonesia at Free on Board (FOB) terms, and was responsible for all logistics and port handling charges to that point.
- The certificate of origin confirmed RAK consigned the goods to the Australian customer and the Australian customer's names contained in the marks and numbers.
- AFEM did not take physical possession of the goods, and did not possess its own inventory of the goods for distribution and export.

The commission is satisfied that for all Australian export sales during the period that RAK was the exporter of the goods.<sup>64</sup>

---

<sup>62</sup> EPR 588, Item No. 020.

<sup>63</sup> The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

<sup>64</sup> The commission's finding in this inquiry is consistent with the ADRP's review of REP 551 which identified the exporter of the goods is RAK. [ADRP Report No. 138](#), paragraph 48, p.19 refers.

#### **7.4.5 Export price**

In respect of RAK's export sales of the goods to its related customer in Malaysia, AFEM, during the period of review, the commission's verification of RAK's sales found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than their price<sup>65</sup> or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.<sup>66</sup>

However, the commission found evidence that the price between RAK and AFEM appeared to be influenced by a commercial or other relationship between the buyer (AFEM) and the seller (RAK).<sup>67</sup>

The report detailing the verification of RAK's Australian sales outlines the commission's examination of the information about how RAK determined its transfer price to AFEM.

RAK presented a study concerning transfer-pricing policy between paper manufacturers and paper traders within the APRIL group in support of its transfer price methodology. The transfer price study is relevant as RAK and AFEM are within the APRIL group.

The methodology outlined in the study RAK provided appeared to provide a reasonable basis to establish arms length transfer prices between related entities and satisfy known transfer pricing rules. However, the existence of the transfer price study does not necessarily satisfy the test outlined in section 269TAA.

When the commission examined the price inputs for a sample of transactions presented by RAK, they were demonstrably different to the actual amounts reported in Australian sales listing RAK's REQ and did not reflect the arms length amounts recommended in the transfer pricing study. It appeared that RAK's transfer price to AFEM did not meet the criteria for arms length outlined in the study nor did it fluctuate with the real cost of each transaction.

Having regard to the circumstances relevant to the sales of the goods by RAK to AFEM the commission finds the following

- the methodology relied on to set the selling price of RAK's goods involved certain considerations affecting price, known to RAK and AFEM, which are not possible to establish or take into account where transactions involved sales between unrelated entities.
- RAK's selling price to AFEM was not the result of real bargaining.<sup>68</sup>
- the price at which RAK sold A4 copy paper to AFEM, in relation to goods destined for the Australian market, appeared to be influenced by its relationship with AFEM.

---

<sup>65</sup> See section 269TAA(1)(a).

<sup>66</sup> See section 269TAA(1)(c).

<sup>67</sup> See section 269TAA(1)(b).

<sup>68</sup> [The Manual, p.26](#)

## PUBLIC RECORD

On the basis of the findings outlined in the RAK verification report and summarised above, the commission considers that exports of the goods sold by RAK to AFEM during the period of review were not arms length transactions, pursuant to section 269TAA(1)(b).<sup>69</sup>

In relation to AFEM's sales to Australian customers, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than their price or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

Accordingly, the commission considers that AFEM's sales of the goods to Australian customers during the period of review were arms length transactions.

In relation to most of the shipments of the goods exported to Australia by RAK, the commission found that the importer had not purchased the goods from the exporter, therefore, export prices cannot be determined under sections 269TAB(1)(a) or 269TAB(1)(b).

The commission determined RAK's export price pursuant to section 269TAB(1)(c) for these shipments as the goods were subsequently sold to the Australian customer by AFEM in the condition that they were purchased. The commission has used the price at which the goods were sold by AFEM to the Australian customer, less amounts for overseas freight and marine insurance (where applicable), and an amount for AFEM's profit (if any).<sup>70</sup>

Having regard to the remaining consignments where the commission identifies AFEM as the importer, the commission is satisfied that the importer (AFEM) paid the exporter (RAK) for the goods. However, the commission considers none of AFEM's purchases from RAK were arms length transactions. Therefore, export prices for the remaining shipments cannot be determined under section 269TAB(1)(a).

As the goods were subsequently sold by the importer in the condition that they were imported, the commission has determined RAK's export price for the relevant transactions pursuant to section 269TAB(1)(b) for these shipments. The commission has used the price at which the goods were sold by the importer, less the prescribed deductions, being amounts for any duties of customs, costs arising after exportation, and AFEM's profit (if any).

### **7.4.6 Assessment of RAK production costs**

In REP 551 the commission assessed RAK's production costs for like goods against the criteria outlined in section 43(2) of the *Customs (International Obligations) Regulation 2015* (the Regulation).

---

<sup>69</sup> The Commission notes that the finding in this report that the export sales to Australia did not take place on an arms length basis relates to the assessment of export prices for anti-dumping purposes under section 269TAB. It is not an assessment of its transfer pricing policy with respect to compliance with the revenue laws of any jurisdiction.

<sup>70</sup> The commission's finding in this inquiry is consistent with the ADRP's review of REP 551 in relation to RAK's export price pursuant to section 269TAB(1)(c). [ADRP Report No. 138](#), paragraph 64, p.23 refers.

## PUBLIC RECORD

The commission concluded that RAK's costs were kept in accordance with the generally accepted accounting principles (GAAP) in the country of export pursuant to section 43(2)(b)(i). However, the commission was not satisfied that those costs reasonably reflected competitive market costs associated with the production or manufacture of the goods pursuant to Regulation 43(2)(b)(ii).

In relation to the second limb of section 43(2)(b) the commission found an absence of reliable information to assess the transfer price of RAK's related party pulp purchases. The commission set about adjusting RAK's pulp production costs by having regard to a competitive market benchmark price for pulp. The resulting adjustment increased the value of CTMS relevant to the assessment of like goods sold in OCOT by RAK.

Notwithstanding the commission's treatment of the pulp costs reported by RAK in Review 551, the higher level of CTMS had no effect on the volume of sales in the OCOT.

Noting the past assessment of RAK's related party pulp purchases, the commission has again considered RAK's reported pulp costs against the criteria outlined in section 43(2)(b).

The commission's assessment of RAK's pulp costs had regard to the following:

- a transfer price assessment of RAK's related party supplier's pulp sales
- RAK's construction of an 'order-in-take-price' which it claimed was representative of an arms length competitive market price
- the difference between RAK's pulp 'order-in-take-price' and a relevant competitive market benchmark price for pulp<sup>71</sup>
- sales data relevant to RAK's related party suppliers
- the profitability of RAK's related party pulp sales to RAK, and
- if the price of RAK's pulp purchases was reflected in its CTM figures.

The commission's examination related party pulp purchases by RAK observed the following

- RAK's pulp purchases listing at Section G of its REQ was accurate
- RAK's 'order-in-take-price' construction was considered reasonable and capable of verification
- the price of RAK's related party slush pulp purchases was higher than the related party supplier's fully absorbed CTMS<sup>72</sup>
- CTM data relevant to Section G of its REQ appropriately reflected the price of slush pulp paid by RAK

On the basis that RAK's 'order-in-take-price' was presented for the purpose of substantiating its purchases of pulp reflected a competitive market cost, the commission examined the inputs in its construction. The price was comprised of amounts for:

- inland transport to a relevant port of export in Indonesia
- drying costs (to convert wet pulp into dry pulp)
- industrial rebates based on the slush pulp prices paid by RAK adjusted for drying expenses and delivery to port (equivalent to an FOB level price) and
- ocean freight.

---

<sup>71</sup> The commission has had regard to the RISI dry bale pulp price for acacia and bleach hardwood kraft, ex Indonesia and South Korea. Section B2 of Non-Confidential Appendix B in REP 551 refers.

<sup>72</sup> Table 3 in worksheet 'Profit' to Confidential Attachment 4

## PUBLIC RECORD

RAK's 'order-in-take-price' relied on the methodology similar to the method described in a tax consultant report concerning an assessment of cross border transfer pricing. The report assessed sales between RAK's related party supplier of pulp and this supplier has related party overseas customers.

RAK and the related customers the subject of the transfer price report are within the group of companies under the control of APRIL. The commission highlights the following contained in the assessment of RAK's supplier's cross border transfer pricing:

- The purpose of the assessment is to ensure compliance with Indonesian taxation principals on matters of arms length transfer pricing.
- The transfer price mechanism was subject to audit procedures for complying with the principles governed by Article 18 of the Income Tax Law No. 36/2008 [Indonesia].
- The assessment compared the related supplier's transfer price to a RISI price benchmark at Cost, Insurance and Freight (CIF) terms for dry bail pulp ex-Indonesia, less amounts for post exportation expenses and an industrial volume rebate.
- The transfer prices were considered to fall within an 'arm's length range'.<sup>73</sup>

The commission observed the auditor's opinion in the financial accounts of RAK's supplier states its accounts were in accordance with Indonesian Financial Accounting Standards and fairly presented. RAK's audited accounts also contained a similar auditor's opinion. The commission considers it reasonable that the revenue and costs recognised in the accounts of both entities reflects the GAAP relevant to Indonesia.

The commission outlines the following reasons why RAK's 'order-in-take-price' construction is suitable to assess its pulp purchases pursuant to section 43(2):

- it relies on a method which relies on inputs that appear acceptable under Indonesian tax law principles for determining arms length transfer prices between related parties
- it involves the supplier from whom RAK also purchased its pulp
- the revenue and costs recognised in the accounts of RAK and its supplier are presented in accordance with Indonesian Financial Accounting Standards and
- RAK's price was sufficient for its supplier to realise a profit on the transactions.

When the commission compared RAK's 'order-in-take-price' to the RISI dry bale pulp average benchmark price for CIF sales ex-Indonesia and ex-Korea the two prices series were found to be comparable.

The commission further observed the price of related party pulp purchases by RAK were similar to its supplier's sales to the parties the subject of the cross border transfer price assessment. RAK's prices were slightly lower due to the specification of its purchases being for slush pulp, which is cheaper due to lower production costs.

The commission considers that RAK's reported slush pulp production expenses are in accordance with the GAAP relevant to Indonesia and reasonably reflect competitive market costs.

---

<sup>73</sup> EPR 588, Item No. 020, Confidential Attachment 1, pp.95-98



### 7.4.7 Normal value

In respect of RAK’s domestic sales of like goods to its related and unrelated customers during the period, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than their price, or
- the price appeared to be influenced by a commercial or other relationship between the buyer (or an associate of the buyer) and the seller (or an associate of the seller), or
- the buyer (or an associate of the buyer) was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The commission therefore considers that all domestic sales made by RAK in the analysis period were arms length transactions.

Having regard to the data collected during a verification of RAK’s REQ the commission assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia in the analysis period. The commission found that the volume of domestic sales was 5% cent or greater and therefore was not a low volume. As a result, the commission is satisfied that the normal value can be ascertained under section 269TAC(1).

As per the Manual, where the total volume of like goods is greater than 5% of the total volume of the goods under consideration, and where comparable models exist, the commission also tests the suitability of domestic sales of like goods individually for each model type.

For the three MCCs exported to Australia, the commission found the volumes of domestic sales sold in OCOT for each MCC was sufficient. However, for two MCCs there was an absence of relevant domestic sales in certain quarters corresponding with the sales of the exported MCC.

For these MCCs, the commission relied on the normal value of the relevant MCC sold in the quarter nearest to the relevant export quarter with an adjustment for timing differences applied pursuant to section 269TAC(8). The timing adjustments relied on the movement in the normal value for an MCC of the closest product specification or the relevant export MCC movement in cost of production. Table 18 details the basis of the timing adjustments for each relevant MCC.

Export MCC	Basis of adjustment
70-N	Based on the change in normal value established for 75-N in the September and December 2020 quarters.
80-N	Based on the change in the following <ul style="list-style-type: none"> <li>• normal value established for 75-N in the September and December 2020 quarters.</li> <li>• export CTM for 80-N in the December 2020 and March 2021 quarters.</li> </ul>

**Table 18 Description of timing adjustments**

### 7.4.8 Adjustments

In calculating normal values under section 269TAC(1), the Commission considers that certain adjustments in accordance with section 269TAC(8) are necessary to ensure fair comparison of normal value with export prices, as summarised in Table 19.

## PUBLIC RECORD

Adjustment Type	Deduction/addition
Domestic credit terms	<b>Deduct</b> an amount for domestic credit
Domestic packing expenses	<b>Deduct</b> an amount for domestic packaging expenses
Domestic ocean freight, marine insurance, and inland transport (including mill to port)	<b>Deduct</b> an amount for expenses incurred on domestic sales transported via sea freight
Domestic empty container costs	<b>Deduct</b> an amount for empty container transport expenses incurred on domestic sales
Domestic handling and other (import duties, stevedoring, and document fees)	<b>Deduct</b> an amount for expenses incurred on domestic sales transported via sea freight
Export credit terms	<b>Add</b> an amount for export credit given by AFEM.
Export packing expenses	<b>Add</b> an amount for export packaging expenses
Export inland transport charges (including mill to port, empty container costs, stevedoring and document fees)	<b>Add</b> an amount for expenses incurred on Australian sales transported via sea freight
Export inland transport, port handling, loading and ancillary expenses	<b>Add</b> an amount for export inland transport, port handling, loading and ancillary expenses
Export demurrage fees	<b>Add</b> an amount for demurrage fees incurred on Australian sales
Timing adjustment	For certain MCCs exported to Australia there was an absence of domestic sales in the corresponding quarter.

**Table 19 RAK summary of adjustments**

### 7.4.9 Submissions received in relation to normal value

The commission received submissions from AFEM and Paper Australia in relation to matters relevant to the normal value determined for RAK.<sup>74</sup> Both submissions cover the following issues

- PMS assessment for the Indonesian A4 copy paper market
- treatment of the exporter's pulp raw materials

The commission considers the discussions outlined in sections 7.4.1 and 7.4.6 address the matters raised in each of the above submissions.

### 7.4.10 Dumping margin

The dumping margin in respect of the goods exported to Australia by RAK for the analysis period is **59.7%**.

The Commission's calculations are contained in **Confidential Attachments 5 to 8**.

## 7.5 Indonesian all other exporters

The commission's analysis of goods exported from Indonesia found that RAK remains as the pre-dominant exporter of the goods subject to measures. However, an analysis of ABF import data revealed the identity of the exporter was unclear on certain consignments. This

---

<sup>74</sup> EPR 588, Items Nos. 017 and 019.



## **PUBLIC RECORD**

was because the import declaration identified the supplier of goods as being a trading entity rather than a known manufacturer.<sup>75</sup> As a result it could not be determined if those goods originated from an exporter this is not subject to measures.

The commission considers that exports of the goods from parties in the all other exporters category continues to be relevant to the collection of anti-dumping duties. On the basis that the commission has information that is contemporaneous to the imports of the goods examined in Review 551, it is appropriate to review the variable factors relevant to all other exporters from Indonesia.

### **7.5.1 Export prices**

The commission has determined an export price pursuant to section 269TAB(3), having regard to all relevant information.

On the basis the volume of goods exported from Indonesia was predominantly from RAK, the commission considers RAK's export price as the information most relevant to the assessment outlined in section 269TAB(3).

Specifically, the commission has used the export price established for RAK.

### **7.5.2 Normal values**

The commission has determined the normal value pursuant to section 269TAC(6) after having regard to all relevant information.

On the basis the volume of goods exported from Indonesia was predominantly from RAK, the commission considers RAK's domestic sales information is most relevant to the assessment outlined in section 269TAC(6).

Specifically, the commission has used the normal value price established for RAK.

