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

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February 2018
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: Peter Williams

Position: Chief Operating Officer

Company: Paper Australia Pty Ltd

ABN: ABN 63 061 583 533

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.
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).

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 Commission’s client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au
A-1 Identity and communication.

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

Contact Name: Matt Decarne  
Company and position: Trade Affairs Manager  
Address: 307 Ferntree Gully Road, Mt Waverley, Victoria, 3149  
Telephone: (03) 8540 2451  
Facsimile: (03) 8540 2284  
E-mail address: matt.decarne@australianpaper.com.au  
ABN: 49 082 475 438

Alternative contact

Name: Peter Williams  
Position in company: Chief Operating Officer  
Address: 307 Ferntree Gully Road, Mt Waverley, Victoria, 3149  
Telephone: (03) 8540 2293  
Facsimile: (03) 8540 2282  
E-mail address: Peter.Williams@australianpaper.com.au

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

Name: John O'Connor  
Business name: John O'Connor and 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: 3909 865 0241
A-2 Company information.

1. State the legal name of your business and its type (e.g. 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 applicant company requesting the anti-dumping measures is as follows:

Paper Australia Pty Ltd (ACN 061 583 533)
307 Ferntree Gully Road,
Mt. Waverley VIC 3149

Australian Paper Pty. Ltd. (ACN 082 475 438) is a wholly owned subsidiary company of Paper Australia Pty Ltd and is effectively dormant. The name ‘Australian Paper’ (abbreviated ‘AP’) is used as a business or trading name for Paper Australia Pty Ltd and is the usual way in which Paper Australia Pty Ltd is referred to in common use.

Exports of the goods (other than to New Zealand) are generally undertaken by ‘Paper Products Marketing’ (abbreviated ‘PPM’), a collection of 5 subsidiary companies of Paper Australia Pty Ltd which trades in paper worldwide.

Throughout this application, ‘Australian Paper’ or ‘AP’ will refer to Paper Australia Pty Ltd, which includes Australian Paper and the 5 subsidiary companies that make up PPM.

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

Please find attached (Confidential Attachment A-2.2) Australian Paper’s internal organisation chart.

Confidential Attachment A-2.2 identifies the key functions that include:

- ‘Office’, which manufactures, imports and sells envelopes & stationery and sells Australian Paper’s cut sheet paper as well as a very small volume of imported cut sheet paper in Australia and New Zealand;
- ‘Printing Papers’, which sells Australian Papers printing and converting papers in Australia and New Zealand. Australian Paper’s small specialty paper mill, Shoalhaven, reports to this business;
- ‘Packaging’, which sells Australian Paper’s packaging and industrial papers;
- ‘Maryvale mill’ which manufactures Australian Paper’s high volume papers including cut sheet paper, printing & converting papers and packaging & industrial papers; and
- ‘Paper Products Marketing’ (PPM) undertakes the overseas sales & export (except to NZ) of Australian Paper’s products including cut sheet paper and also trades papers manufactured by other companies internationally.
3. **List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**  
   Paper Australia Pty Ltd is a wholly owned subsidiary of Nippon Paper Industries Co. Ltd (‘NPI’) registered in Japan (Prior to 1 April 2013 Nippon Paper Group Inc.).  

4. **If your company is a subsidiary of another company list the major shareholders of that company.**  
   Paper Australia Pty Ltd is a wholly owned subsidiary of Nippon Paper Industries Co Ltd.  
   Note that the Parent Company name changed from Nippon Paper Group to Nippon Paper Industries on 1 April 2013  
   No individual shareholders of Nippon Paper Industries Co. Ltd had greater than 10% of shares as of April 1 2017.

5. **If your parent company is a subsidiary of another company, list the major shareholders of that company.**  
   Not Applicable

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).**  
   Confidential Attachment A-2.6 includes a diagram of the associated or affiliated companies.  
   If further information on the companies associated of affiliated with Nippon Paper Industries Co. Ltd is required, this is available from their website at:  
   [http://www.nipponpapergroup.com/english/about/group/](http://www.nipponpapergroup.com/english/about/group/)

7. **Are any management fees/corporate allocations charged to your company by your parent or related company?**  
   There are no management fees/corporate allocations charged to Australian Paper by its parent or related company.  
   Australian Paper does, however, cover the majority of [treatment of certain expense items at the corporate level] and also technical fees on a usage basis.

8. **Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**  
   Australian Paper and its subsidiaries and associated companies are not exporters of the goods to Australia.  
   Some significant importers of the goods and customers of the importers are also customers of Australian Paper.  
   The Australian Paper imports involve a small volume of cut sheet paper from [source] as a compliment to its range where demand does not justify local production. In total, these imports approximate [quantity] tonnes annually.
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.

