Australian Government

Anti-Dumping Commission

# Application for the publication of dumping and/or countervailing duty notices

# Newsprint

# From

# France and the Republic of Korea

March 2014

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

# DECLARATION

I request, in accordance with Section 269TB of the Customs Act 1901, that the Minister publish in respect of goods the subject of this application:

☐ a dumping duty notice, or

☐ a countervailing duty notice, or

☐ a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:

Name:

Position:

Company:

ABN:

Date:

# IMPORTANT INFORMATION

**Signature requirements**

Where the application is made:

*By a company* - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

*By a joint venture* - a director, servant, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

*On behalf of a trust* - a trustee of the trust must sign the application.

*By a sole trader* - the sole trader must sign the application.

*In any other case* - contact the Commission's Client support section for advice.

**Assistance with the application**

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

**Phone**: 1300 884 159

**Fax**: 1300 882 506

**Email**: clientsupport@adcommission.gov.au

Other information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with up to 200 employees) may obtain assistance, at no charge, from the International Trade Remedies Adviser, employed by Australian Industry Group and funded by the Australian government. To access this service, visit www.aigroup.com.au/traderemedies or telephone (03) 9867 0267.

**Important information**

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there are reasonable grounds to initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods ($P^1$, $P^2$….$P^n$) to evaluate industry trends and to correlate injury with dumped imports. The labels $P^1$…$P^n$ are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commisison will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During the verification visit, the Commisison will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

**Appendices**

Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled Attachment A2.2. If a second organisation chart is provided in response to the same question, it should be labelled Attachment A2.2.2 (the first would be labelled Attachment A2.2.1).

**Provision of data**

Industry financial data must, wherever possible, be submitted in an electronic format.

- The data should be submitted on a media format compatible with Microsoft Windows.
- Microsoft Excel, or an Excel compatible format, is required.
- If the data cannot be presented electronically please contact the Commission's client support section for advice.

**Lodgement of the application**

This application, together with the supporting evidence, should be lodged with:

The National Manager - Operations
Anti-Dumping Commission
Customs House
1010 Latrobe St
Docklands VIC 3008

or

Sent by facsimile to **1300 882 506**

**Public Record**

During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the conduct of a dumping and/or subsidy investigation, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.

# PART A

## INJURY

## TO AN AUSTRALIAN INDUSTRY

**IMPORTANT**

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:

☎ **(02) 6275-6066** **Fax** **(02) 6275-6990**

## A-1 Identity and communication.

**Please nominate a person in your company for contact about the application:**

| | |
|---|---|
| Contact Name: | Mr Andrew McKean |
| Company and position: | Vice President, Sales Marketing and Logistics, Norske Skog Australasia Pty Limited |
| Address: | Level 9, 59 Goulburn Street, Sydney, NSW 2000 |
| Telephone: | +61 2 8268 2037 |
| Facsimile: | + 61 2 9211 1471 |
| E-mail address: | andrew.mckean@norskeskog.com |
| ABN: | 21 003 274 673 |

***Alternative contact***

| | |
|---|---|
| Name: | Ms Ruth Gibson |
| Position in the Company: | Senior Business Advisor, Norske Skog Australasia Pty Limited |
| Address: | Level 9, 59 Goulburn Street, Sydney NSW 2000 |
| Telephone: | +61 2 8268 2010 |
| Facsimile: | +61 2 9211 1471 |
| E-mail address: | ruth.gibson@norskeskog.com |

**If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).**

| | |
|---|---|
| Name: | Mr John O'Connor |
| Representative's business name: | John O'Connor & Associates Pty Ltd |
| Address: | P.O. Box 329, Coorparoo Qld 4151 |
| Telephone: | (07) 3342 1921 |
| Facsimile: | (07) 3342 1931 |
| E-mail address: | jmoconnor@optusnet.com.au |
| ABN: | 39 098 650 241 |

## A-2 Company information.

**1. State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

The name of the company seeking anti-dumping measures on imported newsprint from France and the Republic of Korea ("Korea") is Norske Skog Industries Australia Limited.

Norske Skog Industries Australia Limited ("NSIA") has a regional office located in Sydney operated by its subsidiary company Norske Skog (Australasia) Pty Ltd ("NSA"):

Norske Skog (Australasia) Pty Limited
Level 9, 59 Goulburn Street
Sydney NSW 2000

The following companies operate in the manufacture and sale of the goods the subject of this application:

| | |
|---|---|
| Parent Company: | Norske Skog Industries Australia Limited<br>ABN 50 003 902 985 |
| Manufacturing Company: | Norske Skog Paper Mills (Australia) Limited<br>ABN 84 009 477 132 |

Selling Company: Norske Skog (Australasia) Pty Limited
21 003 274 673

Other business names registered: Norske Skog

**2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

NSIA has included a copy of its internal organisation chart at Confidential Attachment A-2.2.

**3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

The following Table details the shareholding of NSIA:

| Entity | Shareholders |
|---|---|
| Norske Skog Paper Mills (Australia) Limited | 100% owned Norske Skog Industries Australia Limited |
| Norske Skog (Australasia) Pty Limited | 100% owned Norske Skog Industries Australia Limited |
| Norske Skog Industries Australia Limited | 100% owned Norske Skog Overseas Holdings AG (Switzerland) which is ultimately owned 100% by Norske Skogindustrier ASA (Norway) |

**4. If your company is a subsidiary of another company list the major shareholders of that company.**

The ultimate parent company is Norske Skogindustrier ASA (Norway).

**5. If your parent company is a subsidiary of another company, list the major shareholders of that company.**

The following list is taken from the Financial Statements for Norske Skogindustrier ASA on page 114 of the 2012 Annual Report.

| | |
|---|---|
| Nobelsystem Scandinavia AS | 3.95 |
| AT Skog | 3.51 |
| SKAGEN Fondene | 3.30 |
| Dimensional Fund Advisors | 2.94 |
| Allskog BA | 2.77 |
| Astrup Fearnley AS | 2.73 |
| Acadian Asset Management | 2.59 |
| Nordnet Bank AB | 2.39 |
| Saba Capital Management | 2.38 |
| Folketrygdfondet | 2.07 |
| Uthalden AS | 2.01 |
| Swedbank Norge Market Making | 1.58 |
| Fiducia AS | 1.57 |
| Nordea Bank PLC Finland | 1.42 |
| Havlide AS | 1.21 |
| AS Herdebred | 1.11 |
| Torstein I. Tvenge | 1.05 |
| Mjøsen Skog BA | 1.04 |
| Danske Bank | 1.00 |

The shareholder list is provided by RD:IR and VPS, through the Nominee ID service (Share register company). The information is obtained through the analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Norske Skogindustrier ASA share register. Whilst every reasonable effort is made to verify all data, neither RD:IR nor VPS can guarantee the accuracy of the analysis.

**6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).**

NSIA has included a diagram of its Australian associated companies at Confidential Attachment A-2.6.

**7. Are any management fees/corporate allocations charged to your company by your parent or related company?**

The following Table summarizes the charges allocated from Norske Skog's Head Office:

| Entity | Intercompany charges |
|---|---|
| Norske Skog Paper Mills (Australia) Limited | Yes<br><br>Charges from Norwegian Corporate office (Corporate Office, Global HR, Global IT, Business Performance and Risk support )<br><br>Charges from Norske Skog (Australasia) for Information technology costs and Business Services Centre costs (financial transactions and processing based)<br><br>A distributorship fee is charged on sales in Australia by Norske Skog (Australasia)<br><br>Charges from Norske Skog Industries Australia Limited for Australian audit and tax consulting on cost recovery basis only |
| Norske Skog Industries Australia Limited | No additional charges<br><br>Charges on consolidation from Norwegian Corporate office (Corporate Office, Global HR, Global IT, Business Performance and Risk support ) |

**8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

NSIA does not have any relationship with the exporter(s) of the goods named in this application or with any of the importers of the goods.

NSIA does import newsprint from its related entity in New Zealand. Norske Skog Industries Australia Limited has a subsidiary, Norske Skog Tasman Ltd, in New Zealand which manufactures newsprint. Norske Skog (Australasia) Pty Ltd imports Norske Skog Tasman newsprint into Australia and sells to external customers, however, volumes have diminished substantially since 2010/11.

Norske Skog (Australasia) Pty Ltd also imports magazine paper from Europe from other subsidiaries of Norske Skogindustrier ASA (Norway). These imported products are not like goods.

**9. Provide a copy of all annual reports applicable to the data supplied in Appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

The Annual Report for 2012 the following entities is provided:

Norske Skog Paper Mills (Australia) Limited;
Norske Skog Industries Australia Limited; and
Norske Skog (Australasia) Pty Limited.

The Annual Reports for 2013 are not yet available at the time of lodgement of this application.