### **7.5.3 Dumping margin**

The dumping margin for all other exporters of the goods from Indonesia is **59.7%**.

## **7.6 Exports by all other subject exporters (Brazil, China and Thailand)**

The notice announcing the initiation of the inquiry advised the Commissioner's proposal to rely on the variable factors established in Review 551. Notwithstanding, the commission still made questionnaires available for interested parties. With the exception of RAK from Indonesia, the commission did not receive any other questionnaire responses.

Consistent with the Commissioner's initiation notice, and with the exception of RAK and all other exporters from Indonesia, the variable factors of export price and normal value established in REP 551 will remain unaltered for exporters from the other subject countries.

---

<sup>75</sup> Worksheet 'Indonesia' in Confidential Attachment 9 refers.

## 8 LIKELIHOOD THAT DUMPING, SUBSIDISATION AND MATERIAL INJURY WILL CONTINUE OR RECUR

### 8.1 Preliminary finding

On the basis of the available evidence, the Commissioner is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and subsidisation and the material injury that the measures are intended to prevent.

### 8.2 Legislative framework

Section 269ZHF(2) provides that the Commissioner must not recommend that the Minister take steps to secure the continuation of measures unless the Commissioner is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and/or subsidisation and the material injury that the anti-dumping measure is intended to prevent.

The commission notes that its assessment of the likelihood of certain events occurring and their anticipated effect, as is required in a continuation inquiry, necessarily requires an assessment of a hypothetical situation. The Anti-Dumping Review Panel, which supports this view, noted that the commission must consider what will happen in the future should a certain event, being the expiry of the measures, occur. However, the Commissioner must nevertheless base conclusions and recommendation on the facts.<sup>76</sup>

In its submission of 8 October 2021, Sylvamo Brazil submitted that the meaning of the word 'likely' in section 269ZHF(2) means 'more than 50 percent chance' and the WTO has found that 'likely' in this context means nothing less than 'probable'.<sup>77</sup> The commission's interpretation of the term of 'likely' for the purpose of section 269ZHF(2) has similarly been applied in this inquiry.

### 8.3 Australian industry's claims

In its application, Paper Australia claimed, among other things, that:

- exporters from all subject countries have maintained their distribution channels to Australia and have continued to export the goods under consideration to Australia
- Paper Australia's domestic selling prices of like goods are influenced by the price of the imported goods subject to measures
- exports of the goods from the subject countries continue to be dumped
- the price of imported subject goods undercut Paper Australia's selling prices
- expiration of anti-dumping measures will lead to injury in the form of reduced sales volumes and price erosion and
- overcapacity amongst subject exporters will demonstrably impact the Australian industry if the measures are allowed to expire.

---

<sup>76</sup> [ADRP Report No. 44](#) (Clear Float Glass) refers.

<sup>77</sup> EPR 588, Item No. 014.

## PUBLIC RECORD

Paper Australia's application also refers to anti-dumping measures imposed by the governments of the United Mexican States (Mexico), the Islamic Republic of Pakistan (Pakistan) and the United States of America (USA). The measures imposed by these other jurisdictions relates to imports from the subject countries.

### 8.4 Are exports likely to continue or recur?

The commission has had regard to the following factors to determine whether exports of the goods are likely to continue or recur should the measures expire:

- import volumes
- maintenance of distribution links
- excess production capacity of the subject exporters.

#### 8.4.1 Import volumes

Table 20 shows an index of the volume of imported subject goods from each subject country in the period 1 January 2015 to 30 September 2021. The data uses calendar year 2015 as the baseline, and excludes imports from Indonesian exporters who are not subject to measures.

Country	2015	2016	2017	2018	2019	2020	2021
Brazil	100	78	41	26	9	22	10
China	100	48	2	2	11	35	29
Indonesia	100	120	64	11	1	8	3
Thailand	100	53	24	16	15	10	8

**Table 20 Index of import volume of subject goods<sup>78</sup>**

Having regard to the trends in the data contained in Table 20, the commission observed the following:

- Decreasing imports from the subject exporters corresponds with the contraction in the size of the Australian market after 2015.
- Total imports from the subject exporters decreased further after measures were implemented in April 2017, remaining at lower levels overall.
- In contrast to a further contraction of the market in 2020, subject exporters from Brazil, China and Indonesia had increased sales.
- subject exporters from all four countries continue to supply the Australian market.

#### 8.4.2 Are exports from Brazil likely to continue or recur?

In data relating to the goods from Brazil, over 95% of the volume exported in the period 1 January 2015 to 30 September 2021 originated from one supplier, International Paper, now named Sylvamo. Jackaroo is on the record as an importer of the goods from Brazil who on-sells those goods to the final Australian customer.

---

<sup>78</sup> Table 12 to Confidential Attachment 1 refers.

## PUBLIC RECORD

In relation to whether exports from Brazil are likely to continue, the commission refers to the trade flow information presented above in Table 20. Exporters from Brazil have continued to sell the goods into the Australian market notwithstanding that the volume of those goods is now much lower than the levels observed for 2015 and 2016.

To aid in assessing whether the goods from Brazil are likely to continue, the commission has had regard to information provided in a submission by Jackaroo.<sup>79</sup> In Jackaroo's submission it raises various points concerning the materiality of its imports from Brazil. The submission does not address whether exports from Brazil are likely to continue.

The submission from Jackaroo states it supplied 75 gsm and 90 gsm copy paper.<sup>80</sup> In a submission from Sylvamo, it also mentions exportation of 90 gsm.<sup>81</sup> Neither entity provided contemporaneous sales data to validate their statements.

The commission's examination of the sales records provided by Jackaroo in Review 551 confirms that Jackaroo imported and sold HP brand in 80 gsm and a private label brand in 90 gsm in calendar year 2019.<sup>82</sup>

The commission's review of publically available information in this inquiry confirmed the following HP brands of copy paper exported by Sylvamo during 2019 were still available for sale as at 20 October 2021.

- HP Everyday Paper A4 80 gsm<sup>83</sup>
- HP Office Paper A4 80 gsm<sup>84</sup>

Both variants of the HP brand paper identified above were in the sales listings presented by Jackaroo in Review 551. However, it appears Sylvamo's no longer supplies the private label brands identified in Review 551.

The commission also found information that countered the product descriptions outlined in the submissions from Jackaroo and Sylvamo.

- HP brand paper in 90 gsm was identified as being sourced from France not Brazil.<sup>85</sup>
- HP brand paper in 75 gsm was not available in the Australian market.

Based on the commission's review of publically available information, **recent** exports of the goods from Brazil are of 80 gsm, not 90 or 75 gsm.

The commission is satisfied that the observed volume of goods imported from Brazil after 2019 are the same HP brands identified in Review 551.

To assess whether the above exports of the goods from Brazil are likely to continue, the commission had had regard to information about those goods as sold on the Australian market.

---

<sup>79</sup> 588 EPR Item No. 008, p.2

<sup>80</sup> 588 EPR Item No. 008, p.2

<sup>81</sup> 588 EPR Item No. 014, p.2

<sup>82</sup> 551 EPR Item No. 026 – Jackaroo Importer Verification Report

<sup>83</sup> [www.officeworks.com.au](http://www.officeworks.com.au), viewed 20 October 2021.

<sup>84</sup> [www.officeworks.com.au](http://www.officeworks.com.au), viewed 20 October 2021.

<sup>85</sup> HP Color Choice 90 gsm A4 Paper 500 Sheet Ream, [www.officeworks.com.au](http://www.officeworks.com.au), viewed 20 October 2021.

## PUBLIC RECORD

Figure 9 shows that the Brazilian sourced HP branded 'HP Office Paper A4 80 gsm' paper is of a comparable specification to other copy paper products and competitively priced compared to other brands produced in Australia and other subject countries.

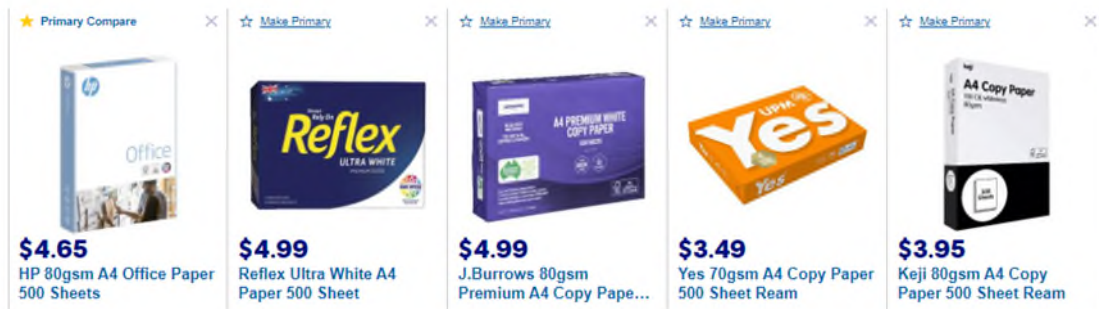


Figure 9 Officeworks price offer at 20 October 2021 (per ream pack)<sup>86</sup>

Figure 10 below shows that the Brazilian sourced HP branded 'HP Everyday Paper A4 80 gsm' product is of a comparable specification to other copy paper products and competitively priced.

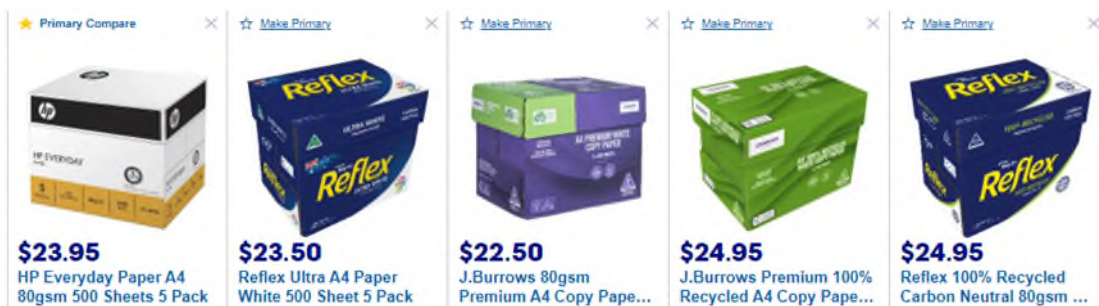


Figure 10 Officeworks price offer at 20 October 2021 (5 ream pack)<sup>87</sup>

Having regard to the above analysis the commission is satisfied that exports from Brazil are likely to continue for the following reasons:

- exporters from Brazil have supplied the Australian market with the goods after the imposition of measures and continue to do so
- the goods from Brazil are of a comparable specification to Australian industry's products, and those sourced from other countries.
- the price of the goods from Brazil are at a lower or comparable price to Paper Australia's brand and other brands available for sale in the Australian market.
- there is no evidence supporting a cessation of exports from Brazil is likely.

### 8.4.3 Are exports from China likely to continue or recur?

The commission's pattern of trade analysis in Table 20 indicates that imports from China initially reduced to almost zero after the implementation of formal measures on all exporters from China in April 2017. After a period of very low trading activity exports increased in 2019.

<sup>86</sup> [www.officeworks.com.au](http://www.officeworks.com.au), viewed 20 October 2021.

<sup>87</sup> [www.officeworks.com.au](http://www.officeworks.com.au), viewed 20 October 2021.

## PUBLIC RECORD

Figure 11 provides a detailed picture of quarterly import volumes from China in the period 1 January 2015 to 30 September 2021. Following the publication of the PAD and SEF [denoted by yellow stars] and the imposition of measures [denoted by a red star] volumes decreased significantly.

In the period covering the December 2019 to September 2021 quarters, the average import volume from China increased from almost zero, to 40% of the average quarterly import volume prior to implementation of measures. The commission observes that there was a substantial increase in volumes from the December 2019 quarter.

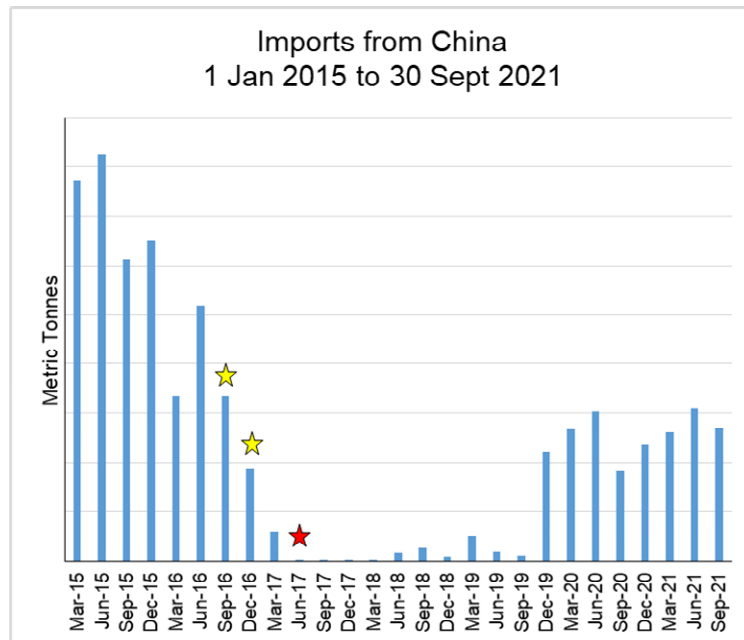


Figure 11 Imports from China 2015 to 30 September 2021<sup>88</sup>

To assess the likelihood of exports from China continuing, the commission has considered the state of the Australian market observed in the original investigation period, i.e. 2015 and the current period (2020 to 2021). This includes an analysis of the customer base in each of these periods and prices of goods in the market. These factors are considered to inform the potential level of demand for the goods and thus if exports from China are likely to continue.

During the original investigation, exporters and importers of the goods from China reported sales to major Australian buyers of A4 copy paper. Some of these entities continue to sell paper under the banner of the new owner or have since exited the market.<sup>89</sup>

Notwithstanding the prior changes in the market, the commission identified in the source data for Figure 11 that entities who have previously imported the goods continue to be present in the Australian market. These entities have exhibited behaviour whereby they will periodically switch suppliers.

<sup>88</sup> Worksheet 'China' in Confidential Attachment 9 refers.

<sup>89</sup> Section 5.3.2 in REP 463 provides a detailed summary of market consolidation and exits, [EPR 463 Item No. 068, p. 26](#) refers.



## PUBLIC RECORD

The commission confirmed the switching behaviour described above by examining the names of the parties identified from the source data that forms the basis of Figure 11 and Paper Australia's historical sales records. Figure 11 illustrates the reduction in volumes from China in the period 1 April 2017 to 30 September 2019. The trend in the Australian industry's sales volume shown in Figure 3 indicates a corresponding increase during the same period.

In its submission of 9 August 2021, UPM outlines that Paper Australia's application for the inquiry omitted the presence of a 2021 contract to supply a large Australian reseller of A4 copy paper with locally produced product.<sup>90</sup>

UPM's further submission of 3 September 2021 outlines the specific detail relevant to the agreement struck between Paper Australia and the Australian reseller that UPM had supplied since late 2019. The arrangement between UPM and the Australian reseller will end by late 2021. After this Paper Australia will supply the customer concerned.<sup>91</sup>

The commission validated UPM's statements regarding its customer's change of supplier by obtaining the documentation referenced in its submission. The commission also obtained similar documentation from Paper Australia to validate the existence of the agreement cited in UPM's submission.<sup>92</sup>

In a similar line of argument to that raised in Jackaroo's submission at EPR 008, UPM submits at EPR 006 that the effect of the 2021 agreement struck by Paper Australia will lead to the Australian industry holding a 95% share of the Australian market. UPM claims this will arise once the sale of all imported inventory sourced from UPM occurs in late 2021.

UPM's forecasted market share of the Australian industry relies on a presumption that Paper Australia's customers have committed to sourcing their supply from Paper Australia for a fixed period. However, the commission has established that participants in the Australian market do not prefer such arrangements.

The nature of non-binding agreements between parties in the Australian market provide customers with the ability to exit the relationship if a more attractive price becomes available. The commission understands that agreements between parties provide a notice period of 60 days if either party wishes to exit the agreement.

To illustrate the above point, the commission highlights the dynamic between the Australian customer cited in UPM's submission, UPM and Paper Australia.

The customer concerned has sourced from both UPM and Paper Australia over the previous 5 years. Paper Australia initially supplied this customer up to December 2019 before it changed supplier to UPM. The same customer will recommence sourcing its inventory from Paper Australia in late 2021. Paper Australia has put it to the commission that it only regained this particular customer's supply after agreeing to offer prices comparable to those offered by exporters. The commission confirmed Paper Australia's statement is accurate.<sup>93</sup>

---

<sup>90</sup> [588 EPR Item No. 004, p.1.](#)

<sup>91</sup> [588 EPR Item No. 006, p.2.](#)

<sup>92</sup> Worksheet 8.4.3 to Confidential Attachment 10 refers.

<sup>93</sup> Table 6 in Worksheet 8.6.1.2 to Confidential Attachment 10 refers.

## PUBLIC RECORD

In addition, the commission has established that UPM and other exporters from China have previously supplied Australian customers who remain active in the Australian market. Other customers who are in the Australian market may also seek out alternative sources of supply.

The commission's price undercutting analysis in section 8.6.1 also revealed that the fully landed and duty inclusive price of the goods imported from China undercut Paper Australia's prices in 2021.

The commission considers the low price of the goods from China would likely be a key purchasing consideration and incentivise Australian customers to seek out the cheapest supplier. Exporters from China also retain sufficient spare capacity to supply those customers.

The possibility of the above occurring increases because of the observation that parties engage in non-binding agreements and can exit the arrangement in a relatively short notice period, e.g. 60 days. On this basis, the commission concludes this does not prevent the likelihood of Australian customers entering into new supply agreements with exporters from China.

The commission is therefore satisfied that exports from China are likely to continue.

### **8.4.4 Are exports from Indonesia likely to continue or recur?**

The commission's analysis of the pattern of trade data in Table 20 indicates that imports subject to measures from Indonesia initially increased after 2015 despite the contraction in the Australian market. The surge in exports during 2016 preceded a significant reduction from 2017 onwards. Import volumes to 30 September 2021 were down 97% on 2015 levels.

Figure 12 below provides further detail about the quarterly import volumes from Indonesian subject exporters in the period from 1 January 2015 to 30 September 2021. Imports of the goods reduced after the commission made a PAD in the September 2016 quarter [denoted by a yellow star] and continued to decrease to zero in the following 24 months. Demand for the subject goods from Indonesia has continued despite quarterly imports volumes becoming relatively sporadic.



## PUBLIC RECORD

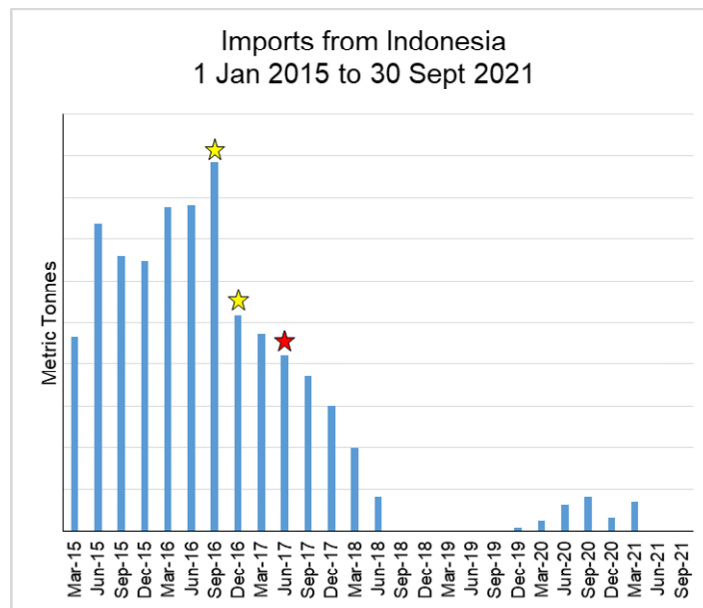


Figure 12 Imports from Indonesia 2015 to 30 September 2021<sup>94</sup>

The commission's examination of the pattern of trade data in Figure 12 identifies RAK as the predominant exporter of the goods. This follows revocation of the anti-dumping notices in relation to exports by Pindo Deli and Indah Kiat. The sales listing provided by RAK for the purpose of this inquiry confirms that its Australian customers continue to trade the goods on the Australian market.<sup>95</sup>

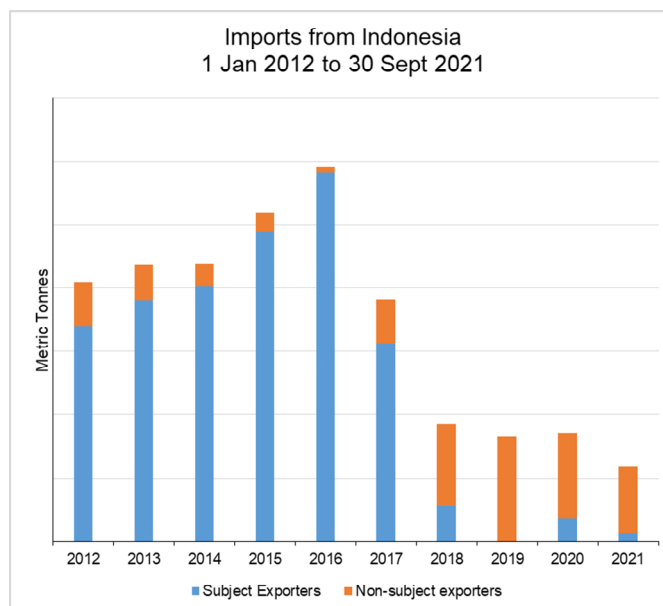
In addition to a contemporaneous analysis of the entities who continue to import goods subject to measures from Indonesia, the commission has examined a different version of historical patterns of trade in Figure 13.

Figure 13 below shows the pattern of trade for all goods (both subject and not subject to measures) imported from Indonesia in the period 1 January 2012 to 30 September 2021. In contrast to the post measures trend shown above in Figure 12, exporters from Indonesia have historically exported much larger volumes.

<sup>94</sup> Worksheet 'Indonesia in Confidential Attachment 9 refers.

<sup>95</sup> Table 3 to worksheet 8.4.4 in Confidential Attachment 10.

## PUBLIC RECORD



**Figure 13 Historical import volumes from Indonesia – all exporters<sup>96</sup>**

The commission's analysis of the exporter and importer relationships presented in Figure 13 indicated that RAK, represented as the 'subject exporters' data series, was the predominant exporter of the goods until 2017. Exporters represented by the 'non-subject exporters' data series include Tjiwi Kimia, Pindo Deli and Indah Kiat. Tjiwi Kimia made up most of the exports that occurred after 2017.

The commission further ascertained in the period 2012 to 2017 that imports of the goods from subject exporters were predominantly by one entity.<sup>97</sup> The sudden decrease in imports by this entity coincides with Paper Australia's acquisition of the relevant entity's office products division in July 2016.<sup>98</sup> Since divesting its office products division to Paper Australia, the relevant entity, now merged with another Australian seller of paper and office products, has imported a fraction of the amount previously imported by the above mentioned office products division.

In relation to other entities who have imported the goods from subject Indonesian exporters, the commission identified that they remain active in the Australian A4 copy paper market. However, these entities now source their inventory from either the Australian industry or non-subject exporters from Indonesia. In either instance, the Australian market continues to exhibit a demand for the goods from Indonesia.

A further aspect regarding a likely continuation of exports from Indonesia by subject exporters is the price paid by Australian importers. The commission's price undercutting analysis in section 8.6.1 reveals that the fully landed and duty inclusive price of the goods imported from Indonesia undercut Paper Australia's prices in 2021.

The commission considers that the price sensitive nature of the A4 copy paper market is sufficient to incentivise Australian customers to seek out supply of cheaper subject goods from Indonesian exporters such as RAK.

<sup>96</sup> Table 8 to Confidential Attachment 1 refers.

<sup>97</sup> Table 1 to worksheet 8.4.4 in Confidential Attachment 10.

<sup>98</sup> <https://www.accc.gov.au/media-release/accc-will-not-oppose-australian-papers-proposed-acquisition-of-edwards-dunlop-office-products>

## PUBLIC RECORD

The commission is satisfied it is likely that exports of the subject goods from Indonesia will continue.

### 8.4.5 Are exports from Thailand likely to continue or recur?

The commission's analysis of the data in Table 20 indicates that imports subject to measures from Thailand reduced by around 50% immediately after 2015. Following this reduction, exports from Thailand continued throughout the period 2017 to 2021.

The commission's analysis of quarterly import volumes in the period 1 January 2015 to 30 September 2021 at Figure 14 below illustrates the much higher import volumes prior to the imposition of anti-dumping measures [denoted by the red star]. Since the imposition of measures, import volumes from Thailand have persisted for 17 consecutive quarters to 30 September 2021.

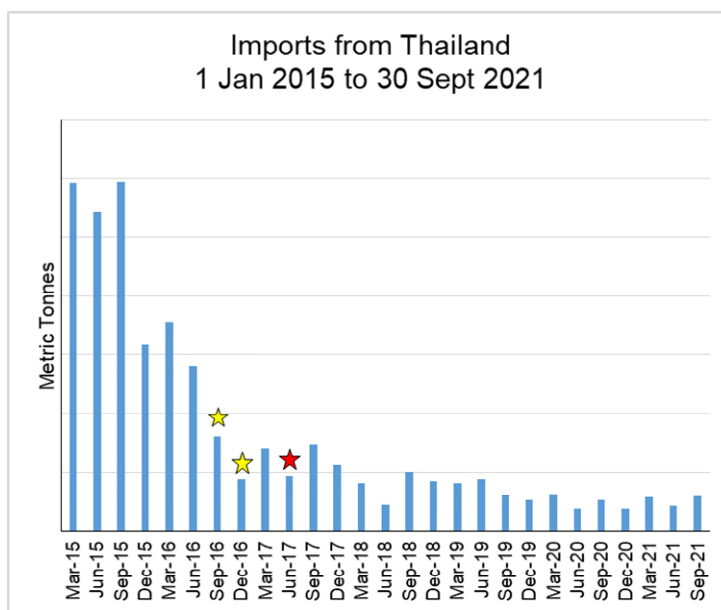


Figure 14 Imports from Thailand 2015 to 30 September 2021<sup>99</sup>

The only cooperating exporter from Thailand in Review 551 was Double A. Having regard to the 2019 sales data reported by Double A in Review 551 the commission established that Double A's customers at that time continue to trade the goods on the Australian market and likely source their inventory from Double A.<sup>100</sup> The commission has not received information to the contrary.

In addition, the commission also found that the Australian customers listed in the sales data reported by Double A for Investigation No. 341 remain active in the Australian A4 copy paper market.<sup>101</sup>

The following factors satisfy the commission it is likely that exports of the goods from Thailand will continue

- import volumes from Thailand have persisted since measures were imposed
- importers of the goods from Thailand remain active in the Australian A4 copy paper market.

<sup>99</sup> Worksheet 'Thailand' in Confidential Attachment 9 refers.

<sup>100</sup> Table 1 to worksheet 8.4.5 in Confidential Attachment 10.

<sup>101</sup> Table 2 to worksheet 8.4.5 in Confidential Attachment 10.

#### **8.4.6 Maintenance of distribution links**

At the conclusion of Investigation No. 341, the Minister imposed measures in the form of an anti-dumping notice on all exporters of the goods from Brazil, China and Thailand. With the exception of Tjiwi Kimia, the Minister also imposed the same measure on all exporters from Indonesia. The Minister also imposed a subsidy notice on all exporters from China, with the exception of exports by Greenpoint and UPM.

The cohort of major exporters of the goods who cooperated with Investigation No. 341 was comprised of the following entities.

- International Paper (Brazil)
- UPM AP (China)
- Greenpoint (China)
- RAK (Indonesia)
- Pindo Deli (Indonesia)
- Indah Kiat (Indonesia)
- Tjiwi Kimia (Indonesia)
- Double A (Thailand)
- Phoenix Pulp & Paper (Thailand)

The commission further identified that entities in the cohort of uncooperative and all other exporters had sold the goods to Australian importers in quantities that were not insubstantial.<sup>102</sup>

Investigation No. 341 also received questionnaires from the following 6 entities who had reported importing the goods relevant to the investigation

- BJ Ball Pty Ltd;
- Central National Australia;
- Fuji Xerox Australia Pty Ltd (Fuji Xerox Australia);
- Jackaroo;
- Paper Force (Oceania) Pty Ltd (Paper Force);
- UPM-Kymmene Pty Ltd (UPM-Kymmene).

In Review 551 the commission examined exports in the period 1 January 2019 to 31 December 2019. The commission received questionnaire responses from the following exporters

- International Paper (Brazil)
- UPM (China)
- Greenpoint (China)
- RAK (Indonesia)
- Double A (Thailand)

The commission also received questionnaire responses from Jackaroo and Officeworks who declared importing the goods during the review period.

---

<sup>102</sup> Table 2 to worksheet 8.4.6 in Confidential Attachment 10.

## PUBLIC RECORD

To assess the maintenance of exporter's distribution links to the Australian market the commission has had regard to the available information for Investigation No. 341, Review 551, ABF importation data for the period 1 January 2015 to 30 September 2021 and RAK's REQ submitted to this inquiry.

The commission observed the majority of the exporters identified during Investigation No. 341 have maintained their distribution links to the Australian market.<sup>103</sup>

The commission also found that exporters had established trading links with new Australian customers after losing existing customers. This correlates with the switching behaviour exhibited by participants in the Australian market. In other cases, the parties involved in the trade of the goods from the subject country to Australia had not changed. However, the commission identified downstream customers for the goods differed in some cases.

The commission also established during Investigation No. 463 that certain other entities no longer import the goods due to various market consolidations and acquisitions. As a result, high volume importers of the goods identified during Investigation No. 341 no longer exist or now exhibit much lower demand. Notwithstanding these changes, the Australian market continues to feature a small group of large customers and a significantly larger base of smaller but no less material group of customers for the goods and like goods.

The commission's pattern of trade analysis indicates that exporters from each of the subject countries have maintained distribution links into the Australian market. The analysis further revealed the entities who exported substantial volumes in the period prior to 2015 continue to market those goods in Australia. The commission considers these factors support it is likely that exports from the subject countries will continue.

### 8.4.7 Excess production capacity of the subject exporters

The production capacity data outlined in Paper Australia's application relied on the RISI Fastmarket's 'Mill Asset Database'.<sup>104</sup>

Paper Australia highlighted the following in respect of each subject exporter:

- UPM China has an installed capacity of 650,000 tonnes per annum (p.a.).
- International Paper from Brazil has an installed capacity across their three mills of 675,801 tonnes p.a.
- RAK from Indonesia has an installed capacity of 640,000 tonnes p.a.
- Double A from Thailand has an installed capacity of 425,000 tonnes p.a.