Please refer to NSIA's website for information on our business: www.norskeskog.com/Business-units. Please refer to Confidential Attachment A-2.9 for the above annual reports.

Also included is a copy of Norske Skog's Environmental Booklet.

**10. Provide details of any relevant industry association.**

NSIA is a member of the following organisations:

Australian Forest Products Association ("AFPA") – is the industry association formed through the merger of the Australian Plantations Products and Paper Industry Council (A3P) and the National Association of Forest Industries (NAFI).

Newspaper Works: Newspaper Works is the industry body for the major Australian newspaper publishers and acts as a resource centre for advertisers and agencies as well as for publishers and the broader industry. www.thenewspaperworks.com.au

PIAA: The Printing Industries Association of Australia (Printing Industries) is the leadership and support organisation for all businesses in the Print, Packaging and Visual Communication industry in Australia. www.printnet.com.au

Australian Catalogue Association: The Australian Catalogue Association represents suppliers, producers and distributors of catalogues, flyers, leaflets in the communications media. www.catalogue.asn.au

Appita: The Australasian Pulp and Paper Industry Technical Association. www.appita.com

APIA: Australasian Paper Industry Association, an industry body for paper manufactures and agents and paper merchants.

TwoSides: An initiative between companies within the Graphic Communications Supply Chain, to promote the responsible production and use of print and paper, and dispel common environmental misconceptions. www.twosides.org.au

PNEB: Publishers National Environment Bureau - the newspaper and magazine publishing industry body established to achieve environmental responsibility. www.pneb.com.au

## A-3 The imported and locally produced goods.

**1. Fully describe the imported product(s) the subject of your application:**

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**

The goods the subject of this anti-dumping application is newsprint, in roll or sheet form. The imported goods have a grammage within the range 40 to 46 gsm (inclusive) and a brightness below a measures of 70 ISO.

**2. What is the tariff classification and statistical code of the imported goods.**

The imported newsprint is classified to sub-heading 4801.00.31 statistical code 04 on the basis that the goods:

- weigh more than 57 g/m2; or
- has an ash content by weight of more than 8 per cent.

NSIA considers that the imported goods from France and Korea are correctly classified to 4801.00.31/04 as the ash content exceeds the 8 per cent minimum requirement.

NSIA is aware that imported newsprint from France and Korea has been historically classified to sub-heading 4801.00.39 statistical code 19 on the basis that the goods do not meet the minimum specifications as detailed for sub-heading 4801.00.31. NSIA does recognise, however, that certain imported newsprint could, at times, be classified to 4801.00.31/04 and that goods so classified are considered to be alike to newsprint manufactured by NSIA. NSIA also understands that newsprint imports from France have been entered under 4801.00.20/02 from mid 2013. The newsprint entered under this classification from France is also considered like goods.

It is therefore appropriate that the goods covered by this application includes imports under subheading and statistical codes 4801.00.20/02, 4801.00.31/04 and 4801.00.39/19.

The general rate of duty of 5 per cent applies to goods exported from France and Korea imported under 4801.00.31 statistical code 04. Goods classified to 4801.00.39 statistical code 19 attract a “Free” rate of Customs duty. There are a number of Policy By-Laws applicable to paper that may be used in newspaper end-uses. The By-Laws have been operational since the reductions in tariffs from the late 1980’s. At this time, Australian production of newsprint was supplemented with imported newsprint. NSIA considers that imported newsprint would likely qualify for concessional entry under Item 48, By-law 1303878 as follows:

“1. This by-law may be cited as Customs By-law No. 1303878.

2. This by-law shall take effect on and from 1 March 2013.

3. For the purposes of item 48 of Schedule 4 of the *Customs Tariff Act 1995*, paper classified under headings 4801 or 4802 of Schedule 3 of the *Customs Tariff Act 1995*, is prescribed.

4. The application of item 48 to the goods in paragraph 3 is subject to the condition that the paper is for use in the production of newspapers, periodicals, posters and other printed matter of a kind that, if imported, would be classified within Chapter 49 in Schedule 3 to the Customs Tariff Act 1995, under security.

5. In addition to the conditions specified in paragraph 4, the paper must:

(a) contain more than 55% mechanical pulp and weigh less than 34 grams per square metre;

(b) contain more than 55% mechanical pulp, weigh less than 48 grams per square metre but more than 40 grams per square metre and have a water absorbency when tested by the one min Cobb method of not less than 45 grams per square metre;
(c) contain more than 25% mechanical pulp, contain no bleached chemical pulp and have a weight not exceeding 205 grams per square metre; or
(d) contain not less than 70% mechanical pulp, have a weight not exceeding 205 grams per square metre and a water absorbency when tested by the one min Cobb method of not less than 45 grams per square metre.

6. However, the specifications in paragraphs 5(a) to 5(d) of this by-law do not apply to paper that has more than 55% mechanical pulp and has a weight in the range of 34 grams per square metre to 40 grams per square metre.

Please refer to Non-Confidential Attachment A-3.2 for an extract from the Customs Tariff and a copy of the above-mentioned By-law.

**3. Fully describe your product(s) that are 'like' to the imported product:**

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**
- **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

NSIA is a manufacturer of newsprint that is a "like" product to imported newsprint. The NSIA newsprint and imported newsprint are used interchangeably,

NSIA manufactures newsprint (for the purposes of this application) in two specific grams per square metre categories – NWH 420 and NWH 450. Please refer to NSIA product specifications included at Non-Confidential Attachment A-3.3.

It is understood that the imported newsprint is predominantly the equivalent to NSIA's NWH 420 grade newsprint. However both NWH 420 and NWH 450 are considered to be alike for the purposes of this application.

**4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.**

The imported goods possess essential characteristics that are alike to the goods produced by the Australian industry on the following grounds:

*(i) Physical likeness*

The physical characteristics of the imported goods (i.e. appearance and grammage) and the locally made newsprint are similar.

*(ii) Commercial likeness*

The imported and locally produced goods are commercially alike, compete with each other and are sold to the same customers via similar distribution channels.

*(iii) Functional likeness*

The imported and the locally manufactured newsprint are functionally alike as they have the same end-use application(s).

*(iv) Production likeness*

The imported and locally manufactured newsprint are produced via similar manufacturing processes.

NSA considers that the imported newsprint possesses characteristics closely resembling locally manufactured newsprint and can be considered alike to newsprint manufactured by NSA.

**5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.**

The ANZSIC code applicable to newsprint is understood to be 1510 “Pulp, Paper and Paperboard Manufacturing”.

**6. Provide a summary and a diagram of your production process.**

NSIA has included a schematic of the paper making process at Confidential Attachment A-3.6. Additionally, NSIA has also included a production flow diagram of the newsprint manufacturing process at its Boyer Mill, located at Boyer, Tasmania.

**7. If your product is manufactured from both Australian and imported inputs:**

- **describe the use of the imported inputs; and**
- **identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).**

Newsprint manufactured by NSIA is made from locally-sourced raw materials. The pulp and paper manufacturing processes are each substantial processes of manufacture, involving a capital-intensive process of converting virgin fibre and recycled paper into pulp and then paper for newsprint.

The pulp and paper manufacturing processes are high value-adding processes that involve substantial capital investment.

**8. If your product is a processed agricultural good, you may need to complete Part C.3 (close processed agricultural goods).**

Newsprint is not a close processed agricultural good.

**9. Supply a list of the names and contact details of all other Australian producers of the product.**

NSIA through its subsidiary company Norske Skog Paper Mills Pty Ltd is the only manufacturer of newsprint in Australia.

## A-4 The Australian market.

**1. Describe the end uses of both your product and the imported goods.**

The market related to products manufactured by NSIA in Australia is generally referred to as the newsprint market.

This market includes uncoated paper manufactured predominantly from pulp produced by mechanical means and includes standard and improved grades, where improved grades generally refers to products with higher bulk and brightness properties.

The major end use of both the locally produced and imported goods in the newsprint market is the production of newspapers. This includes daily, weekly and weekend newspapers produced and sold in major metropolitan cities as well as many regional cities and towns.

In addition to newspaper, a small volume of newsprint is used by commercial printers to produce books and catalogues.

**2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:**

- **sources of product demand;**
- **marketing and distribution arrangements;**
- **typical customers/users/consumers of the product;**
- **the presence of market segmentation, such as geographic or product segmentation;**
- **causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;**
- **the way in which the imported and Australian product compete; and**
- **any other factors influencing the market.**

The Australian newsprint market consists of four major newspaper publishing groups (News Limited, Fairfax Media, West Australian Newspapers, APN) as well as a number of smaller regional newspaper publishers. Newspaper printing occurs in all Australian capital cities as well as many regional cities and towns.

NSIA is the only Australian manufacturer of the paper nominated in this application and used in the Newsprint market.

Imported newsprint products are delivered by sea freight through major Australian ports. The imported newsprint is sourced from countries including France, Korea, the United Kingdom and Indonesia.