The commission has assessed the ability of the subject exporters to service the Australian market by having regard to exporter questionnaires submitted in Review 551 and for this inquiry.

---

<sup>103</sup> Table 1 to worksheet 8.4.6 in Confidential Attachment 10

<sup>104</sup> Case 588 Public Record Item 001, p.12.

## PUBLIC RECORD

Compiling the production capacity data reported by exporters and comparing this to their reported production volumes the commission estimates the subject exporters achieved capacity utilisation of between 65% and 95%.<sup>105</sup> The commission calculated capacity utilisation of between 61% and 85% using the RISI data supplied by Paper Australia.<sup>106</sup>

The spare production volume capacity for any of the subject exporters was sufficient to supply between 37% and 208% of the Australian market in the 12 month period ending 31 March 2021.<sup>107</sup>

The commission has also identified that RAK's parent company, APRIL, plans to increase production at facilities operated by related party Riau Andalan Pulp and Paper (RAPP), which is co-located with RAK on the Indonesian island of Sumatra.<sup>108</sup>

According to the information obtained by the commission, RAPP's pulp production will increase to 5.8 million tonnes. APRIL's corporate website stated RAPP's pulp production capacity was 2.8 million tonnes.<sup>109</sup> The commission considers it reasonable that RAPP diverts its additional pulp output to related party paper producer RAK, and permit RAK to produce higher volumes of A4 copy paper. This satisfies the commission that RAK would continue to possess the necessary resources to supply the Australian market.

The commission further observed that the spare production capacity amongst the subject exporters would be sufficient to meet the demand requirements for each of the major Australian customers or a collective of smaller second tier customers.<sup>110</sup>

### 8.4.8 Summary

The commission is satisfied that should the measures expire, exports from the subject countries are likely to continue on the basis that:

- imports have been identified in respect of each country in each year since the measures were imposed in April of 2017
- the goods produced and exported by the subject exporters continue to be available for sale on the Australian market at prices which are highly competitive
- exporters have maintained and/or developed new distribution links to the Australian market
- the Australian market customer base includes entities that have historically purchased the goods from the subject exporters and may likely do so again at those larger historical volumes
- exporters appear to possess excess production capacity to supply their existing Australian customers or the requirements for new Australian customers.

---

<sup>105</sup> Column [G], Table 1 worksheet 8.4.7 to Confidential Attachment 10.

<sup>106</sup> Column [I], Table 1 worksheet 8.4.7 to Confidential Attachment 10.

<sup>107</sup> Column [K], Table 1 worksheet 8.4.7 to Confidential Attachment 10.

<sup>108</sup> <https://www.eco-business.com/news/paper-giant-aprils-expansion-plan-alarms-environmentalists/> (viewed 16 November 2021).

<sup>109</sup> <https://www.aprilasia.com/en/about-us/our-operations>, (viewed 16 November 2021)

<sup>110</sup> Table 2 worksheet 8.4.7 to Confidential Attachment 10.

## 8.5 Will dumping and subsidisation continue or recur?

In assessing the likelihood of whether dumping and subsidisation will continue or recur, the Manual outlines a number of relevant factors.

The Manual further outlines that the inquiry may gather facts relevant to whether dumping and subsidisation will resume. Such information may include exporters' dumping and subsidy margins, the volume of exports before and after the measures were imposed, the effect of the measures, the level of dumping compared with the level of measures, and any change in those measures (e.g., as a result of a review).<sup>111</sup>

The Commission considers its examination of the relevant factors will vary depending on the nature of the goods and the market where those goods are sold.<sup>112</sup> No one factor can necessarily provide decisive guidance. The following analysis therefore examines a range of factors that the Commission considers are relevant to this inquiry.

This section assesses the likelihood of dumping and subsidisation continuing or recurring in relation to A4 copy paper exported to Australia.

### 8.5.1 Analysis of dumping margins

Table 21 reproduces the dumping margins outlined in Chapter 7 of this report:

Country	Exporter	Dumping margin
Brazil	Sylvamo	8.1%
	All other exporters	8.1%
China	UPM AP	3.2%
	Greenpoint	10.0%
	All other exporters	3.0%
Indonesia	RAK	59.7%
	All other exporters	59.7%
Thailand	Double A	0.9%
	All other exporters	0.9%

**Table 21 Dumping margins established for exports of the goods**

With the exception of goods exported by RAK from Indonesia, the dumping margins determined for the goods exported to Australia by exporters from Brazil, China, and Thailand reflect the variable factors determined in Review 551.

Verification of the questionnaire response submitted by RAK for the purpose of this inquiry established the level of dumping associated with its exports in the period 1 July 2020 to 30 June 2021 was 59.7%.

To assess the likelihood that the exporters listed above in Table 21 will continue or recur to export the goods at dumped prices the commission has considered the following factors

- FOB prices for the goods exported to Australia
- likely country of origin domestic prices for like goods

---

<sup>111</sup> The Manual, p.176 refers.

<sup>112</sup> Ibid.

## PUBLIC RECORD

- profitability of exporters' Australian and domestic market sales where relevant.
- other relevant information

### Export Prices

Table 22 below details the change in FOB export prices in the period 2019 to 2021. Prices in 2021 reflect imports up to 30 September 2021. The base year 2019 relies on verified FOB prices determined by the commission in Review 551.

Except for Indonesia, Australian import declarations were the source of FOB prices for 2020 and 2021. Prices for export from Indonesia in 2021 are from the REQ submitted by RAK for the purpose of this inquiry.

Country	Exporter	2019	2020	2021
Brazil	Sylvamo	100	98	86
China	Greenpoint <sup>113</sup>	100	109	
China	UPM	100	100	90
Indonesia	RAK <sup>114</sup>	100		59
Thailand	Double A	100	90	81

**Table 22 Index of change in FOB export price (AUD\$/MT)<sup>115</sup>**

The commission's analysis of export prices at the FOB point found that prices since 2019 have reduced in the case of all subject exporters.

### Country of origin domestic like goods prices

An assessment of dumping in its most basic form involves a comparison between the export prices of goods, usually at the FOB level, and domestic prices of goods that are like to those which are exported.

As the relationship between export and domestic price informs if dumping is likely, the commission considers the price of like goods in each exporter's country of origin is a relevant consideration.

The following outlines the commission's assessment of the likely change in each subject country's domestic selling prices for like goods. The commission's assessment relies on the following information about the domestic market in each subject country domestic market.

- sales data obtained in prior cases
- market price data relevant to the region in which exporters originate
- information regarding movements in known cost drivers
- data provided in Paper Australia's application
- domestic sales reported by RAK in its REQ for this inquiry.

---

<sup>113</sup> Greenpoint did not export the goods in 2021.

<sup>114</sup> Price information for the last six months of 2020 is included in the weighted average price for 2021.

<sup>115</sup> Table 10 in worksheet 'PU Analysis' to Confidential Attachment 15.



### 8.5.1.1 Brazil

In the original investigation, the commission found the level of dumping for the goods exported by Sylvamo was 2.9%. In Review 551, the commission determined that the dumping margin relevant to exports by Sylvamo in 2019 was 25.7%. Application of the lesser duty rule and an operative NIP reduced this to 8%.

Table 22 above revealed International Paper’s export price in 2021 was a reduction on the price that its current dumping margin is determined.

Citing higher input costs for pulp, energy and labour, Paper Australia’s application for the inquiry contends that global prices for uncoated woodfree (UCWF) cut paper sheet have increased since the original investigation. Paper Australia contends that prices in Brazil would have exhibited a similar trend.

In lieu of contemporaneous price information for the Brazilian domestic copy paper market, Paper Australia provided a calculation that it considered representative of the monthly global average prices for UCWF cut paper in the period December 2015 to April 2021.<sup>116</sup>

Paper Australia’s global average UCWF cut paper price calculation relies on price information sourced from Fast markets RISI Pulp and Paper Industry Intelligence (RISI). The average price is an aggregate of prices in 9 markets across South America (inclusive of Brazil), Europe, the USA and South East Asia. Paper Australia’s global average price also included a RISI data series for UCWF cut paper in 75 to 95 gsm for Brazil.

Table 23 below shows changes in the following price series

- Sylvamo’s FOB export price and its likely domestic price
- Brazil UCWF cut paper 70 to 75 gsm; and
- RISI Global Average (as calculated by Paper Australia).

Price Series	2015	2016	2017	2018	2019	2020	2021
RISI Global Average	100	100	104	116	112	105	108
Brazil UCWF	100	120	122	135	120	118	121
Sylvamo Domestic Price <sup>117</sup>	100				129	127	130
Sylvamo FOB Export Price	100	87	87	110	107	105	92

**Table 23 Index of change in price series (International Paper Brazil)<sup>118</sup>**

Table 23 shows the RISI global average price calculated by Paper Australia and the Brazil UCWF price series followed a similar trend however the fluctuations between the two were markedly different.

The Brazil UCWF price series suggests that the Brazilian domestic market underwent a sharp price increase after 2015 and with the exception of 2018 appears to have remained at a similar level through to 2021. International Paper’s 2019 domestic price displays a trend that is comparable to the Brazil UCWF price series.<sup>119</sup>

---

<sup>116</sup> Paper Australia Application Confidential Attachment 4

<sup>117</sup> Domestic price information for 2016 to 2018 was not available.

<sup>118</sup> Table 2 to worksheet 8.5.1.1 in Confidential Attachment 10.

<sup>119</sup> Domestic prices for International Paper for 2015 and 2019 rely on its sales listings examined in Investigation 341 [2015] and Review 551 [2019].

## PUBLIC RECORD

The commission considers it reasonable that the trend in the Brazil UCWF price series after 2019 informs the likely domestic price of Sylvamo's like goods during 2020 and 2021.

By applying the trend in the Brazil UCWF price in 2020 and 2021, the commission estimates that Sylvamo's domestic prices in these periods were likely similar to 2019 prices. In comparison, Sylvamo's export price reduced after 2019.

The commission considers the divergence observed between Sylvamo's domestic and export price since 2019 indicates dumping of its exports is likely.

The commission further considered the following factors to inform if dumping of the goods from Brazil is likely to continue:

- prevailing prices in the Australian market
- International Paper's domestic market sales
- International Paper's Australian sales profitability.

The commission has established that the prevailing price received by suppliers to the Australian A4 copy paper market has essentially remained unchanged for several years. Prices since 2015 have generally been lower rather than higher. The trend in Paper Australia's like goods prices in Table 24 below demonstrates this point.

Entity Name	2015	2016	2017	2018	2019	2020
Paper Australia	100	98	95	95	103	101

**Table 24 Paper Australia Index of Unit Selling Price Variation**

The commission's price undercutting analysis at chapter 8.6.1 revealed the fully landed import price for goods exported by Sylvamo in 2021 undercut the Australian industry's price. It also revealed the price of International Paper's goods were comparable to the price payable on imports from the other subject countries.

The elimination of the dumping margin associated with Sylvamo's exports in 2021 would likely require an FOB price increase that would impose a premium on its goods over other suppliers. The commission considers an increase of the amount necessary to eliminate dumping would likely render the goods from Brazil uncompetitive in the highly price sensitive Australian copy paper market.

To assess an elimination of dumping through a decrease in Brazilian domestic prices, the commission has had regard to the 2020 Annual Performance Summary Report released by International Paper Company, who was the US based parent company of Sylvamo in Brazil at the time.

International Paper Company reported its Brazilian operation's sales of uncoated paper generated operating profit of 16% and 13% for 2019 and 2020 respectively.<sup>120</sup> The commission further observed in data for Review 551 that domestic A4 copy paper sales in 2019 appeared to be materially relevant to Sylvamo's economic performance.<sup>121</sup>

The commission estimates it is unlikely that Sylvamo would implement the necessary reduction in its domestic prices to eliminate dumping in relation to its already profitable Australian exports.<sup>122</sup> The available profit margin on its Australian sales may permit further price reductions to attract customers.

---

<sup>120</sup> [International Paper Company Annual Report 2020, p.30 \(viewed 27 October 2021\).](#)

<sup>121</sup> Case 551, EPR Item No. 032, Section GP6 to Confidential Attachment 1.

<sup>122</sup> Table 8 to worksheet 8.5.1.2 in Confidential Attachment 10

## PUBLIC RECORD

The long-term prevailing price of A4 copy paper in the Australian market supports that exporters from Brazil will be required to set their prices to below that of their domestic markets. Since the commission considers the necessary changes in either export price or domestic prices are unlikely to occur, it is likely that dumping of the goods from Brazil will continue.

### 8.5.1.2 China

Review 551 found dumping had occurred in relation to exports from China. To assess the likelihood of a continuation of dumping by exporters from China, the commission has examined the trends relevant to exports by UPM.

Table 22 above revealed UPM's export price in 2021 was a reduction on the price that its current dumping margin is determined.

In Review 551 the commission found that UPM's pulp purchase price closely followed the trend in the market prices for pulp imported from its major pulp supplying countries.<sup>123</sup> UPM's domestic prices were sufficient to recover the full cost of production inclusive of movements in pulp price.

The commission therefore considers that the observed movements in pulp price informs the likely change in UPM's domestic prices.

To assess whether dumping of exports from China is likely to continue or recur the commission has compared the relationships between the two price series outlined below in Table 25.

Price Series	2019	2020	2021
Change in Pulp Price	100	88	133
UPM FOB Export Price (AUD/MT)	100	101	91

**Table 25 Index of change in price series (UPM)<sup>124</sup>**

The commission observed the two key pulp price benchmarks relevant to UPM's pulp purchases in Table 25 increased in 2021 compared to 2019.

In Review 551 the commission found that UPM's CTMS figures reflected the prices it paid its pulp suppliers and its domestic prices were higher than total unit CTMS. As the two pulp price series relevant to UPM's production of A4 copy paper have increased since 2019, the commission considers it reasonable that UPM's domestic prices have also increased. Domestic selling price data for China provided in Paper Australia's application corresponded with the commission's estimation.<sup>125</sup> Paper Australia's data indicated that domestic prices in China have not decreased since 2019.

In contrast, UPM's FOB export price decreased in 2021 compared to 2019. The commission considers the divergence observed between UPM's domestic and export price since 2019 indicates dumping of its exports is likely.

To assess whether dumping of the goods from China may continue the commission has similarly considered the factors relied on to assess exports from Brazil.

---

<sup>123</sup> Tables 1 and 2 to worksheet 8.5.1.2 in Confidential Attachment 10.

<sup>124</sup> Table 3 to worksheet 8.5.1.1 in Confidential Attachment 10.

<sup>125</sup> Paper Australia Application Confidential Attachment 1

## **PUBLIC RECORD**

The commission's price undercutting analysis in chapter 8.6.1 revealed that the fully landed import price for goods exported by UPM in 2021 undercut the Australian industry but were comparable to the price payable on imports from the other subject countries. Noting the long-term trend in the prevailing price of copy paper in Australia, the commission considers an increase in export price sufficient to eliminate dumping on UPM goods would likely render the price of those exports uncompetitive in the Australian market.

Alternatively, the commission has considered the likelihood of a decrease in UPM's domestic prices in order to eliminate dumping on its Australian exports. In support of this, the commission has examined the relative importance of UPM's domestic market sales and the profitability of those sales as examined in Review 551.

In Review 551, the commission found that UPM's OCOT profit margin was comparable to the domestic price reduction that would be necessary to eliminate continued dumping. Raw material expenses at the time were lower than 2021 levels.

The increasing pulp costs shown in Table 25 leads the commission to conclude that the OCOT profit margin observed in Review 551 has likely remained similar or possibly reduced. The commission also observed in Review 551 that UPM's domestic sales of A4 copy paper is one of its key markets. The commission considers it unlikely that UPM would sacrifice profits in a key market by reducing domestic prices with object of eliminating the level of dumping associated with its Australian exports.

The commission's observation regarding the price of UPM's exports in the Australian market found they are competitively price compared to other suppliers. The commission considers it reasonable there would be no incentive for UPM to increase its export prices. The commission further considers that UPM would not seek to eliminate dumping by decreasing domestic prices.

The commission considers an elimination of dumping on goods from China would require a change in either export price or domestic prices. However, the commission has assessed the necessary changes in either price is unlikely. The commission considers it likely that dumping of the goods from China will continue.

### **8.5.1.3 Indonesia**

Review 551 found dumping had occurred in relation to exports from Indonesia. To assess the likelihood of a continuation of dumping by exporters from Indonesia, the commission has examined information provided by RAK for the purpose of this inquiry. The commission's examination of exports from Indonesia by RAK found it had dumped the goods in the period 1 July 2020 to 30 June 2021.

In 2019 the fully landed import price of the goods exported by RAK was at the higher end of the price range for goods imported from all other subject countries. The price of RAK's exports did not undercut Paper Australia's sales.

However, in the period since 2019, the commission's price undercutting analysis at chapter 8.6.1 shows the fully landed import price of RAK's goods has reduced. The fully landed import price of goods exported by RAK undercut Paper Australia's prices and was comparable to imports from China and Brazil.

## PUBLIC RECORD

Relying on information provided in its REQ to Investigation 341, Review 551 and this inquiry, Table 26 illustrates the long-term trend in the relationship between RAK's domestic and export prices.<sup>126</sup> Since the sale of the good exported by RAK involved related party intermediary AFEM, the commission has presented the change in price at each stage in the supply chain.

Price Series	2015	2016	2017	2018	2019	2020	2021
RAK Domestic Price	100				130		109
RAK Export Price to AFEM	100				96		62
AFEM Export Price	100				124		90

**Table 26 Index of change in price series (AFEM/RAK Indonesia)<sup>127</sup>**

Table 26 shows that RAK's price to AFEM reduced after 2019. RAK's domestic exhibited a similar a downward trend. However, the change in export price was greater than the change in domestic prices. The commission considers the change in RAK's export price is likely a response to the lower and longer-term price trend in the Australian A4 copy paper market as illustrated Table 25.

The change in RAK's export and domestic prices corresponds with the dumping margin established for RAK in this inquiry, which is higher than the margin determined in Review 551. The most recent dumping margin determined for RAK represents the third such examination of RAK's exports. The commission found dumping of the goods by RAK in all three cases.

To eliminate the dumping of the goods from Indonesia, the commission considers it reasonable that the FOB price of those goods would need to increase. However, a price increase of the necessary magnitude would likely to see those goods priced out of the Australian market. The commission therefore considers an increase in export price, sufficient to eliminate dumping, is unlikely.

Having regard to the available information, the commission considers it likely that dumping of the goods from Indonesia will continue.

### 8.5.1.4 Thailand

The commission determined that dumping of the goods exported from Thailand had occurred in Review 551.

In the case of Double A, REP 551 determined its dumping margin was 0.9% after having regard to the lesser duty rule and the operation of the NIP. However, the actual dumping margin was 30.8%. Double A has also been the pre-dominant supplier of the goods from Thailand. The commission therefore considers observations in relation to its export are relevant to this inquiry.

---

<sup>126</sup> No price information was available 2017 and 2019. Prices for the last six months of 2020 are included in the weighted average price for 2021.

<sup>127</sup> Table 4 to worksheet 8.5.1.1 in Confidential Attachment 10.

## PUBLIC RECORD

To assess the likelihood of a continuation of dumping of goods from Thailand the commission has had regard to the following data shown in Table 27.<sup>128</sup>

- Double A's export and domestic prices reported in its REQ to Investigation 341 and Review 551
- ABF import data relating to imports from Thailand
- Thai domestic price data included in Paper Australia's application.<sup>129</sup>

The commission considers Paper Australia's Thai market domestic price information preferable in the assessment of exports from Thailand as this data:

- was specific to the Thai market
- was for like goods of the relevant specification sold by subject exporters from Thailand
- reflected Thai market customers in a level of trade comparable to Australian customers
- was accurate when compared to publically available information.<sup>130</sup>

Price Series	2015	2016	2017	2018	2019	2020	2021
Paper Australia Thai Market	100	103	101	101	101	101	101
Double A Domestic Price	100				100		
Double A FOB Export Price	100				120	109	98

**Table 27 Index of change in price series (Double A Thailand)<sup>131</sup>**

Table 27 above shows that Thai domestic prices have been relatively flat in the period 2015 to 2021. Based on this information the commission considers it reasonable that the historical long-term trend in Thai domestic prices is likely to continue.

Comparing the domestic price trends in Thailand and Double A's export prices in Table 27 the commission highlights Double A's export price in 2021. This price represents a reduction on the price observed for 2019. Double A likely dumped its exports in 2021 on the basis that Thai domestic prices in 2021 were similar to 2019.

Having regard to Paper Australia's domestic price data for Thailand, and the commission's observations of prices in the Australian market at Table 24, there appears to have been only minor variation between these markets in recent years. It also appears that the retail price of like goods in Thailand are comparable to Australian prices.<sup>132</sup>

Eliminating the dumping margin on goods from Thailand would require a price decrease on sales of like goods in Thailand or a contrasting increase in the FOB export price. However, the commission considers it reasonable that the long-term price trends observed for the Thai and Australian markets rules out either outcome as a possibility.

---

<sup>128</sup> Data for certain periods was not available to the commission.

<sup>129</sup> Paper Australia Application Confidential Attachment 3

<sup>130</sup> <https://shoponline.tescolotus.com/groceries/en-GB/shop/miscellaneous/stationary/paper/copy-paper> (viewed 30 November 2021).

<sup>131</sup> Table 5 to worksheet 8.5.1.1 in Confidential Attachment 10.

<sup>132</sup> Based on 2021 exchange rates for TBH and AUD.



## PUBLIC RECORD

The commission's analysis of price trends in the Australian and Thai markets supports it is likely that dumping of the goods from Thailand will continue.

### 8.5.2 Anti-dumping actions in other jurisdictions

Paper Australia's application refers to anti-dumping measures imposed by the governments of Mexico, Pakistan and the USA. The measures imposed by these other jurisdictions relates to imports from the subject countries.

The commission's examination of the measures applying on imports of the goods into Mexico, Pakistan and the USA (as at November 2021) found the information in Paper Australia's application was generally accurate. However, in relation to imports into the USA from China, the maximum level of tariff is 149% rather than the 84.05% stated by Paper Australia. In relation to Indonesia, the USA found that the likely continuation or recurrence of dumping would be in the magnitude of up to 17.46%.

The commission's examination of the measures imposed by the governments of Mexico, Pakistan and the USA found that these measures similarly apply to the subject exports of the goods to Australia.

Having regard to the trend in the volume of imports examined in chapter 8.4.1 the commission considers that measures imposed by other jurisdictions such as Mexico, Pakistan and the USA, have not necessarily led to a corresponding increase of goods exported to Australia from the subject countries.

It its submission at EPR 014, Sylvamo explains that its exports of the goods to Pakistan have remained relatively similar since measures were imposed on imports of the goods into Pakistan in 2018.<sup>133</sup> Sylvamo further explains that its exports to the USA are not material because of its related party producer supplies that market and it has not exported the goods to Mexico in recent years. Sylvamo provided sales information in support of its submission.

Sylvamo's submission supports the commission's observation that the imposition of measures by other jurisdictions has not lead to increased exports to Australia from Brazil. The same applies to exports from China and Indonesia. Measures on the goods exported to Pakistan from China and Indonesia and the USA are higher than the measures applying to Australian imports. However, this has not led to an increase in exports to Australia from either country.<sup>134</sup>

In relation to measures in other jurisdictions, AFEM also made the submission at EPR 007. AFEM's submission was in relation to matters concerning an apparent omission of information from Paper Australia's application.<sup>135</sup> Chapter 2.1.1 outlines the commission's consideration of AFEM's submission regarding the initiation phase of the inquiry.

Based on the available information the commission considers that the imposition of measures in other jurisdictions has had no noticeable effect on the factors of competition in the Australian market, particularly in terms of price and volume.

---

<sup>133</sup> 588 EPR Item No. 014, p.4.

<sup>134</sup> <https://ntc.gov.pk/wp-content/uploads/2018/04/Corrigendum-Final-Deter-in-Paper-Investigation-42.pdf>

<sup>135</sup> 588 EPR Item No. 007, p.14.

## PUBLIC RECORD

### 8.5.3 Level of subsidisation

Measures in the form of a countervailing duty notice currently applies to exporters in the category of non-cooperative entities from China. In Review 551 the commission determined a subsidy margin of 7.0% for exporters in this category.

The subsidy margin for non-cooperative entities in Review 551 was determined on the basis of all facts available and having regard to reasonable assumptions pursuant to section 269TAACA.

The commission's enquiries in Review 551 included inviting the GOC to complete a questionnaire seeking information relevant to the amount of countervailable subsidy received in respect of the goods exported to Australia.

The commission did not receive a response from the GOC. Further, the commission did not receive information from any other entities relevant to section 269TAACA(2)(b) of the Act.

The commission therefore assessed the level of subsidisation in Review 551 to be the amount determined during Investigation No. 341, which did receive cooperation from the GOC.

Table 28 below lists the subsidy programs that Investigation 341 found be countervailable in respect of the goods exported to Australia from China. Review 551 countervailed the same programs.

No.	Program	Subsidy type
1	Policy Loans to the Paper Industry	Preferential lending
6	VAT rebates relating to raw materials	Preferential tax policy
7	Preferential Income Tax Program for High or New Technology Enterprises	Preferential tax policy
8	Preferential Income Tax Program for Comprehensive Utilisation Entitling Enterprise	Preferential tax policy
9	Tax Allowance for Special Equipment for Water and Energy-Saving Purchased by Enterprises	Preferential tax policy
10	VAT and Import Tariff Exemptions for Imported Equipment	Preferential tax policy
11	VAT Rebates on Foreign Invested Enterprise Purchases of Chinese Made Equipment	Preferential tax policy
12	Subsidies for Energy Efficiency and Environmental Protection	Financial grant
13	Support Fund for Environmental Protection Project - Rizaho City	Financial grant
14	Support Fund for Environmental Protection Input	Financial grant
15	Support Fund for Environmental Protection Project	Financial grant
16	City Bonus for Export Activity from Finance Bureau	Financial grant
17	Award for eco civilization of year	Financial grant
18	Subsidy of water balance testing support	Financial grant



**PUBLIC RECORD**

No.	Program	Subsidy type
19	Award for pollution sources facility maintenance	Financial grant
20	Subsidy for flue-gas desulfurization (FGD) project	Financial grant
21	Subsidy of water usage	Financial grant
22	Safety production award	Financial grant
23	Award of clean run	Financial grant
24	Subsidy for workstation of graduate student	Financial grant
25	Award for high tech product award	Financial grant
26	Subsidy for patent application support from Changshu Economic Development Zone (CEDZ)	Financial grant
27	Subsidy for patent application support Changshu Municipal Department of Science and Technology	Financial grant
28	Subsidy of MNCs function center	Financial grant
29	Training subsidy on new employee training for PM3	Financial grant
30	Individual tax refund for about 20 management level people	Financial grant
31	Innovation ability development fund to R&D center	Financial grant
32	Subsidy income of energy management system	Financial grant
33	Import interest subsidy	Financial grant
34	Bonus for the third award of Jiangmen City Technology received from Jiangmen Technology Bureau	Financial grant
35	Special fund for energy saving	Financial grant
36	Special support fund of Safety Production Association (Jiangmen City)	Financial grant
37	Fund for encouraging the development of foreign trade	Financial grant
38	Subsidy of environmental protection	Financial grant

**Table 28 Countervailed Subsidy Programs**

**8.5.4 Analysis of subsidy programs**

At the outset of this inquiry, the commission invited the GOC to submit a questionnaire to aid in assessing the level of subsidisation relevant to the goods exported to Australia. The commission did not receive a response from the GOC or any other entities relevant to section 269TAACA(2)(b).

In the absence of responses from parties relevant to the countervailing duty notice, the commission has had regard to the following information to inform whether goods exported by entities in the non-cooperative category are likely subsidised.

## PUBLIC RECORD

- the subsidy investigation findings outlined in REP 341
- Australian importation data
- GOC questionnaire response to Investigation No. 341
- REP 341 Confidential Attachment 2 – Calculation of subsidy margins
- information provided to the WTO by the GOC in its August 2021 *New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures (G/SCM/N/372/CHN)*.
- Annual reports published by Chinese producers of A4 copy paper
- the commission's previous investigations into subsidies provided to Chinese exporters.

In REP 341 the commission received questionnaire responses from the following entities who the commission identified as exporters of the goods from China.

- Asia Symbol and Greenpoint
- Shandong Chenming Paper Holdings Limited (Shandong Chenming)<sup>136</sup>
- UPM China
- Yueyang Forest & Paper Co., Ltd. (Yueyang Forest).<sup>137</sup>

In addition to the entities listed above the commission's subsidy investigation findings in REP 341 had regard to interim and annual reports, for the following two Chinese producers:

- Nine Dragons Paper (Holdings) Limited (Nine Dragons)<sup>138</sup> and
- Shandong Sun Paper Industry Joint Stock Co., Ltd.<sup>139</sup>

Shandong Chenming and Yueyang Forest were subsequently determined non-cooperative entities due to issues in connection with their questionnaire responses.

Although the subsidy notice does not apply to exports by Greenpoint and UPM AP, the information reported by these entities in Investigation 341 was utilised in determining the level of subsidisation for exporters in the non-cooperative entity category in REP 341.<sup>140</sup>

An examination of the annual reports presented in the REP 341 subsidy calculation indicated that Nine Dragons, Shandong Chenming and Yueyang Forest received subsidies relating to the following programs:

- Program 6 (Nine Dragons and Yueyang Forest)
- Program 7 (Shandong Chenming and Yueyang Forest)
- Program 12 (Shandong Chenming)

Within the cohort of non-cooperative entities who have exported to Australia in the period 2015 to 2021, the commission has observed the following:

---

<sup>136</sup> <http://www.chenmingpaper.com/indexen.html>

<sup>137</sup> <http://www.yypaper.com/>

<sup>138</sup> <http://www.ndpaper.com/en/business/printandwritepaper.php>

<sup>139</sup> <https://www.sunpapergroup.com/en/list-34-1.html>

<sup>140</sup> Confidential Attachment 11 refers.

## PUBLIC RECORD

- In the period examined for Investigation No. 341 (i.e. calendar year 2015), most exports originated from either Shandong Chenming or Yueyang Forest or entities known to be associated with the export of their goods.
- There is no record of exports supplied by either Shandong Chenming or Yueyang Forest following 2016.
- The names of the supplier entities for exports in the period since 2016 suggest that these parties were engaged in trading of goods rather than manufacturing.<sup>141</sup>

The commission also observed that countervailing duty has been payable on imports of the goods in every year since measures were imposed. This implies that those imports originated from an exporter subject to the subsidy notice.

In relation to import declarations, the supplying entities appeared to be involved in trading of the goods. It was therefore not possible to determine the identity of the manufacturer. However, the commission's search of publically available information confirmed that all 6 entities listed above continue to produce and market A4 copy paper.