The majority of the locally produced newsprint has been sold through long term supply agreements with a number of factors, including manufacturing costs and world newsprint prices, factored into the contract pricing arrangements. These long-term agreements generally have terms between 5 and 10 years. The long-term arrangements have been established to ensure security of supply for the large newspaper printing groups as well as providing a stable price that protects them from volatility in pricing driven by international variability in newsprint pricing and exchange rates. NSIA has included contracts reflecting long-term agreements with [*company name*] and [*company name*] at Confidential Attachment A-4.2.

In addition to long-term supply agreements a significant volume of product is sold through shorter term (i.e. three months to three years) arrangements usually based on a tender process.

There is also a small volume of newsprint sold on a spot basis where prices and volumes are negotiated on a single order basis.

Demand for newsprint is driven by newspaper circulation (no. of copies sold), newspaper advertising (no. of pages of advertising in newspapers) and the advertising/editorial ratio used in newspapers. All of these factors can and do vary with every newspaper published.

Newspaper circulation is impacted by factors such as population growth and demographics (for example, a growing population and an aging population will increase circulations). In recent years the rise in digital alternatives for news has resulted in an overall decline in newspaper circulation.

Newspaper advertising can be split into two main types of advertising. Classified advertising has traditionally been a major source of revenue for newspaper publishers, however, the impact of web based classified advertising has significantly reduced the amount of classified advertising in newspapers. The other type of advertising in newspapers is usually referred to as 'retail and display' advertising and involves part or full page advertisements from various businesses. Major retail and display advertisers includes supermarkets, banks, mobile phone companies, etc. The number of pages allocated to retail and display advertising is generally related to the health of the economy.

Imported and locally produced newsprint is generally considered equivalent in terms of quality and suitability for use by most Australian newspaper printers. As a result competitive activity tends to focus around pricing with newsprint importers usually taking an aggressive position on price to overcome the natural advantage in terms of lead time that a local producer normally has.

**3. Identify if there are any commercially significant market substitutes for the Australian and imported product.**

There are no commercially significant market substitutes for local or imported newsprint.

**4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.**

NSIA has completed Confidential Appendix A1 for Australian production of newsprint. Please refer to Confidential Appendix A1.

**5. Complete appendix A2 (Australian market).**

NSIA has completed Confidential Appendix A2 – Australian market for newsprint for the period April 2010 to March 2014.

**6. Use the data from appendix A2 (Australian market) to complete this table:**

*Indexed table of sales quantities**

| Period | (a) **Your Sales** | (b) **Other Aust$^n$ Sales** | (c) **Total Aust$^n$ Sales** (a+b) | (d) **Dumped Imports** | (e) **Other Imports** | (f) **Total Imports** (d+e) | **(g) Total Market** (c+f) |
|---|---|---|---|---|---|---|---|
| **2010/11** | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| **2011/12** | 96.46 | 100 | 96.46 | 109.25 | 44.16 | 53.05 | 80.64 |
| **2012/13** | 89.33 | 100 | 89.33 | 182.89 | 23.83 | 45.56 | 73.37 |
| **2013/14** | 74.57 | 100 | 74.57 | 160.46 | 13.68 | 33.74 | 59.75 |

**Notes:**

1. Years are ending 31 March.
2. NSIA's sales data for Quarter 1, 2014 is based upon January & February actual sales data, with March forecast data used.
3. Import data for January & February 2014 only available for Qtr 1,2014. Projection based upon eleven months to 28 February used to pro-rata for full quarter.
4. Newsprint imports ex France declared under 4801.00.20 statistical code 02.
5. NSIA sales excludes sales of newsprint imported from N.Z.
6. Dumped imports includes France and Korean imports only.
7. "Other" imports includes NSIA's sales of newsprint imported from N.Z.
8. Import data sourced from ABS import clearance data.

The Australian market for newsprint has contracted in each of the last three years as newspaper circulation has declined. However, imports of dumped newsprint from France and Korea increased substantially in 2012/13, and remained at levels above 2010/11 in each of 2011/12 and 2013/14. The Australian industry's sales volumes have declined each year from 2010/11, with the most dramatic decline evident in 2013/14.

In 2010/11, imports of newsprint from France and Korea increased by almost 10 per cent, followed by a dramatic 70 per cent increase in 2012/13. In 2013/14, imports from France retreated, however, in January & February 2014 a significant 6030 tonnes was imported from France indicating that import sources may be readily switched between France and Korea.

In 2012/13 imports from France and Korea accounted for approximately xx per cent of the Australian market, increasing by approximately xx percentage point in 2013/14.

Whereas the volume of dumped newsprint imports have increased since 2010/11 in a contracting market, sales by the Australian industry have decreased. in successive years as the overall Australian market, sales by the Australian industry and sales of imports from other source countries have all declined.

## A-5 Applicant's sales.

**1. Complete appendix A3 (sales turnover).**

NSIA has completed Confidential Appendix A3 identifying sales of all goods and like goods in Australia. Please refer to Confidential Appendix A3.

2. **Use the data from appendix A3 (sales turnover) to complete these tables**.

NSIA's domestic sales of newsprint (locally produced and imported) have declined year-on-year as depicted in the following Table. NSIA's total sales of all products has similarly declined – impacted primarily from the decline in sales of imported newsprint (sourced from New Zealand).

To counter reductions in domestic sales of newsprint, NSIA has increased export sales to more than eight times the export volumes of 2010/11.

*Indexed table of Applicant's sales quantities**

| **Quantity** | **2010/11** | **2011/12** | **2012/13** | **2013/14** |
|---|---|---|---|---|
| **All products** | | | | |
| Australian market | 100 | 85.53 | 72.23 | 64.96 |
| Export market | 100 | 154.73 | 175.08 | 148.18 |
| **Total** | 100 | 101.79 | 96.40 | 84.52 |
| | | | | |
| **Like goods** | | | | |
| Australian market | 100 | 86.62 | 73.07 | 61.22 |
| Export market | 100 | 232.24 | 569.64 | 910.18 |
| **Total** | 100 | 89.56 | 83.08 | 78.33 |

**Notes:**

1. Data sourced from Confidential Appendix A3.
2. NSIA's sales data for Quarter 1, 2014 is based upon January & February actual sales data, with March forecast data used.

*Indexed table of Applicant's sales values**

| **Values** | **2010/11** | **2011/12** | **2012/13** | **2013/14** |
|---|---|---|---|---|
| **All products** | | | | |
| Australian market | 100 | 87.84 | 74.17 | 63.88 |
| Export market | 100 | 147.88 | 152.10 | 143.64 |
| **Total** | 100 | 99.80 | 89.69 | 79.76 |
| | | | | |
| **Like goods** | | | | |
| Australian market | 100 | 90.04 | 76.71 | 62.03 |
| Export market | 100 | 220.57 | 460.63 | 854.58 |

| Newsprint exported from France and Korea |
|---|

| Total | 100 | 91.93 | 82.28 | 73.52 |
|---|---|---|---|---|

**Notes:**

1. Data sourced from Confidential Appendix A3.

NSIA's reduction in domestic sales (volumes and values) to dumped exports is observable in the above tables, along with the increased export focus for newsprint in successive years – particularly in 2013/14.

**3. Complete appendix A5 (sales of other production) if you have made any:**

- **internal transfers; or**
- **domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.**

NSIA has completed Confidential Appendix A5 for sales of newsprint that were not manufactured by NSIA in Australia. NSIA's sales to non-related third parties of imported newsprint from New Zealand and locally produced goods are included in Confidential Appendix A5.

**4. Complete appendix A4 (domestic sales).**

NSIA has completed Confidential Appendix A4 for domestic sales in the period 1 January 2013 to 28 February 2014. The Confidential Appendix A4 data has been provided in soft copy form.

Confidential Appendix A4 is a listing of all invoices of like goods sold in Australia. It includes products produced in Australia and imported. Also recorded as revenue are [*commercially sensitive customer pricing information*]

The revenue figures shown Appendices A3, A5 and A6 are the revenue figures processed in NSIA's ERP System with these out of period differences allocated back to the period they relate to.

**5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.**

NSIA has no sales of newsprint to related entities. All sales in Confidential Appendix A4 are to unrelated parties.

**6. Attach a copy of distributor or agency agreements/contracts.**

NSIA does not have any distributor or agency agreements for domestic sales of newsprint.

**7. Provide copies of any price lists.**

NSIA does not use a price list for newsprint sold domestically.

**8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.**

- **Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).**

- **If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.**

NSIA has included a listing of all invoices, debits and credits for domestic sales in Confidential Appendix A4 (provided in soft copy form).