The GOC's questionnaire response to Investigation No. 341 reported 26 entities, which it identified as manufacturers of A4 copy paper in China.<sup>142</sup> The list contained 13 entities that were located in the same province as the six entities listed above.

To assess the existence of the subsidies countervailed in REP 341, and in lieu of a GOC questionnaire response to this inquiry, the commission has had regard to the GOC's 27 August 2021 notification to the WTO Committee on Subsidies and Countervailing Measures for the period 2019 to 2020 (the WTO notification). The commission considers this information is relevant for assessing if it is likely that subsidisation will continue in relation to exports from China.

The title page of the GOC's WTO notification contains the following statement

“The following notification constitutes China's new and full notification of information on programmes granted or maintained at the central and sub-central government level during the period from 2019 to 2020.”

Having regard to the programs described in the GOC notification to the WTO, the commission considers it likely that the following 4 programs outlined below in Table 29 are either identical or closely aligned to the programs countervailed in REP 341. The GOC classified these programs as being at the central government level.

REP 341 No.	Program	Subsidy type	GOC 2021 Notification
7	Preferential Income Tax Program for High or New Technology Enterprises	Preferential tax policy	Program 3
8	Preferential Income Tax Program for Comprehensive Utilisation Entitling Enterprise	Preferential tax policy	Program 11
9	Tax Allowance for Special Equipment for Water and Energy-Saving Purchased by Enterprises	Preferential tax policy	Program 10

<sup>141</sup> Table 1 in worksheet 8.5.4 to Confidential Attachment 10 refers.

<sup>142</sup> Confidential Attachment 12 refers.

## PUBLIC RECORD

REP 341 No.	Program	Subsidy type	GOC 2021 Notification
10	VAT and Import Tariff Exemptions for Imported Equipment	Preferential tax policy	Program 32

**Table 29 Relevant GOC 2021 Notified Subsidies**<sup>143</sup>

The GOC WTO notification did not appear to reference the other programs countervailed in Investigation No. 341.

However, having regard to the GOC's listing of A4 copy paper producers provided for Investigation No. 341 the commission observed the following;

- 7 entities had Foreign Invested Enterprise (FIE) status. Two of the entities were Nine Dragons and Shandong Chenming.
- 15 entities, including Nine Dragons and Shandong Chenming, are located in the same province as other entities who the commission has previously established had received subsidies from provincial sub-level government under programs 12 to 38.<sup>144</sup>

In addition, the commission has also examined annual reports released by Nine Dragons and Shandong Chenming for the period 2020 and 2021.

Nine Dragons' 2020/21 annual report (for the period ending 30 June 2021) outlines the following

- Note 20 reports other income received in the form of 50% refund of VAT for use of recycled paper as a raw material.
- Note 20 reports other income received titled 'subsidy income' however, the specific details surrounding the figure is not available.
- Note 24 reports the company paid a lower corporate income tax rate available to entities designated as High and New Technology Enterprises.<sup>145</sup>

Shandong Chenming's 2020 Annual Report outlines the following in Section XIII

- Note 58 to the financial statements discloses receipt of non-operating income described as 'government subsidy'
- Note 65 [General information of government grants] and Part 2 to Section XVI Other Material Matters report additional detail on government grants.
- The tax payable reported at Note 60 was equivalent to 12% of taxable income when the standard rate of company tax in China for the period was 25%.
- Table 1 in Note 61 to the financial statements reports cash income of 792 million RMB derived from government grants.<sup>146</sup>

The commission considers it reasonable the available information supports that A4 copy paper producers in China will continue to have access to certain programs contained in the GOC's 2021 WTO notification and other programs identified in the records of known exporters of the goods. The commission considers organisations in this group are in the category of non-cooperative entities and have previously exported the goods Australia.

---

<sup>143</sup> [GOC WTO Notification 27 August 2021, p.34.](#)

<sup>144</sup> Confidential Attachment 12 refers.

<sup>145</sup> Non-confidential Attachment 13 refers.

<sup>146</sup> Non-confidential Attachment 14 refers.

## PUBLIC RECORD

The commission notes no applications seeking a duty assessment or accelerated review have been received since the imposition of measures in 2017. The commission is therefore unable to make a positive finding that exports from non-cooperative entities are not subsidised.

On the basis of all facts available and having regard to reasonable assumptions about those facts the commission considers that subsidisation in respect of the goods exported to Australia from China by exporters in the non-cooperative entity category is likely to continue.

### 8.5.5 Summary

In view of the above analysis, the commission considers there is sufficient evidence to conclude that:

- exports by the subject exporters have been dumped and this dumping is likely to continue
- exports by the subject exporters from China have likely received countervailable subsidies and this subsidisation is likely to continue

### 8.6 Will material injury continue or recur?

The *Ministerial Direction on Material Injury 2012* (the Direction) provides that injury from dumping and subsidisation need not be the sole cause of injury to the industry, where injury caused by dumping and subsidisation is material in degree.<sup>147</sup>

The Direction further provides that the materiality of injury caused by a given degree of dumping or subsidisation can be judged differently, depending on the economic condition of the Australian industry suffering the injury.

In considering the circumstances of each case, the commission must consider whether an industry that at one point in time is healthy and could shrug off the effects of the presence of dumped or subsidised products in the market, could at another time, be weakened by other events, suffer material injury from the same amount and degree of dumping or subsidisation.

The commission has therefore analysed the likely effect on price and volume in the current state that dumping and subsidisation of the exported goods continues and in an alternative scenario where the Minister does not secure the continuation of measures.

#### 8.6.1 Likely effect on prices

The commission has undertaken the price undercutting analysis below at Figure 15 to inform the likely effect on prices. The analysis compares the landed value of exports from the subject countries (both inclusive and exclusive of anti-dumping duty) and Australian industry's prices in the period 2019 to 2021.

The commission's price undercutting analysis compares the prices at which the Australian industry sold like goods and the landed prices paid by importers at an appropriate level of trade. The level of trade relied on for this analysis reflects the point in the supply chain where Australian buyers of A4 copy paper exercise the option of sourcing from the Australian industry or an overseas producer.

---

<sup>147</sup> ADN No. 2021/024 refers

## PUBLIC RECORD

To illustrate the likely effect on prices in the event measures expire, the commission developed landed export prices for two scenarios involving prices with and without anti-dumping duty. The commission then applied the price difference in each scenario to inform the likely effect on prices.

The landed price for exports from the subject exporters in each subject country has been determined as follows:

- exports prices and other relevant importation costs reported in the questionnaire submitted by RAK for the purpose of this inquiry
- CIF values of verified export sales examined in Review 551
- verified importation expenses reported by importers in Review 551
- general, dumping and countervailing duty relevant to exporters from each subject country, either as reported in Review 551 or extracted from ABF import declarations and
- customs valuation reported in ABF declarations for the goods imported from Brazil, China and Thailand in 2020 and 2021.

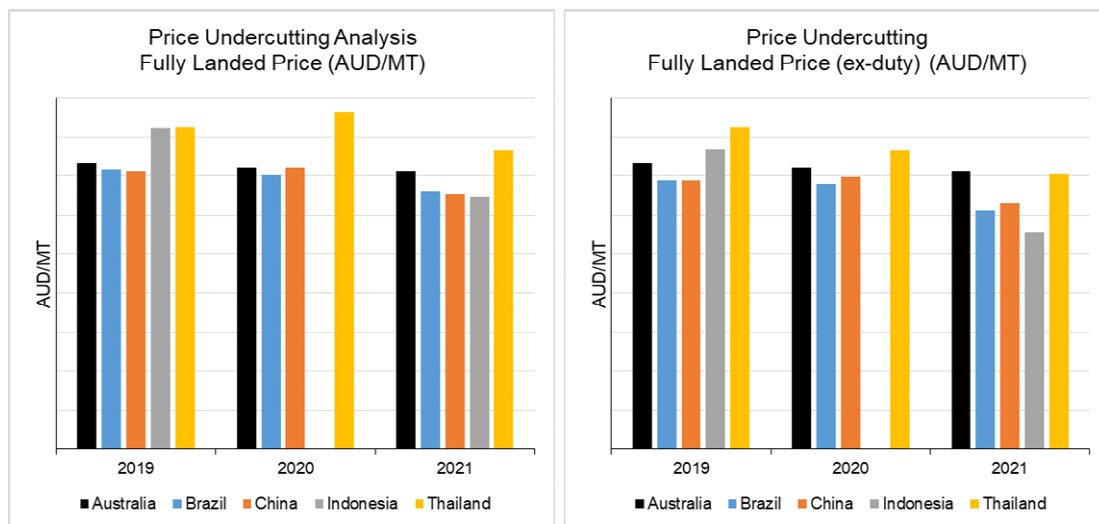


Figure 15 Price Undercutting Analysis<sup>148</sup>

The results of the commission's price undercutting analysis shown in Figure 15 reveals the following in relation to the landed duty inclusive export price of the subject goods from each subject country

- imports from Brazil and China in 2019, 2020 and 2021 either undercut or were comparable to Australian industry's prices.
- imports from Indonesia undercut Australian industry's prices in 2021 and were the lowest amongst the subject exporters.
- although imports from Thailand did not undercut Australian industry's prices, the 2021 price was below the value of Australian industry's CTMS.

Figure 15 illustrates that duty free fully landed export prices for goods from all subject countries would have undercut Australian industry's prices in 2021. This provides an insight into the likely effect on prices if measures were to expire and dumping and subsidisation of the goods continued. The commission further notes that Australian industry's prices in the above periods were not sufficient to recover its CTMS (Figure 6 refers).

<sup>148</sup> Tables 1 and 6 in worksheet 'PU Analysis' to Confidential Attachment 15.

## PUBLIC RECORD

The undercutting observed in the period 2019 to 2021 is also similar to the relationship between the Australian industry's prices and landed export prices observed for Investigation No. 341. This led to the finding that dumping and subsidisation had caused material injury in the form of price depression amongst other things.

The commission's analysis of dumping margins at section 8.5.1 found it is likely that dumping of the goods will continue. Taking account of the divergence in the domestic and export prices relevant to the subject countries, the commission considers the margins determined for all subject exporters in Review 551 have likely increased. The reducing FOB prices shown below in Figure 16 further supports that dumping and the likely effect on prices continues.

The data shown in Figure 16 also includes the FOB price of goods not subject to measures from Indonesia and imports from all other exporters from countries that are not subject to measures.

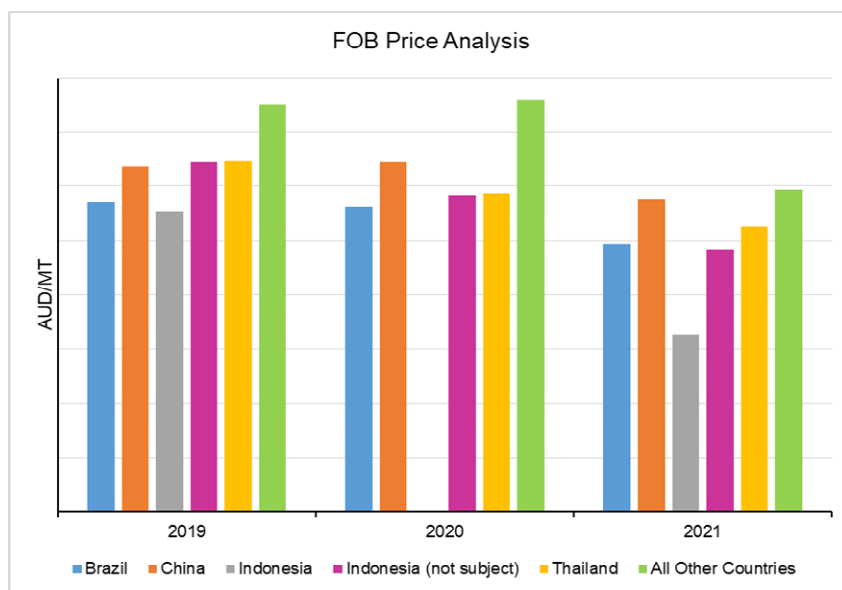


Figure 16 Imported goods FOB price analysis<sup>149</sup>

The FOB price from all other countries not subject to measures did not undercut Australian industry's prices in 2019 and 2020 although in 2021 it appears that undercutting occurred.<sup>150</sup> However, adding post exportation charges and importation costs eliminates the observed undercutting.

The commission's assessment of price effects has also had regard to the imports by Paper Australia in the period 2019 to 2021. Within this period most of Paper Australia's imports occurred in 2019.

Relying on Paper Australia's sales information the commission observed that a relatively small proportion of like goods sales was of imported inventory.<sup>151</sup> The commission found that the selling price of these imports was lower than Paper Australia's weighted average price of all like goods sales. However, sales of imported inventory did not appear to have a material effect on Paper Australia's prices generally.

<sup>149</sup> Table 2 in worksheet 'PU Analysis' to Confidential Attachment 15.

<sup>150</sup> The confidential version of the FOB price undercutting analysis depicted in Figure 16 refers.

<sup>151</sup> Table 4 in worksheet 8.6.1.1 to Confidential Attachment 10.



## PUBLIC RECORD

In relation to Paper Australia's other imports, the commission observed these were not of a specification that is relevant to the description of goods subject to measures.

The commission considers the trend in the duty inclusive fully landed price of the subject goods shown in Figure 15 validates the Australian industry's claim it has been required to sell like goods at prices that are comparable to the price of dumped goods. The similarity in Australian industry's prices and the landed duty inclusive price of the goods from the subject countries illustrates the Australian industry's description of price effects caused by dumped goods.

A further example of the price competition faced by the Australian industry is contained in the discussion regarding exports from China in chapter 8.4.1.

The commission observed that Paper Australia supplied an Australian customer in 2019 before this customer switched its supply to a subject exporter from China in 2020. Paper Australia claims the customer's decision to change supplier was price related. The price the customer paid the exporter from China in 2020 was lower than the price it paid Paper Australia in 2019. Paper Australia also informed the commission it secured this customer's business from late 2021 onwards after it agreed to offer prices that are lower than the subject exporter from China.<sup>152</sup> The commission analysis of price information confirms Paper Australia's claims.<sup>153</sup>

Notwithstanding that Paper Australia lowered its price to win the relevant customer's business, the commission identified that this price has already been undercut by the same exporter from China, before Paper Australia is due to commence its supply.<sup>154</sup>

The commission considers the above example demonstrates that the continued availability of dumped and subsidised goods from the subject exporters will likely prevent Paper Australia increasing its prices if the measures were to expire.

As the commission considers that dumping and subsidisation of the goods will likely continue, it is a necessary implication that the subject goods will continue to effect the price at which all suppliers to the Australian market may sell their goods. If the measures expired, the commission considers this would likely lead to further price reductions offered by those suppliers.

### 8.6.2 Likely effects on volumes

The commission has established that the market for A4 copy paper is highly price sensitive. Above all other factors price appears to be the most important consideration in purchasing decisions. The commission considers that factors affecting price may therefore explain the likely effect on volume. Two such factors being the cost of selling paper into the Australian market and the observed contraction in the size of the Australian market after 2015.

The commission considers it reasonable that some suppliers may exit the Australian market if prices are not sufficient to provide a return on cost. Alternatively, reduced demand for copy paper may also lead to lower prices that could then render the Australian market unattractive for suppliers.

---

<sup>152</sup> Item 1 in worksheet 8.6.1.2 to Confidential Attachment 10.

<sup>153</sup> 2019 and 2020, Table 6 in worksheet 8.6.1.2 to Confidential Attachment 10.

<sup>154</sup> 2021, Table 6 in worksheet 8.6.1.2 to Confidential Attachment 10.



## PUBLIC RECORD

A change in the circumstances relevant to each of the above factors may have an effect on volumes. Changes could include higher prices or lower cost. Once such cost being anti-dumping tariffs.

Figure 17 below illustrates two trends in the Australian market;

- the market share held by suppliers to the Australian market before and after implementation of measures; and
- a comparison between the Australian industry's prices the size of the Australian market. The charts uses Australian industry price on the basis it is likely representative of the market generally.

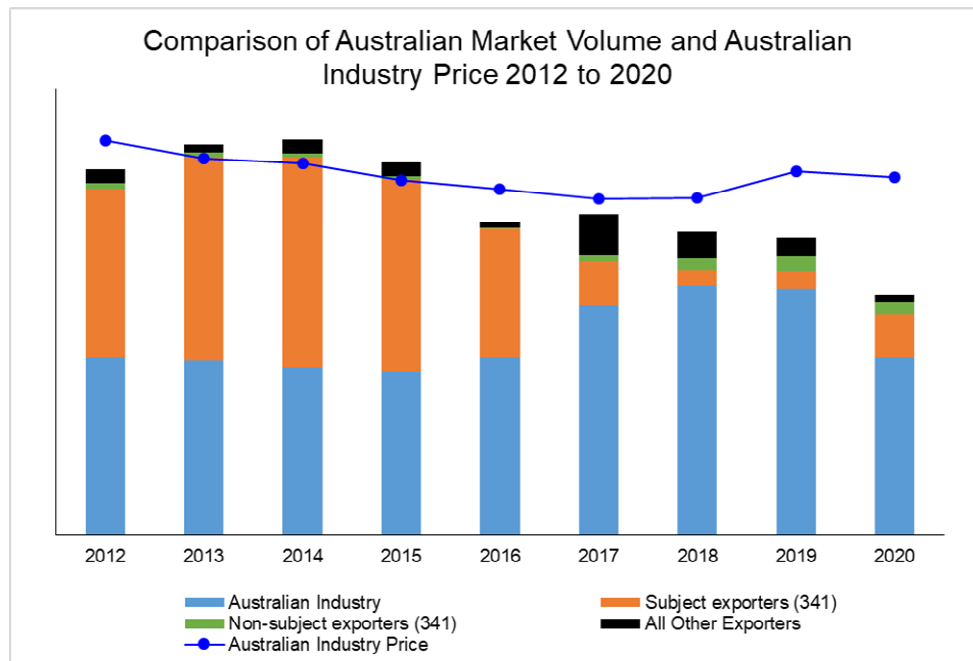


Figure 17 Australian market size 2012 to 2020<sup>155</sup>

The trends in Figure 17 show that imports from the subject exporters reduced after 2015. The reducing import volumes from the subject exporters coincided with the following events

- a contraction in the Australian market following 2015 and
- implementation of anti-dumping measures, in the form of two PADs of September 2016 and November 2016, prior to the formal dumping and subsidy notices in April 2017.

However, the trend in Australian industry's price does not support that the contracting market necessarily led to price decreases. Prices were already decreasing before the market contraction in 2015. Further, prices throughout 2019 and 2020 increased despite further contraction in the market.

To gauge whether it may have been the implementation measures or the contracting market that led to a reduction in exports from the subject countries the commission has had regard to the trend in Table 30 below.

Table 30 compares the change in sales volume achieved by Australian industry, the subject exporters and the total Australian market. Based on this information the commission observed the following:

<sup>155</sup> Table 6 and 12 in worksheet '588' to Confidential Attachment 1 refers.

## PUBLIC RECORD

- The Australian market contracted in 2016 and remained at similar levels throughout 2017, 2018 and 2019.
- Imports from the subject exporters initially declined in 2016 and further declined in 2017 following the implementation of measures.
- Australian industry's sales increased after 2015 despite the market undergoing a contraction

Market Segment	2015	2016	2017	2018	2019	2020
Australian Industry	100	108	141	152	150	108
Subject exporters (341)	100	67	22	8	9	23
Total Australian Market	100	84	86	81	81	64

**Table 30 Index of change in sales volume**

The commission considers the trend shown in Table 30 above demonstrates the effect on import volumes after implantation of anti-dumping measures. Notwithstanding the market contraction after 2015, demand for A4 copy paper remained, albeit at lower levels. The rate of market contraction was less than the reduction in sales by the subject exporters.

It further appears that the Australian industry met the continued demand in the absence of supply from overseas producers and by doing so increased its sales volumes.

The commission considers it reasonable that the implementation of measures led to reduced sales from the subject exporters as it caused those goods to become more expensive, and thus undesirable, in the price sensitive Australian copy paper market.

Having regard to the likely effect on prices if measures were allowed to expire at section 8.6.1, the commission considers this would render duty free imports from the subject countries a viable and cheaper alternative to Australian industry's prices. This being the case, volumes from the subject exporters would likely increase if measures expired.

Whilst the reduced size of the Australian market would constrain the potential volume exporters may supply, one potential outcome is the market share held by the subject exporters in the period before implementation of measures. It is in this context the Australian industry would likely lose market share and sales volume if measures expired.

The commission considers the likelihood of the above outcome occurring is reinforced by the finding that the key purchasing consideration for Australian customers is price. The somewhat homogeneous nature of A4 copy paper sold into the Australian market (of goods that are like goods) suggests that Australian customers are less concerned with the brand of paper or certain specifications such as the level of recycled content. The commission's examination of retail price found 0% recycled and 100% recycled paper sell for similar prices even though 100% recycled paper costs more to produce.<sup>156</sup> Examination of supplier's sales data found that most paper sold into the Australian market is of the 0% recycled specification.

Submissions to the commission from interested parties outline that the large market share held by the Australian industry does not warrant the continuation of measures.<sup>157</sup> None of the submissions provided evidence that exports from the subject countries would not continue or if they did, the dumping of those goods would not continue.

---

<sup>156</sup> [www.officeworks.com](http://www.officeworks.com) (viewed 11 November 2021).

<sup>157</sup> Case 588 Public Record Item Nos. 004 and 008.

## PUBLIC RECORD

Notwithstanding interested party claims regarding the Australian industry's potential market share, the commission has found the Australian industry experienced a reduction in its sales volumes whilst measures were in place. The reduction in sales volume was due to customers switching their source of supply to subject exporters.

The commission cites the change in sales to one of Australian industry's customers in the period 2018 to 2020. After receiving a lower price offer from a subject exporter in China the customer switched its supply away from Australian industry in 2020. The effect of this transaction led to a material reduction in Australian industry's sales to the relevant customer compared to 2019 volumes.<sup>158</sup>

Relative to the Australian industry's total sales in 2020, the broader effect of losing the above sales volume led to a reduction in overall sales volume compared to 2019. The Australian market analysis at Figure 2 illustrates the effect on the Australian industry's sales. The commission's analysis observed that Australian industry's sales volume in 2020 declined whilst import volumes from China increased.

The above changes in sales volume occurred within the context of a contracting Australian market. Market contraction is therefore a relevant factor. However, Australian industry's loss of sales to the Chinese subject exporter affected its economic condition in respect of sales volume more than the contraction in the market.

Having regard to entities who imported the goods prior to the implementation of measures in 2017, the commission observed that these entities continue to participate in the Australian A4 copy paper market. The commission's examination of the quantities purchased by these entities provides a further indication of the likely effect on the Australian industry's volumes if measures were to expire.<sup>159</sup> That is, Australian industry would likely experience a reduction in sales volume and market share.

The commission considers the Australian industry's ability to retain certain customers is largely contingent on customers paying prices that are comparable to the prices available from the subject exporters.

The lower price of the subject goods would likely avail customers to move their source of supply away from the Australian industry in the circumstance that measures expired. A resulting change in the market share held by various suppliers would likely also follow.

The commission has observed that certain Australian customers who imported copy paper before the implementation of measures continue to trade. The commission considers it reasonable that these entities may revert to sourcing their inventory from the subject exporters if the measures expired.

Based on the volumes of sales observed for 2020, any one of the subject exporters would individually possess the ability to supply each large Australian customer or a cohort of smaller customers. The likely effect of this being that Australian industry would experience a decline in its sales volumes and market share.

### **8.6.3 Is injury from dumping and subsidisation likely to be material?**

In order to assess the materiality of injury the commission examined the economic condition of the Australian industry in the period since 2015, when injury caused by dumping of the goods was identified, and since the implementation of measures in 2017.

---

<sup>158</sup> Table 7 in worksheet 8.6.1.2 to Confidential Attachment 10.

<sup>159</sup> Table 6 in worksheet 8.4.6 to Confidential Attachment 10.

## PUBLIC RECORD

The commission observed that the Australian industry experienced an increase in sales volume and market share in the 5 year period 2016 to 2020. However, the following factors offset these improvements:

- increased per unit CTM
- only marginal improvements in price
- deteriorating profit and profitability.

In relation to continued material price injury, the commission cites the undercutting analysis in section 8.6.1 and instances where the Australian industry lost sales volume to subject exporters who undercut its price. The commission found that the Australian industry has been required to lower its prices to win back customers from exporters of dumped goods. This evidence supports that the availability of dumped and subsidised exports from the subject countries continues to prevent the Australian industry from being able to increase its prices.

The commission acknowledges that the Australian industry has achieved increased sales volume, market share and revenue since the implementation of measures in April 2017. These improvements were in part due to the combined effect of the Australian industry's acquisition of a competitor's paper business and the implementation of measures on exports from the subject countries.

Despite such improvements however, the Australian industry has still experienced a loss of sales volume, market share and sales revenue in connection with the importation of dumped goods. The commission found that the loss of sales volume to an exporter of dumped goods was greater than the impact of a contracting Australian market. The discussion in chapter 8.6.2 refers.

To illustrate the materiality of price injury if measures were to expire, the commission cites the analysis of duty free fully landed export prices in Figure 15. The commission considers that a reduction in Australian industry's price to the duty free landed export price level observed for 2021 would constitute further price injury.

It is reasonable that the Australian industry would respond to the lower price level of duty free imported goods in order to remain competitive and maintain sales volumes. This response would likely lead to further material injury the form of reduced price and profit and contribute to a material deterioration of the Australian industry's economic condition in relation to sales revenue. A deterioration in these factors is likely to worsen the Australian industry's economic condition in relation to the other economic factors (chapter 6.6 refers) that are in part a function of price and profit.

The commission has also considered the alternative scenario where the Australian industry was unable to effect a price reduction in order to compete with the duty free prices in Figure 15. In this scenario the commission considers it would likely lead to the Australian industry experiencing a material reduction in market share, sales volume and sales revenue. The commission further considers it reasonable that a contracting market in and of itself could also contribute to a reduction in sales volume and revenue. However, the continued availability of lower priced dumped and subsidised goods would exacerbate the effect of any market contraction.

The commission therefore considers the expiration of the measures would lead, or would be likely to lead, to a continuation of dumping and subsidisation, and material injury.

#### **8.6.4 Submissions received in relation to materiality**

In a 7 September 2021 submission from Jackaroo regarding whether material injury is likely to continue or recur, it argues that imports from Brazil are non-injurious for the following reasons.<sup>160</sup>

- prior to and after measures were imposed, the volume of Jackaroo's imports from Brazil have historically been in negligible volumes and held a small percentage of Australian market share.
- higher imports volumes in 2015 and 2016 were the outcome of Jackaroo securing the contract to supply customers in lieu of Paper Australia and certain exclusivity arrangements that prevented Paper Australia supplying Jackaroo's customer
- imposition of measures in other countries has not resulted in an excess of production capacity such that it could be re-directed to the Australian market
- Australian made copy paper is not like to its exports are of a non-standard 90 gsm weight and possess brand specific attributes.
- packaging of the paper reams is fully recyclable
- a 2021 agreement struck between Paper Australia and a major Australian purchaser will see the volume of future imports drastically reduced.
- Jackaroo's Australian selling price of the goods from Brazil does not undercut the price of Australian industry's like goods.

Jackaroo made a further submission of 8 September 2021 containing information concerning Australian industry's foreseeable sales volumes.<sup>161</sup>

Jackaroo's second submission relies on the existence of the 2021 agreement struck between Paper Australia and a major Australian purchaser. Jackaroo also discusses the same point in its first submission of 7 September 2021 at EPR 008.

Sylvamo's submission of 8 October 2021 raises points similar to those discussed by Jackaroo.<sup>162</sup> Sylvamo also contends that its exports from Brazil are non-injurious for the following reasons

- the volumes of its exports are in negligible volumes.
- imposition of measures in other countries has not resulted in an excess of production capacity such that it could be re-directed to the Australian market
- Australian made copy paper is not like to its exports are of a non-standard 90 gsm weight and possesses brand specific attributes
- packaging of the paper reams is fully recyclable

The commission outlines the following in response to the claims put in the submissions by Jackaroo and Sylvamo.

Jackaroo has cited exclusivity arrangements in Paper Australia's supplier agreements in the period circa 2015. Presumably, Jackaroo's submission is arguing that the increased imports from Brazil in 2015 and 2016 were an isolated event and unlikely to recur.

The commission's price undercutting analysis in REP 341 found that the goods exported by Sylvamo in 2015 had undercut Australian industry's prices and were comparable to the fully landed price of the goods supplied from the other subject countries.

---

<sup>160</sup> 588 EPR Item No. 008, p.2

<sup>161</sup> 588 EPR Item No. 009, p.2

<sup>162</sup> 588 EPR Item No. 014, p.2

## PUBLIC RECORD

Rather than being because of Paper Australia's contractual arrangements at the time, the commission considers the low price of the goods from Brazil reasonably explains why Sylvamo and Jackaroo secured increasing volumes in 2015 and 2016.

Having regard to ABF data the commission has examined historical trade flows from Brazil in the period 1 January 2015 to 30 September 2021 at Figure 18 below. By identifying the importing entity, the commission has also included data to highlight the change in the pattern of trade relating to Brazilian exporters whose volumes were lost to an exporter from Indonesia.

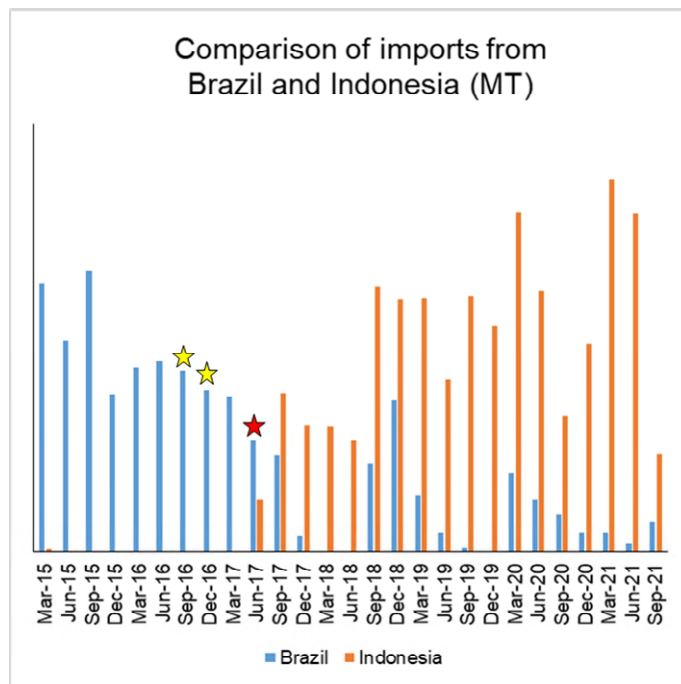


Figure 18 Imports from Sylvamo 2015 to 30 Sept 2021<sup>163</sup>

Although Jackaroo submits reasons why its volumes in 2015 and 2016 may have increased, it is silent on why exports from Brazil reduced dramatically after 2017.