The Net Invoice value is made up of:

1. Product Revenue based on a product price per tonne;
2. A Deliver Upcharge also known as Logistics Upcharge which can be:

   - a charge for delivery to remote locations; or
   - an average charge per tonne for all ship to locations for a customer which equates to the cost of delivery for a subset of locations; or
   - a Vendor Managed Inventory (VMI) Charge (also referred to as Logistics Upcharge), based on NSIA holding inventory on behalf of a customer less a volume discount. For some locations where no VMI is applicable the Delivery Upcharge is just the volume rebate.

3. Rebates on Invoice. These are logistics efficiencies applicable for some customers.
4. Other product revenue - This was introduced at the request of a customer to incorporate the difference between the price paid by their sites to their head office for the products and the price paid by head office to NSA.

In Appendix A4 credit notes are listed separately. Credit notes are issued for:

(i) quality issues;
(ii) incorrect pricing (this most commonly occurs at the time of the price change);
(iii) diverted loads. If a load is already invoiced however the customer site is unable to take delivery, the load is returned to an NSIA warehouse and the invoice is cancelled.

There are some price adjustments which are not processed by invoice. These price adjustments occur as NSIA has been successful at securing non-contracted volumes at prices different to contracted volumes with contract customers. NSIA invoices all sales at the contract prices and then accrues monthly a price adjustment for the difference. The price adjustment is then paid half annually. These accruals and adjustments have been allocated back to each invoice in Confidential Appendix 4.

**9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

NSIA has included commercial documentation for two domestic sales in each of the four quarters in the twelve month period 1 January 2013 to 31 December 2014. Complete sales documentation for a sale in the January and February 2014 are also included. Please refer to Confidential Attachment A-5.9.

## A-6 General accounting/administration information.

**1. Specify your accounting period.**

NSIA's accounting period is 1st January to 31st December.

**2. Provide details of the address(es) where your financial records are held.**

NSIA's financial records are held at the company's regional head office located at:

Norske Skog (Australasia) Pty Limited
Level 9, 59 Goulburn Street
Sydney NSW 2000

**3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:**

- **chart of accounts;**

  NSIA has included a copy of its chart of accounts in soft copy form with this application.

- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**

  NSIA's accounts are audited annually. The 2012 annual reports that include financial records for NSIA, Norske Skog Paper Mills (Australia) Limited, and Norske Skog (Australiasia) Pty Ltd are included at Confidential Attachment A-2.9***.***

  The following are also included:

  - 2012 Norske Skog (Australasia) Pty Limited audited accounts included in the annual report.
  - 2012 NSIAL audited accounts.
  - 2013 audited accounts will be available in late April 2014.

- **internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

  ***These documents should relate to:***

  1. **the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
  2. **the company overall.**

  NSIA has included the June, September and December 2013 monthly business reports at Confidential Attachment A-3.3.

**4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.**

As NSIA's accounts are audited annually, this question does not apply.

**5. If your accounting practices, or aspects of your practices, differ from Australian generally**

**accepted accounting principles, provide details.**

NSIA's financial statements comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

**6. Describe your accounting methodology, where applicable, for:**

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

  Revenue is recognised at the time ownership of the goods transfers to the customer.

- **provisions for bad or doubtful debts;**

  A provision for impairment of trade and other receivables (bad debt provision) is established when there exists objective evidence that the amount due will not be collectible in accordance with the original terms of each receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying value of the receivable and the present value of estimated future cash flows. Bad debt shall be written off when identified.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

  General expenses which are not associated to a particular product that is linked to an operational plant are allocated to products by the amount of time that that product is being produced on the machine or by tonnes produced. At Boyer, there are 2 machines so these general expense costs are split xx% to each machine then allocated to product based on the percentage of time the product is being produced or the tonnes produced. All of the general expenses are allocated to products.

  Costs are allocated to products to a Mill Gate Cash Cost (MGCC)[1] level. Interest expense is not treated as a MGCC and is therefore not allocated to products. However if allocation was required then this would be done as per general expenses.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

  Variable costs that are directly related to a product driver such, as furnish, machine costs, etc are allocated to the product based on the usage of furnish or tonnes produced of that product.

  Variable costs that are not directly related to a product, such as effluent treatment are allocated to products based on the tonnes produced during that period.

  Fixed costs that are directly related to a product driver such, as furnish, machine costs, etc are allocated to the product based on the usage of furnish or time the product was produced on the machine.

  Fixed costs that are not directly related to machine are allocated as per the general expense above.

  All variable and fixed costs are allocated to products.

[1] Mill Gate Cash Cost is a term commonly used in the paper manufacturing industry to measure the cost of producing a tonne of finished paper to the point where the paper is ready to be despatched to a customer – the Mill Gate. The cost is defined as the total variable and fixed costs during the period, excluding depreciation, interest and distribution cost, divided by the tonnes of finished goods manufactured.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

  Inventories of raw materials are valued at weighted average cost. "Work in progress" is valued by the direct costs up to the stage of the roll. This is mainly the pulping cost and the machine conversion cost. Usually these rolls are unwrapped rolls, paper on the winder or downgraded damaged rolls. The direct costs are allocated based on the direct costs above.

  Finished goods are valued at either first grade or second grade depending on the classification for individual rolls of paper. Absorption costing is used to value these products where indirect costs are excluded from MGCC portion however Depreciation related to direct plant asset are included. Depreciation is allocated based on tonnes produced. Finished goods are valued at the lower of cost or net realisable value.

- **valuation methods for scrap, by-products, or joint products;**

  Do not have any by-products or joint products. Scrap, known as second grade, refer above.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production**;

  Damaged or substandard goods are valued at pulp value based on direct costs of pulp.

- **valuation and revaluation of fixed assets;**

  All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

  Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

  Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

  The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

  Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). The company assessed the recoverable amount at year end for 2012. Total impairments recognised in 2012 amounted to $xx million taken against the xxxxxxxxxx mill. The impairments arose mainly as a result of lower sales volume expectations and a reduced cash flow horizon.

  NSIA is a Liable Entity under the Clean Energy Legislation (the Scheme) and also qualifies for assistance under the Jobs and Competitiveness Program (JCP). The company is required to surrender eligible emission units to the Clean Energy Regulator (the Regulator) for covered emissions, and is entitled to receive certain free units based upon production volumes of eligible products. An intangible asset is recognised at fair value for free units receivable on qualifying activity under the JCP.

  Intangible assets include a right to use a pipeline at the Albury mill. The cost of this intangible is amortised over the period in which the related benefits are expected to be realised, being xx years.

Capitalised software has a finite useful life and is carried at cost less accumulated amortisation.

Property, plant and equipment and non-current intangible assets are written down to their recoverable amount when this is lower than the carrying value of the asset. The recoverable amount of an asset or mill is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows expected to arise from an asset or mill. Norske Skog Paper Mills (Australia) Limited applies the value in use approach when calculating recoverable amount for its mills.

The forest estate is valued based on fair value in accordance with AASB 141 Agriculture.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

  The production equipment at the Albury Mill has a useful life end date of December 2029. The equipment at the Boyer Mill is different for each machine (PM2 has a useful life to 2025 and PM3 to 2017).

  All fixed assets are depreciated using the straight-line method.

  Based on the useful lives combined for both mills, the fixed assets are depreciated using the following rates:

  Buildings 3% to 6.5%
  Plant and equipment 2.5% to 33%
  Forest and non-forest roads 4% to 13%

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

  Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

  Restructuring costs are not part of MGCC so not allocated to products. All Mill Gate Cash Costs are allocated to products, hence through market or machine downtime all expenditure during that period will be allocated to a product made within that period (usually on a monthly basis). As such during these periods when downtime is taken the higher MGCC is mainly driven by the small volumes produced on the fixed costs.

**7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

The accounting methods in Norske Skog's underlying accounting system have not changed over this period, however, the mapping of some accounts from the underlying accounting system to the 2011 statutory accounts have changed to better reflect the correct classification. The 2010 comparatives were also re-aligned on the same basis in the 2011 statutory accounts.

## A-7 Cost information

**1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.**

NSIA has completed Confidential Appendix A6.1 (domestic sales) and Confidential Appendix A6.2 (export sales) for newsprint (by Grades NWH 420 and NWH 450).

## A-8 Injury

1. **Estimate the date when the material injury from dumped imports commenced.**

NSIA considers that it began to experience material injury from the dumped newsprint exports from France and Korea during 2013/14. The exports from France and Korea did cause injury to NSIA prior to this period in the form of lost sales volumes, however, until 2013/14 the dumped exports displaced NSIA's imports from New Zealand.

2. **Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.**

*Index of production variations (metric tonnes)*

| **Period** | **2010/11** | **2011/12** | **2012/13** | **2013/14** |
|---|---|---|---|---|
| **Index** | 100 | 99.89 | 101.18 | 95.65 |

**Note:**

1. Quarter 1, 2014 is based upon actual volumes for January and February, with March forecast data utilised.
2. Production includes both domestic and export (refer Indices worksheet with Appendix A6.1)).

NSIA has maintained a steady overall production utilisation rate until 2012/13, with reduced production occurring in 2013/14. Production destined for domestic sales has been diverted to export markets, thereby assisting in maintaining consistent production rates.

*Index of cost variations (A$ per metric tonnes)*

| **Period** | **2010/11** | **2011/12** | **2012/13** | **2013/14** |
|---|---|---|---|---|
| **Index** | 100 | 103.01 | 103.20 | 102.04 |

**Note:**

1. Quarter 1, 2014 is based upon actual volumes for January and February, with March forecast data utilised.
2. Cost variations is based upon NSIA's unit CTM&S the goods the subject of this application from Confidential Appendix A6.1

NSIA's unit cost-to-make-and-sell ("CTM&S") has declined marginally in 2013/14. Prior to 2013/14. NSIA was able to maintain production volumes through an increase in export sales to maintain stable production costs. It should also be noted that NSIA has introduced and improved production efficiencies in 2011/12 and 2012/13 that has enabled

NSIA to benefit from relatively constant production costs. For example, NSIA has reduced employee numbers and thus employee costs, reduced maintenance spend, reduced intercompany charges at the corporate level, cost reductions in the IT area, as well as electricity costs at Boyer over these years.

*Index of price variations (model, type, grade of goods)*

| **Period** | **2010/11** | **2011/12** | **2012/13** | **2013/14** |
|---|---|---|---|---|
| **NWH420** | 100 | | | |
| **NWH450** | 100 | | | |
| **Index** | 100 | 104.28 | 105.34 | 101.49 |

Note:

1. Quarter 1, 2014 is based upon actual volumes for January and February, with March forecast data utilised.
2. Price variation is based on NSIA's unit domestic selling price.

NSIA's selling price for the newsprint grades competing against exports from France and Korea has declined in 2013/14, as NSIA competes with dumped price offers. The change in the production mix (i.e. from major proportion of NWH450 of total sales in 2010/11, to NWH420 being the predominant grade in 2013/14) has influenced the aggregate price change over the three-year period. In 2013/14, NWH420 grade newsprint represented a large proportion of domestic sales, whereas in 2010/11 NWH450 grade was the large volume product.

The indices for the individual grades indicate price depression has occurred in 2013/14. Based upon recently-executed contracts with NSIA's largest customers, further price depression is anticipated throughout 2014, with a reduction of approximately xx percentage points expected.

*Index of profit variations (model, type, grade of goods)*

| **Period** | **2010/11** | **2011/12** | **2012/13** | **2013/14** |
|---|---|---|---|---|
| **Index** | 100 | 118.66 | 121.99 | 69.65 |

Note:

1. Quarter 1, 2014 is based upon actual volumes for January and February, with March forecast data utilised.
2. Profit variation is based upon NSIA's total domestic profit for NWH420 and NWH450.

NSIA has incurred a reduction in total domestic profit in 2013/14 as it's domestic sales volumes for newsprint have declined and NSIA has reduced prices to secure long-term contracts with its high-volume customers.

NSIA anticipates further reductions in profit in 2014 as the full impact of recently negotiated long-term price contracts take full effect.

*Index of Profitability variations (model, type, grade of goods)*

| **Period** | **2010/11** | **2011/12** | **2012/13** | **2013/14** |
|---|---|---|---|---|
| **Index** | 100 | 117.97 | 130.03 | 92.03 |

Note:

1. Quarter 1, 2014 is based upon actual volumes for January and February, with March forecast data utilised.
2. Profitability based upon total domestic profit divided by total domestic revenue.

NSIA's profitability has declined in 2013/14 consistent with reductions in NSIA's overall domestic profit for newsprint. NSIA's increased profit in 2012/13 can be attributed to the increased production of NWH 420 grade at Albury, the overall increased production at Albury, and the selfinitiatives delivering cost savings of approximately $xxM in 2012/13.

3. **Complete <u>appendix A7</u> (other economic factors).**

NSIA has completed Confidential Appendix A7 detailing all other indicators of injury. Confidential Appendix A7 data has been prepared on an annual year basis. This has been completed for NSPMA which is considered to be representative of NSIA.

*Index of Revenue variations (model, type, grade of goods)*

| **Period** | **2010** | **2011** | **2012** | **2013** |
|---|---|---|---|---|
| **Index** | 100 | 100.71 | 93.82 | 79.80 |

Note:

1. Revenue is based upon NSIA's domestic sales revenue for newsprint.

With the decline in NSIA's domestic sales volumes of locally produced newsprint, NSIA's domestic revenue has also declined in 2013 by almost 14 per cent.

*Index of Production Utilisation variations (model, type, grade of goods)*

| **Period** | **2010** | **2011** | **2012** | **2013** |
|---|---|---|---|---|
| **Index** | 100 | 103.09 | 102.60 | 101.57 |

Note:

1. Based upon actual production of like goods as a percentage of production capacity for like goods (refer Confidential Appendix A7).

NSIA has experienced a decline in production utilisation in 2013 as domestic production and sales volumes have been impacted by dumped imports, despite increased export sales of like goods.

*Index of Employment variations (model, type, grade of goods)*

| **Period** | **2010** | **2011** | **2012** | **2013** |
|---|---|---|---|---|
| **Index** | 100 | 95.91 | 100.37 | 98.63 |

Note:

1. Based upon employment numbers of like goods (refer Confidential Appendix A7) at end of year in each financial year.

NSIA has reduced employee numbers associated with the manufacture of newsprint in 2013 as it seeks to remain competitive against dumped exports from France and Korea.

## A-9 Link between injury and dumped imports.

**To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.**

1. **Identify from the data at <u>appendix A2</u> (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.**

The dumped imports initially impacted NSIA's sales of imported newsprint sourced from New Zealand. With the increase in imports from France and Korea, NSIA reduced its import volumes from New Zealand that was historically used to supplement Australian production. In 2013/14, NSIA 's sales of imports of newsprint have been minimal and the dumped imports from France and Korea have caused price depression and price suppression across NSIA's domestic sales (both at contract prices and for non-contracted volumes). The price depression and price suppression experienced by NSIA in 2013/14 has resulted in a decline in profit and profitability, which is expected to escalate through the remainder of 2014.

The Australian market for newsprint has contracted in each of the last two years. The Australian industry's sales have declined by approximately xx per cent of the levels achieved in 2010/11. Meanwhile, imports from France and Korea increased by 80 per cent in 2012/13 (above 2010/11 levels) and in 2013/14 remain 60 per cent above 2010/11 levels.

In the normal course of events it would be expected that sales of dumped imports would also be impacted by reduced demand – this was not the case in 2012/13. Imports from France and Korea surged and have only retreated in 2013/14, as the Australian market contracted further again. It is NSIA's position that the impact of dumped imports in a contracting market is far greater than in a market experiencing growth. It is NSIA's expectation that the dumped imports will continue to cause material injury to the Australian industry on both a volume and price basis. NSIA has lost the non-contract sales at one of its largest accounts - [*company name*] from mid 2013 - with imports from Korea now supplying these volumes. In an environment of declining prices it is likely that NSIA will experience further lost volumes to dumped imports in 2014/15.

2. **Use the data at <u>appendix A2</u> (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at <u>appendix A6.1</u> (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.**

The Australian market for newsprint comprises four main publishing groups News Limited, Fairfax Media, West Australian Newspapers ("WAN") and APN. The 42gsm newsprint is used by all publishing companies (including WAN from mid-2013). Historically, NSIA has supplied to all four newsprint companies. NSIA is the incumbent supplier on long-term contracts with [*company name*] and [*company name*] (refer Confidential Attachment A-4.2). NSIA has lost sales volumes to dumped imports at the two next largest accounts [*company name*] and [*company name*] in earlier years (i.e. 2008).

*<u>Customer</u>*

From 2008 NSIA surrendered its cornerstone supplier status at [*customer*] as it was not prepared to reduce its selling prices to match the import prices. NSIA supplied [*customer*] with limited volumes in 2009 and 2010. Since this time, APN has

[*commercially sensitive supply negotiations – not for public disclosure]*

[*commercially sensitive supply negotiations – not for public disclosure]*

Please refer to [*customer*] Overview summarizing negotiations with APN at Confidential Attachment A-9.2.1.

*Customer*

[*commercially sensitive supply negotiations – not for public disclosure]*

Please refer to Confidential Attachment A-9.2.2 for summary of [*customer*] supply position and offers.

*Customer*

[*commercially sensitive supply negotiations – not for public disclosure]*

A copy of the [*customer]* is included at Confidential Attachment A-4.2 confirming the above prices.

*Customer*

[*commercially sensitive supply negotiations – not for public disclosure]*

Please refer to the [*customer*] included at Confidential Attachment A-4.2.