The commission's pattern of trade analysis in Figure 18 confirms Sylvamo's Australian customer switched supply shortly after the imposition of measures in April 2017 [denoted by the red star]. It is reasonable to infer that the importer of the goods switched its source of supply to a non-subject exporter from Indonesia to avoid the incremental cost of anti-dumping duty that became payable on imports from Brazil.

Notwithstanding that imports from Brazil have decreased significantly since measures were imposed, the commission remains satisfied that material injury is likely to continue or recur for the following reasons.

- contractual arrangements cited in Jackaroo's submission no longer operate in the supply of copy paper to the Australian market.
- there are Australian customers who require copy paper in a volume that is similar to the amounts exported from Brazil prior the imposition of measures.
- exporters from Brazil possess sufficient spare capacity to supply Australian customers
- dumping of exports from Brazil continue to undercut the price of Australian industry's price.
- exports from Brazil compete alongside like goods sold by Australian industry.

<sup>163</sup> Worksheet 'Brazil' in Confidential Attachment 9 refers.



## **PUBLIC RECORD**

- the commission's examination of publically available information confirmed that exports from Brazil are of the same specification as Australian industry's products.
- the Australian market analysis depicted at Figure 17 shows that the Australian industry has never held a market share of the level predicted by Jackaroo.
- the commission's examination of Paper Australia's contemporaneous contractual terms makes it unlikely that Paper Australia would continue to hold a near 100% share of the Australian market in the long term and render exports unlikely to continue, whether from Brazil or any other country.

### **8.7 Summary**

The commission is satisfied that there is sufficient evidence to support a finding that:

- exports of the goods from the subject exporters are likely to continue
- it is likely that exports of the goods from the subject exporters continue to be dumped and in relation to China continue to be dumped and subsidised
- exports of dumped and subsidised goods continue to influence the price at which the Australian industry sells like goods
- exports of dumped and subsidised goods continue to impact the Australian industry's sales volume and market share and
- it is likely that the Australian industry will experience material injury caused by dumped and subsidised exports of the goods in the absence of measures.

As a result, the commission is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of the material injury that the anti-dumping measures are intended to prevent.



## 9 NON-INJURIOUS PRICE

### 9.1 Preliminary assessment of NIP

Having regard to the available information, the commission has determined that the NIP has changed in relation to exporters of the goods from Indonesia by RAK and the category of 'all other exporters'.

In respect of the goods exported to Australia from Indonesia by RAK, the commission found that the NIP is greater than the normal value of those goods and therefore the NIP is not the operative measure. As a result, the commission proposes that the Minister is not required to have regard to the desirability of specifying a lesser amount of duty.

In the absence of relevant information supplied by the other subject exporters the commission proposes to recommend that the NIP established for all subject exporters from Brazil, China and Thailand in REP 551 continues to apply.

In REP 551, the commission found that the NIP was less than the normal value determined for:

- all exporters from Brazil
- all exporters from China except for UPM
- all exporters from Thailand.

Consequently, the commission proposes to recommend that the Minister must have regard to the desirability of specifying a lesser amount of duty in respect of goods exported by these exporters.

### 9.2 Applicable legislation

Section 269TACA defines the NIP as "the minimum price necessary to prevent the injury, or a recurrence of the injury" caused by the dumped goods, the subject of a dumping duty notice.

### 9.3 Calculation of the non-injurious price

Although not prescribed in legislation, the Manual outlines several methods for calculating the NIP.<sup>164</sup>

The commission generally derives the NIP by first establishing an unsuppressed selling price (USP) which the Australian industry might reasonably sell its product in a market unaffected by dumping.

The Manual sets out the commission's preferred approach to establishing the USP and observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices – industry CTMS plus profit; or
- selling prices of un-dumped imports.

Having calculated the USP, the commission then calculates the NIP by deducting the costs incurred in transitioning the goods from the export FOB point (or another point if

---

<sup>164</sup> The Manual, p 138.

appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

#### **9.4 Commission's assessment**

In REP 551 the commission established a NIP for RAK and 'all other exporters' from Indonesia based on

- a USP being the sum of Paper Australia's CTMS of like goods and a profit margin achieved in a period considered unaffected by dumping; and
- deducting from the USP relevant amounts for importer selling expenses and profits and post exportation cost.

For the purpose of this inquiry the commission has calculated a revised NIP for RAK from Indonesia by having regard to

- Paper Australia's CTMS for the period 1 April 2020 to 31 March 2021
- ocean freight and marine insurance expenses reported in RAK's REQ
- importation expenses on relevant sales reported in RAK's REQ
- the most efficient SG&A expense reported by importers of the goods in Review 551

In respect of the goods exported to Australia from Indonesia by RAK, the commission found that the NIP is greater than the normal value of those goods and therefore the NIP is not the operative measure.

Consistent with the variable factors assessed for the category of 'all other exporters' from Indonesia, the commission further finds that the NIP is greater than the normal value of those goods and therefore the NIP is not the operative measure.

As a result, the commission proposes to recommend the Minister is not required to have regard to the desirability of specifying a lesser amount of duty in accordance with section 8(5B) of the Dumping Duty Act in relation to all exports of the goods from Indonesia.

In relation to exporters of the goods from all other subject countries, that data relied on in this inquiry suggests domestic selling prices and therefore normal values may have changed since 2019.

However, the commission considers that the available information is not sufficient to determine a revised NIP for those exporters. Whilst the available information relied on by the commission was suitable to inform the finding that continuation of dumping was likely, it is not of the required precision or specificity that it would form a sound basis to reconsider the operation of the NIP in the collection of IDD. A key consideration for this would have been the normal value.

As the commission is not in possession of contemporaneous normal values for the relevant exports beyond the examination conducted in REP 551, it is reasonable that the NIP for those exports will continue to be the operative measure. That is the NIP will be the operative measure for exports to Australia by the following entities

- all exporters from Brazil
- all exporters from China [except for UPM]
- all exporters from Thailand.

The calculation of the USP and NIP is contained in **Confidential Attachment 16**.

## 10 PROPOSED MEASURES

### 10.1 Preliminary recommendations

Having established that dumping, subsidisation and material injury is likely to continue or recur if the anti-dumping measures are not continued, the Commissioner proposes to recommend that the Minister secure the continuation of the measures applying to the goods exported from Brazil, China, Indonesia and Thailand.

Based on the information available at this stage of the inquiry, the Commissioner proposes to recommend that in continuing the anti-dumping and countervailing measures

- in relation to RAK from Indonesia, the notice is altered to reflect the change in variable factors for its exports of the goods in the period 1 July 2020 to 30 June 2021
- in relation to the category of 'all other exporters' from Indonesia, the notice is altered to reflect the change in variable factors for exports of the goods from Indonesia to Australia in the period 1 July 2020 to 30 June 2021
- in relation to all exports from the Brazil, China and Thailand, the notice remain unaltered.<sup>165</sup>
- the method for working out the amount of IDD on exports of the goods from Brazil, China, Indonesia and Thailand continues to utilise the combination of fixed and variable duty method.
- the method for working out the amount of ICD on exports of the goods from China continues to be calculated as a proportion of the export price method.

### 10.2 Current form of measures

The IDD applying to subject exporters from the subject countries is currently the combination of fixed and variable duty method. The ICD applying to exports of the goods from China by exporters in the category of 'non-cooperative entities' is currently the proportion of the export price method.

### 10.3 Forms of dumping duty available

The *Customs Tariff (Anti-Dumping) Regulation 2013* prescribes the following forms of dumping duty available to the Minister when imposing anti-dumping measures:

- fixed duty method (\$X per tonne);
- floor price duty method;
- combination duty method; or
- ad valorem duty method (i.e. a percentage of the export price).<sup>166</sup>

The various forms of dumping duty all have the purpose of removing the injurious effects of dumping. However, certain forms of duty will better suit particular circumstances. In considering which form of duty to recommend to the Minister, the Commissioner will have

---

<sup>165</sup> Exports by Inda Kiat, Pindo Deli and Tjiwi Kimia from Indonesia are not subject to anti-dumping measures.

<sup>166</sup> Section 5 of the *Customs Tariff (Anti-Dumping) Regulation 2013*.

## PUBLIC RECORD

regard to the published *Guidelines on the Application of Forms of Dumping Duty November 2013* (the Guidelines) and relevant factors in the market for the goods.<sup>167</sup>

### 10.4 Conclusion

The Commission has not received any submissions on the most appropriate form of duty in continuing the measures.

The commission has considered the following in relation to the current form of measures continuing

- the Guidelines
- the circumstances identified in REP 551 at Section 7.2
- the information available to the commission for this inquiry.

The commission considers the circumstances relevant to selection of the combination duty method of anti-dumping measures in REP 551 appear to remain present amongst exporters and importers of the subject goods. Such considerations include complex company structures between related parties and the low level of product complexity associated with the goods.

The commission notes the initiation notice about the commencement of the inquiry proposed to have regard to the variable factors determined in Review 551. Interested parties were able to exercise the option of submitting a questionnaire and the commission made such documents available at the case page on the commission's website.<sup>168</sup>

The commission has not received submissions regarding the continued form of measures. As a result, the commission considers that the available information does not form reasonable grounds to implement an alternative form of measure. Particularly in the circumstance that the factors relied on in REP 551 appear to remain in the present case.

The commission therefore considers to propose that the Minister

- continue the current form of measures in relation to both dumping and countervailing duty notices;
- alter the dumping duty notice to the extent it relates to RAK and the category of 'all other exporters' from Indonesia
- not alter the notice for all other subject exporters from Brazil, China and Thailand.

Table 31 below summarises the proposed recommendations and effective rates of IDD and ICD.

Country	Exporter	Interim dumping duty		Interim countervailing duty	
		Proposed duty method	Effective IDD rate	Proposed duty method	Effective ICD rate
Brazil	Sylvamo Exports Ltda	Combination Method	8.1%	Not applicable	
	All other exporters		8.1%		
China	UPM Asia Pacific Pte Ltd		3.2%	Not applicable	
	Greenpoint Global Trading (Macao Commercial Offshore) Ltd		10.0%		

<sup>167</sup> Available on the Commission's website: [Guidelines on Forms of Dumping Duties](#)

<sup>168</sup> [Case Page - Continuation Inquiry No. 588](#)

**PUBLIC RECORD**

Country	Exporter	Interim dumping duty		Interim countervailing duty	
		Proposed duty method	Effective IDD rate	Proposed duty method	Effective ICD rate
	All other exporters		3.0%	Proportion of export price	7.0%
Indonesia	PT Riau Andalan Kertas		59.7%	Not applicable	
	All other exporters		59.7%		
Thailand	Double A (1991) Public Company Ltd		0.9%	Not applicable	
	All other exporters		0.9%		

**Table 31 Summary of proposed effective interim dumping and countervailing duty**

**11 APPENDICES AND ATTACHMENTS**

<b>Confidential Attachment 1</b>	Australian market analysis
<b>Confidential Attachment 2</b>	Australian Industry Injury Analysis (CTMS, price, profit)
<b>Confidential Attachment 3</b>	Australian Industry Injury Analysis (Other Economic Factors)
<b>Confidential Attachment 4</b>	RAK Related Party Supplier Financials (Section 7.4.6)
<b>Confidential Attachment 5</b>	RAK Export Price
<b>Confidential Attachment 6</b>	RAK CTMS
<b>Confidential Attachment 7</b>	RAK Normal Value
<b>Confidential Attachment 8</b>	RAK Dumping Margin
<b>Confidential Attachment 9</b>	ABF Import Data (1 Jan 2015 to 30 Sept 2021)
<b>Confidential Attachment 10</b>	Chapter 8 Supporting Data
<b>Confidential Attachment 11</b>	REP 341 Subsidy Margin Calculations
<b>Confidential Attachment 12</b>	Attachment 1 to GOC RGQ Investigation 341
<b>Non-Confidential Attachment 13</b>	Nine Dragons 2021 Annual Report
<b>Non-Confidential Attachment 14</b>	Shandong Chenming 2020 Annual Report
<b>Confidential Attachment 15</b>	Price Undercutting Analysis
<b>Confidential Attachment 16</b>	USP and NIP calculation

## **12 TABLES AND FIGURES**

### List of tables

Table 1 Summary of proposed measures .....	9
Table 2 Summary of cases undertaken in relation to the goods .....	12
Table 3 Summary of current measures applying to the goods.....	12
Table 4 Submissions received prior to publication of the SEF .....	16
Table 5 Tariff classification of the goods .....	18
Table 6 MCC Structure .....	18
Table 7 Index of change in sales volume .....	29
Table 8 Goods Production Assets Deployed 2015 to 2020.....	33
Table 9 Goods Production Fixed Assets 2015 to 2020 .....	33
Table 10 Index Revenue Variation 2015 to 2020 .....	34
Table 11 Index Capacity Variation 2015 to 2020 .....	34
Table 12 Index Capacity Utilisation Variation 2015 to 2020.....	35
Table 13 Persons Employed in Production of Goods 2015 to 2020 .....	35
Table 14 Index Productivity Variation 2015 to 2020.....	35
Table 15 Index Stock Movement Variation 2015 to 2020.....	35
Table 16 Index Variation of Cash flow Measures 2015 to 2020.....	36
Table 17 Proposed dumping margins.....	38
Table 18 Description of timing adjustments.....	47
Table 19 RAK summary of adjustments .....	48
Table 20 Index of import volume of subject goods.....	51
Table 21 Dumping margins established for exports of the goods .....	63
Table 22 Index of change in FOB export price (AUD\$/MT).....	64
Table 23 Index of change in price series (International Paper Brazil).....	65
Table 24 Paper Australia Index of Unit Selling Price Variation .....	66
Table 25 Index of change in price series (UPM) .....	67
Table 26 Index of change in price series (AFEM/RAK Indonesia).....	69
Table 27 Index of change in price series (Double A Thailand).....	70
Table 28 Countervailed Subsidy Programs .....	73
Table 29 Relevant GOC 2021 Notified Subsidies .....	76
Table 30 Index of change in sales volume .....	82
Table 31 Summary of proposed effective interim dumping and countervailing duty.....	92

### List of figures

Figure 1 The commission's representation of the Australian market .....	22
Figure 2 Australian Market Size .....	26
Figure 3 Sales Volume .....	28
Figure 4 Market Share .....	29
Figure 5 Unit Selling Price .....	30
Figure 6 Unit Selling Price and CTMS.....	31
Figure 7 Profit and profitability.....	32
Figure 8 Return on Investment 2015 to 2020.....	34
Figure 9 Officeworks price offer at 20 October 2021 (per ream pack).....	53
Figure 10 Officeworks price offer at 20 October 2021 (5 ream pack) .....	53
Figure 11 Imports from China 2015 to 30 September 2021 .....	54
Figure 12 Imports from Indonesia 2015 to 30 September 2021.....	57
Figure 13 Historical import volumes from Indonesia – all exporters .....	58
Figure 14 Imports from Thailand 2015 to 30 September 2021.....	59
Figure 15 Price Undercutting Analysis .....	78
Figure 16 Imported goods FOB price analysis .....	79
Figure 17 Australian market size 2012 to 2020.....	81
Figure 18 Imports from Sylvamo 2015 to 30 Sept 2021.....	86