*Non-Contract volumes at [customers]*

[*commercially sensitive supply negotiations – not for public disclosure]*

**3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).**

As highlighted, NSIA was the sole supplier at [*customer*] in 2010. The grade supplied by NSIA was 45 grammage (i.e. 45 gsm). With the reducing volumes and declining profits at [*customer*] from 2010/11 and APN (for 45 gsm newsprint), NSIA was successful in migrating customers from 45gsm to 42gsm to help arrest the decline in profitability. Additionally, NSIA undertook a range of initiatives to reduce annual production costs by approximately $xxM for newsprint. As a result, NSIA's total cost to make and sell newsprint appears relatively stable, despite the shift in production volumes of the respective 42gsm and 45gsm grades.

The loss in volumes of 45 gsm to [*customer*] and [*customer*] necessitated NSIA to increase export sales. The increased sales volumes on export markets in 2013/14 – as a consequence of losing domestic sales – were at a loss. In 2013/14 NSIA exported xxxxxxx tonnes for a loss of $xxxxM compared with xxxxxx tonnes for 2012/13 for a loss of $xxxxM. This significant increase in losses on export markets is due to the reduction in domestic sales of locally produced newsprint to traditional customers [*customer*], [*customer*] and [*customer*] that have sourced product from France and Korea, in increasing volumes.

NSIA attributes the losses it has derived on export markets to a direct consequence of losing domestic sales to imported dumped newsprint from UPM of France and Jeonju of Korea. The dumping has influenced NSIA to focus on cost reduction initiatives and to increased sales to export markets (at increasing losses).

NSIA has experienced a reduction in total profit in its newsprint business in 2013/14, on a reduced sales volume (due to lost sales to dumped imports from France and Korea at [*customer*] and [*customer*]) that is approximately xx per cent below the level of 2012/13, and has incurred increased losses on export sales that could have been sold domestically in Australia but for the prevalence of the dumped imports.

**4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at <u>appendix A7</u> (other economic factors). If factors other than those listed at <u>appendix A7</u> (other economic factors) are relevant, include discussion of those in response to this question.**

The impact of the dumped imports on NSIA's newsprint business is reflected in the key economic indicators of lost sales volumes (i.e [*customer*] non-contract volumes, and [*customer*]), price depression, price suppression, reduced profits and profitability. Additionally, NSIA is able to demonstrate injury in the form of lost sales revenue, reduced capacity utilisation and reduced employment (refer Confidential Appendix A7).

The decline in profit and profitability in 2013/14 will impact NSIA's ability to reinvest in the newsprint business. NSIA therefore submits that the newsprint business will be less attractive for re-investment proposals as the return on investment has deteriorated in 2013/14.

As indicated the impact of the dumped French and Korean newsprint imports has extended beyond impacting NSIA's New Zealand imports, and has contributed to a loss in domestic sales forcing NSIA to export increased volumes of newsprint at marginal returns.

**5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.**

The reduction in total newsprint profit for NSIA in 2013/14 when contrasted with 2012/13 reflects a reduction of approximately 20 per cent. The increased losses on export sales in 2012/13 – due to the substitution of sales on export markets that would otherwise have been sold to [*customer*] and [*customer*] – is an additional approximate $xxM that can be attributed to the lost sales volumes in Australia.

As highlighted in Section A-9.2 above, the impact on profit in 2013/14 to date is to be extended into the remainder of the 2013/14 year, with incremental reductions in profit and profitability projected for 2014/15 (based upon agreed contracts with [*company name*] and [*company name*]).

**6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.**

NSIA has acknowledged that there has been a decline in demand for newsprint over the periods reflected in NSIA's financials in this application. Specifically, the rise in digital alternatives for news has resulted in an overall decline in newspaper circulation (and hence demand for newsprint).

The reduction in demand for newsprint would be expected to impact equally local production and import supply. NSIA's supply on the domestic market has been reduced by 25 per cent since 2010/11, whereas imports from France and Korea have increased by 60 per cent (and were higher at 80 per cent in 2012/13).

NSIA has responded to market offers for imported newsprint supplied from France and Korea that, when combined, account for approximately two-thirds of import supply into Australia. NSIA's price reductions at its large customers ([*company name*], [*company name*]) has resulted in a reduction in profit and profitability in 2013/14 of approximately 20 per cent, with further profit reductions foreseeable and imminent.

It can therefore be concluded that imports at dumped prices have caused material injury to the Australian industry (in terms of sales volumes and profit) above and beyond the reduction in demand for newsprint.

**7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at <u>appendix A2</u> (Australian market), <u>appendix A6</u> (cost to make and sell), and <u>appendix A7</u> (other economic factors) to support your analysis.**

This application demonstrates that the Australian industry manufacturing newsprint has experienced material injury in 2013/14 as a direct consequence of responding to import prices of dumped and injurious imports from France and Korea. The dumping margins for imports from France in 2013 was approximately 6.6 per cent from Korea at 12.85 per cent. Dumping margins in early 2014 are significantly higher for imports from both sources.

In 2010/11, newsprint imports from France and Korea accounted for approximately 5 per cent of the Australian market. In 2013/13 the dumped imports held 13 per cent of the market.

The material injury sustained by NSIA has been caused by reductions in selling prices across contract sales at key customers ([*company name*], [*company name*] and [*company name*]) in 2013/14, with further price reductions scheduled for the remainder of the current year and 2014/15.

In this year NSIA's profit has been reduced by 20 per cent following the renegotiation of key contracts. Further profit reductions are anticipated in 2014/15.

Additionally, NSIA has experienced lost profit on sales of non-contracted volumes at [*customer*] and has lost all non-contracted sales at [*customer*] in the 2013/14 year which were previously supplied by NSIA. Jeonju of Korea has been awarded the non-contracted supply volume at [*customer*].

The availability of dumped newsprint supply in Australia is likely to continue to impact the purchasing intentions of the major newspaper publishing groups thereby presenting a foreseeable and imminent threat of future material injury to NSIA (with further lost sales and reduced profit).

The reducing prices of dumped imports (contrary to a devalued A$ in recent months) from France and Korea is indicative of further increased import penetration in the future. The trend of dumped imports of newsprint that have increased market share since 2010/11 is in stark contrast with the overall decline in newsprint demand on the Australian market.

Whereas NSIA is able to demonstrate an impact on its profit to date from the dumped imports (in terms of actual aggregate profit and increased losses on exports that would otherwise be sold domestically), the nature of long-term contracts in the newsprint industry indicates that as the contracts are re-negotiated, the pervasive impact of increased dumped imports on the Australian market will further impact NSIA's profit (and profitability). During 2012/13, NSIA has introduced a range of cost-cutting initiatives that have masked the true impact of the financial damage incurred from the dumped exports. NSIA has reduced production costs for the newsprint grades competing with the dumped imports via one-off savings of approximately $xxxxM. Thus the profit achieved in 2012/13 disguised the impact of the dumped imports on NSIA's profit. However, in 2013/14, the real impact of falling prices across large contract sales has highlighted the material damage sustained by NSIA from the dumped imports from France and Korea.

The Australian newsprint industry is at a cross-roads as it is influenced by increasing demand for digital alternatives for news. The overall newsprint market has decreased with sales impacted by the availability of dumped newsprint from France and Korea. NSIA contends that anti-dumping measures are necessary to minimize the impact of dumped prices in further contract re-negotiations. A failure to impose anti-dumping measures will likely result in an escalation of dumped imports that will cause price depression, price suppression and further reductions in Australian industry profit.

NSIA further understands that Malaysia has imposed anti-dumping measures on certain newsprint exported from Canada, Indonesia, South Korea, the Philippines and the USA. Additionally, in April 2013 the Malaysian Government commenced a further investigation into the alleged dumping of newsprint from Belgium, Germany, Sweden and the United Kingdom.

NSIA requests the Anti-Dumping Commission ("the Commission") to commence a formal investigation into the dumping of newsprint imports from UPM (France) and Jeonju (Korea) that have caused, and threaten, material injury to the Australian industry manufacturing like goods.

NSIA is further requesting that a preliminary affirmative determination be made at the earliest opportunity following Day 60 of the investigation, with the imposition of provisional measures required to minimize the impact of the injurious dumping. NSIA looks forward to assisting the Commission with its inquiries into the alleged dumped exports from France and Korea, and with its assessment of the impact of the imports on the Australian industry's selling prices and profit.

# PART B

## DUMPING

**IMPORTANT**

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:

☎ **(02) 6275-6066 Fax (02) 6275-6990**

## B-1 Source of exports.

**1. Identify the country(ies) of export of the dumped goods.**

The countries of export of the newsprint exported to Australia at dumped prices are France and the Republic of Korea (“Korea”).

**2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.**

NSIA understands that the country of export of the goods is also the country of origin of the newsprint exported to Australia.

**3. If the source of the exports is a non market economy, or an ‘economy in transition’ refer to Part C.4 and Part C.5 of the application.**

Neither France or Korea is considered a non-market economy or an economy in transition under Australia’s anti-dumping provisions. This question is therefore not applicable.

**4. Where possible, provide the names, addresses and contact details of:**

- **producers of the goods exported to Australia;**

The producers of the newsprint are also understood to be the exporters of the goods to Australia. The producers are as follows:

<u>France</u>

UPM France SAS
Chapelle Darblay Mill
CD3 – BP 1
76530 Grand-Couronne France

Tel: +33 (0)2 35 18 40 00
Fax: +33 (0)2 35 18 40 40

<u>Korea</u>

PanAsia Paper Korean Ltd is the operator of the Jeonju newsprint mill in Korea. PanAsia Paper Korean Ltd is a subsidiary of PanAsia Paper Co. Ltd which was co-founded in December 1998 by Hansol Paper of Korea, Abitibi Consolidated of Canada and Norske Skog. Norske Skog no longer has a shareholding in the company. Contact details for Jeonju are as follows:

Jeonju Paper Corporation
KSS Building
6th Floor
45, Namdaemunro-4Ga
Chung-Gu Seoul, 100-743
South Korea

Tel: 82 2 6050 2683
Fax: 82 2 6050 2649

- **exporters to Australia; and**

As indicated above, the producers of the goods the subject of this application are also understood to be the exporters of the goods to Australia.

- **importers in Australia.**

  The importers of the newsprint exported to Australia from France and Korea are as follows:

  Goods imported from France:

  UPM-Kymmene Pty Ltd
  Level 13/124 Walker Street
  North Sydney NSW 2060

  Tel: +61 2 9334 5000

  Goods imported from Korea:

  Bong-Yong International Pty Ltd
  1 Katherine Street
  Chatswood NSW 2067

  Tel: +61 2 9334 5000

**5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.**

The goods the subject of this application exported from France and Korea each exceeded 3 per cent of the total import volume of newsprint into Australia during the period 1 April 2013 to 31 March 2014.

Table B-1.5 below summarizes import volumes (metric tonnes) for newsprint over the periods 2010/11 to 2013/14. The published ABS data relied upon by NSIA is included at Confidential Attachment B-1.5 (soft copy form).

**Table B-1.5 – Imports of Newsprint 2010/11 to March 2013.**

| Source | 2010/11 | 2010/12 | 2012/13 | 2013/14 | Percent of Total Import Volume |
|---|---|---|---|---|---|
| France | 2351 | 12152 | 15166 | 11855 | **17.42%** |
| Korea | 25205 | 17953 | 35233 | 32362 | **47.56%** |
| | | | | | |
| Indonesia | 23056 | 12769 | 12782 | 9598 | 14.11% |
| New Zealand | 124591 | 47160 | 11119 | 8734 | 12.83% |
| Other | 26466 | 16962 | 17587 | 5496 | 8.08% |
| | | | | | |
| Total | 201669 | 106996 | 91887 | 68045 | 100.0% |

**Notes:**

1. Periods are 1 April to 31 March.
2. 2013/14 period reflects 11 months data to 28 February 2014, with March 2014 based on monthly average for first two months of quarter.
3. All volumes are metric tonnes.
4. Percentage of total import volume is based upon 2013/14 period.
5. Data sourced from Australian Bureau of Statistics import clearance data.

Table B-1.5 demonstrates that in the 2013/14 year imports of newsprint from France accounted for 17.42 per cent of the total import volume of like goods into Australia. Over this same period, imports from Korea accounted for 47.56 per cent of the total import volume.

The import volumes of newsprint from each of France and Korea exceed the 3 per cent negligible volume threshold during the 2012/13 year.

In 2010/11, imports from France and Korea accounted for 13.66 per cent of the total newsprint import volume into Australia. In 2013/14, imports from France and Korea accounted for 65 per cent of total imports.

**6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.**

This application does not include and application for countervailing measures, hence this question is not applicable.

## B-2 Export price

**1. Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.**

NSIA has obtained Australian Bureau of Statistics ("ABS") import data for the purposes of establishing the FOB export prices for goods exported to Australia from France and Korea.

It is understood that the goods are similar grades of newsprint (NSIA is familiar with grades imported in each state), hence monthly average FOB prices have been used.

Table B-2.1 details the monthly A$ per metric tonne FOB values for newsprint imported into Australia during the period January 2013 to February 2014 (last month available at time of lodgement of application).

**Table B-2.1 – Import prices for Newsprint from France and Korea – 2013 and Hanuary & February 2014**

| Month | France Tonnes | France A$FOB/MT | Korea Tonnes | Korea A$FOB/MT |
|---|---|---|---|---|
| January 2013 | 2187 | $633 | 711 | $656 |
| February 2013 | 3654 | $611 | 737 | $584 |
| March 2013 | 3810 | $594 | 191 | $565 |
| | | | | |
| April 2013 | 739 | $596 | 1324 | $640 |
| May 2013 | 0 | - | 3095 | $657 |
| June 2013 | 0 | - | 1885 | $684 |
| | | | | |
| July 2013 | 118 | $587 | 3611 | $642 |
| August 2013 | 291 | $580 | 3430 | $635 |
| September 2013 | 302 | $540 | 2759 | $649 |
| | | | | |
| October 2013 | 0 | - | 2420 | $639 |
| November 2013 | 485 | $586 | 2775 | $632 |
| December 2013 | 862 | $545 | 1646 | $625 |
| | | | | |
| January 2014 | 2550 | $540 | 2364 | $594 |
| February 2014 | 3480 | $591 | 2132 | $590 |

**Source:** ABS import clearance data.

It is noted by NSIA that the large volume shipments from France and Korea have been imported into W.A. for use by Western Australian Newspapers.

**2. Specify the terms and conditions of the sale, where known.**

The import values for France and Korea are prices at port of export. The values identified in Table B-2.1 include an export inland freight component.

**3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.**

NSIA does not have any reason to believe that the published ABS export prices are inadequate. NSIA has relied upon the ABS export prices for the purposes of establishing dumping margins.

**4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.**

ABS import data for newsprint is included at Confidential Attachment B-1.5. NSIA has relied upon published ABS data for export price determinations and has not calculated or estimated export prices for the goods that are the subject of this application.

## B-3 Selling price (normal value) in the exporter's domestic market.

**1. State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**

NSIA has obtained limited domestic pricing information for certain newsprint sold on the domestic markets in France and Korea. The domestic prices have been sourced from industry publications (i.e [*company name*]) and provide some monthly pricing information. The domestic pricing information has been sourced as follows:

(i) France – a range of prices contained in [*company name*] for newsprint with 45 gsm. A Mid-point price during the month has been used. The A$ price reflects an equivalent 42gsm price.

(ii) Korea – domestic prices for "standard" grade newsprint (which is for product of 46 gsm). The A$ price reflects the 42gsm equivalent price.

The domestic prices for newsprint in France and Korea during 2013 and early 2014 are quoted "Free Delivered" in each country (i.e. the producer pays delivery within a standard delivery zone).were as follows:

**Table B-3.1 – Domestic selling prices for Newsprint in France and Korea**

| | France (€/MT) | France A$ | Korea (Won/MT) | Korea A$/MT |
|---|---|---|---|---|
| **Jan 2013** | 483 | 632 | 760000 | 704 |
| **Feb 2013** | 483 | 647 | 760000 | 700 |
| **Mar 2013** | 483 | 626 | 760000 | 690 |
| **Apr 2013** | 483 | 626 | 760000 | 675 |
| **May 2013** | 483 | 653 | 760000 | 712 |
| **Jun 2013** | 483 | 697 | 760000 | 734 |
| **Jul 2013** | 518 | 739 | 720000 | 722 |
| **Aug 2013** | 518 | 762 | 720000 | 738 |
| **Sep 2013** | 518 | 746 | 720000 | 742 |
| **Oct 2013** | 518 | 742 | 720000 | 733 |
| **Nov 2013** | 518 | 749 | 720000 | 752 |
| **Dec 2013** | 518 | 789 | 720000 | 784 |
| **Jan 2014** | 528 | 812 | 720000 | 789 |
| **Feb 2014** | 528 | 804 | 720000 | 775 |

**Notes:**

1. Source: [*company name*].
2. 42gsm newsprint sells at an approximately $20 to $70 per metric tonne premium to 46gsm newsprint.

NSIA has relied upon the published selling prices for newsprint sold on the domestic markets in France and Korea as the basis for prima facie normal values used in this application. NSIA has adjusted the selling price for 45gsm newsprint to reflect an equivalent 42gsm price (a price premium of approximately $20 per metric tonne applies). NSIA has also included a [*company name*] to demonstrate where domestic prices have been sourced for this application.

Please refer to Confidential Attachment B-3.1 for prima facie normal value information information.

**2. Specify the terms and conditions of the sale, where known.**

NSIA understands that the published selling prices are at a "Free Delivered" level within a standard delivery zone.

**3. Provide supporting documentary evidence.**

Please refer to prima facie normal value information included at Confidential Attachment B-3.1.

**4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.**

Norske Skog Golbey is a manufacturer and seller of newsprint in France. Contact details for Norske Skog Golbey, France are as follows:

Norske Skog Golbey
P.O. Box 109
Route Jean-Charles Pellerin
F-88194 Golbey CEDEX, France

Tel: +33 (0)3 29 68 68 68
Fax: +33 (0)3 29 68 68 60

## B-4 Estimate of normal value using another method.

**1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use <u>appendix B2</u> Constructed Normal Value).**

NSIA has relied upon market selling information sourced from a reputed industry publication (i.e. RISI). NSIA therefore has not used any other information for normal value purposes.

**2. Provide supporting documentary evidence.**

This question is not applicable to this application.

## B-5 Adjustments.

**1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.**

It is understood by NSIA that prima facie normal values determined for UPM (France) and Jeonju (Korea) include local domestic freight within a standard delivery zone in each country. An adjustment to normal value will be required for the local delivery.

The A$FOB import prices include export inland freight. An adjustment to the respective normal values is required to take account of export inland freight included in the export prices to Australia. NSIA considers that an adjustment to normal values will be required to take account of domestic inland freight included in published export prices.

It is further considered that there is likely to be differences between domestic and export credit charges incurred by the exporter. NSIA has not made an adjustment of differences between domestic and export credit in its dumping margin assessments.

**2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.**

NSIA does not have access to the cost of domestic inland freight for newsprint transported from the manufacturers production facility to the port of export in France or Korea.

## B-6 Dumping margin.

**1. Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).**

NSIA has compared the constructed selling prices for newsprint sold in France and Korea with published ABS import prices into Australia over the period January 2013 to February 2014. A weighted-average export price calculation for the period has been determined for each exporter and this has been contrasted with the domestic selling price obtained for France and Korea for each month of the nominated period.

The dumping margin calculations are included in Table B-6.1 below.

**Table B-6.1 – Dumping margins for newsprint exported to Australia from France and Korea 2013 and January & February 2014**

| **Country** | | **Normal Value A$/MT** | **Weighted average Export price A$/MT** | **Dumping Margin A$/MT** | **Dumping Margin As % of Export Price** |
|---|---|---|---|---|---|
| | | | | | |
| **France** | 45gsm (Jan-Jun 2013) | $614 | $608 | $5 | **0.87%** |
| | 42gsm (Jul-Dec 2013) | $767 | $552 | $215 | **38.92%** |
| | Weighted Average | $639 | $599 | $40 | **6.66%** |
| | 42gsm Jan & Feb 2014 | $808 | $569 | $238 | **41.83%** |
| | | | | | |
| **Korea** | 42&45gsm 2013 (weighted-average) | $725 | $642 | $83 | **12.85%** |
| | 42gsm Jan & Feb 2014 | $782 | $592 | $190 | **32.07%** |
| | | | | | |
| | | | | | |

The calculated dumping margins for newsprint exported to Australia from France during 2013 is estimated at $40 per metric tonne. The calculated dumping margin for newsprint exported to Australia from Korea (based upon imports into W.A. and Queensland) during 2013 is estimated at $83 per metric tonne. NSIA is aware that exports into Queensland are for 42 gsm newsprint which sells at a premium to 45 gsm, hence the variance in normal values shown in Table B-6.1 above. The dumping margin for 45gsm product exported from Korea to Queensland for the Jan to June 2013 period has been separately calculated at Confidential Attachment B-3.1.

**2. Show dumping margins as a percentage of the export price.**

The dumping margins as a percentage of the weighted average export price for each exporting country is included in Table B-6.1. The respective dumping margins as a percentage of export price are estimated at 6.66 per cent and 12.85 per cent respectively for France and Korea during 2013.

In early 2014, the weighted average dumping margins as calculated were 41.83 per cent and 32.07 per cent for France and Korea, respectively.

# PART C

## SUPPLEMENTARY SECTION

**IMPORTANT**

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

You should contact the Customs Dumping Liaison Unit before answering any question in this part:

☎ **(02) 6275-6066** **Fax** **(02) 6275-6990**

## C-1 Subsidy

**1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:**
**(i) the nature and title of the subsidy;**
**(ii) the government agency responsible for administering the subsidy;**
**(iii) the recipients of the subsidy; and**
**(iv) the amount of the subsidy.**

This application is for anti-dumping measures only and does not assert that the exporters in France or Korea have benefited from subsidies paid by governments in the respective countries. This question does not apply in this instance.

## C-2. Threat of material injury

Address this section if the application relies <u>solely</u> on threat of material injury (ie where material injury to an Australian industry is not yet evident).

**1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:**
1. **the rate of increase of dumped/subsidised imports;**
2. **changes to the available capacity of the exporter(s);**
3. **the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**
4. **inventories of the product to be investigated; or**
5. **any other relevant factor(s).**

NSIA has demonstrated in this application that it has experienced material injury from newsprint exports to Australia at dumped prices originating in France and Korea. The application therefore does not rely upon a threat of material injury. However, NSIA would highlight that it is threatened with further material injury (that is foreseeable and imminent) in the absence of anti-dumping measures particularly with the devaluation of the Australian dollar over the last two months prior to lodgement of this application (as it understands the dumped imports have been negotiated on the basis of Australian dollar selling prices).

NSIA submits that anti-dumping measures are required to prevent the Australian industry manufacturing newsprint from sustaining further material injury.

**2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.**

Imports of newsprint in 2013/14 from Korea and France accounted for almost two-thirds of total imports. In 2010/11, imports from France and Korea approximated 13 per cent of total imports. NSIA considers that the dumping of newsprint from France and Korea has enabled exporters (from both countries) to displace newsprint imports from other sources and, in 2013/14, displace locally produced sales of newsprint.

Contrary to a contraction of the newsprint market, imports from France and Korea in 2013/14 – in aggregate – remain at 60 per cent above the levels of 2010/11, whereas the Australian industry's sales volumes have been reduced by 25 per cent.

Imports of newsprint at dumped prices have caused price depression and price suppression to the Australian industry in 2013/14 and are likely to continue to cause further material injury beyond 2013/14 in the absence of anti-dumping measures.

## C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods may form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application**. Applicants are advised to contact the Dumping Liaison Unit before completing this section ☎ (02) 6275-6066 Fax (02) 6275-6990**.

**1. Fully describe the locally produced raw agricultural goods.**

Newsprint is not a close processed agricultural good, hence this question does not apply to the goods the subject of this application.

**2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.**

Newsprint is not a close processed agricultural good, hence this question does not apply to the goods the subject of this application.

**3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.**

Newsprint is not a close processed agricultural good, hence this question does not apply to the goods the subject of this application.

**4. Provide information to establish either:**

- **a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or**
- **that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.**

Newsprint is not a close processed agricultural good, hence this question does not apply to the goods the subject of this application.

## C-4. Exports from a non-market economy

**1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.**

France and Korea are not considered “non-market economy” countries for the purposes of Australia’s Anti-Dumping provisions. This question is therefore not applicable to the goods the subject of this application.

**2. Nominate a comparable market economy to establish selling prices.**

Please refer to the response at Section C-4.1.

**3. Explain the basis for selection of the comparable market economy country.**

Please refer to the response at Section C-4.1.

**4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.**

Please refer to the response at Section C-4.1.

## C-5 Exports from an 'economy in transition'

**1. Provide information establishing that the country of export is an 'economy in transition'.**

France and Korea are not considered "economy-in-transition" countries for the purposes of Australia's Anti-Dumping provisions. This question is therefore not applicable to the goods the subject of this application.

**2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.**

Please refer to the response at Section C-5.1.

**3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.**

Please refer to the response at Section C-5.1.

**4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.**

Please refer to the response at Section C-5.1.

## C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B.1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

| | Quantity | % | Value | % |
|---|---|---|---|---|
| All imports into Australia | | 100% | | 100% |
| | | | | |
| **Total** | | | | |

The volume of imports from each of France and Korea of the goods the subject of this application exceed the 3 per cent negligible volume criteria. Please refer to Section B-1.5 above.

## APPENDICES

| | |
|---|---|
| Appendix A1 | Australian Production |
| Appendix A2 | Australian Market |
| Appendix A3 | Sales Turnover |
| Appendix A4 | Domestic Sales |
| Appendix A5 | Sales of Other Production (*Not Applicable*) |
| Appendix A6.1 | Cost to Make and Sell (& profit) Domestic Sales |
| Appendix A6.2 | Cost to Make and Sell (& profit) Export Sales |
| Appendix A7 | Other Injury Factors |
| Appendix A8 | Authority to Deal With Representative |