Australian Paper changed from a July-June financial Year to a January-December financial year in 2009, with a half-year report July-December 2009 being produced, then annual reports for calendar years 2010-2012. A copy of the 2016 annual report is included at Confidential Attachment A-2.9.1.

The unaudited report for the half year to June 2017 is also provided as Confidential Attachment A-2.9.2. The 2017 annual report is not available at time of lodgement of this application.

Additional information on Australian Paper, Australian Office and the products is available from the following websites:
- www.australianpaper.com.au
- www.leadingbrands.com.au
- www.reflex.com.au
- www.tudor.net.au
- www.onpaper.com.au
- www.ethicalpaperthefacts.com.au
- www.queenslipper.com.au

10. Provide details of any relevant industry association.

Australian Paper is a member of the following Industry Association:

Australian Forest Products Association
PO BOX 239 Deakin West
ACT 2600
Phone: (02) 6285 3833
Facsimile: (02) 6285 3855
enquiries@ausfpa.com.au
www.ausfpa.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 imported products the subject of this application are:

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

The paper is not coated, watermarked or embossed and is subjectively white. It is made mainly from bleached chemical pulp and/or from pulp obtained by a mechanical or chemi-mechanical process and/or from recycled pulp.

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

The tariff classifications and statistical codes of the imported goods since 1 January 2012 are:

<table>
<thead>
<tr>
<th>Period</th>
<th>Subheading/statistical code</th>
<th>Description/gsm</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 1 January 2012</td>
<td>4802.56.10/03</td>
<td>A4 paper 40-89 gsm white</td>
</tr>
<tr>
<td></td>
<td>4802.56.10/09</td>
<td>A4 paper 90 to less than 150 gsm</td>
</tr>
<tr>
<td>Prior to 1 January 2012</td>
<td>4802.56.10/03</td>
<td>A4 paper 40-89 gsm</td>
</tr>
</tbody>
</table>

This application is limited to imports of A4 copy paper. In Investigation No. 341 it was brought to the attention of the Anti-Dumping Commission that some goods could be imported under subheading 4802.56.00 statistical code 09. This includes some A4 copy paper that is greater than 89 gsm and up to and including 100 gsm.
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.

The goods produced by Australian Paper are uncoated white paper of a type used for writing, printing or other graphic purposes, in the nominal basis weight range of 70 to 100 gsm and cut to sheets of metric sizes A4 (210mm x 297mm) (also commonly referred to as cut sheet paper, copy paper, office paper or laser paper).

The paper is not coated, watermarked or embossed and is subjectively white. It is made mainly from bleached chemical pulp and/or from recycled pulp.

Australian Paper has included technical documentation for the goods at Confidential Attachment A-3.3.

Additional information on Australian Paper, Australian Office and the products is available from the following websites:
   • www.leadingbrands.com.au
   • www.reflex.com.au
   • www.tudor.net.au

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

Australian Paper contends that the imported goods possess similar essential characteristics to locally produced A4 cut paper in the following ways:

a. Physical Likeness

   Both the imported goods and the goods produced by the Australian industry are white paper cut in rectangular sheets and generally wrapped in reams of 500 sheets, but also sold in packs containing different numbers of sheets. Both are what the Australian consumer would recognise as white copy paper. Unless placed side by side, the average consumer would be unlikely to notice any difference between them.

   In the Australian market, the predominant sheet size and basis weight is A4, 80 gsm. The old imperial sheet sizes have fallen out of use. As well as the 80gsm weight which dominates the Australian market, some 70gsm, 75 gsm, 90 gsm and 100gsm is used together with small amounts of heavier weights used for special purposes.

   The imported goods and the goods produced by the Australian industry are physically alike in all practical aspects.
b. Commercial Likeness

The imported goods and the goods produced by the Australian industry compete for the same market. In particular, a significant portion of the Australian market is goods wrapped and sold as the purchaser’s own brand (‘Private Label’). In this portion of the market, together with the ‘plain wrap’ and generic products, there is direct head-to-head competition between imported goods and the goods produced by the Australian industry. At different times in the past, Australian Paper has previously supplied several of the purchaser’s brand products now sourced from imports, due to the high degree of interchangeability of the Australian produced and imported products.

Where the goods are wrapped and sold in the manufacturer’s brand and are heavily promoted, e.g. Australian Paper’s ‘REFLEX®’ brand, there is some short term decoupling of price, but ultimately the end consumer will switch based on the trade-off between price, service and reputation. Low import pricing has in recent years been the limiting factor of price growth for all market segments, given that private label, and branded products compete in the same market channels, i.e. competing for ranging at major resellers, and on the same shelf space at retailers.

c. Functional Likeness

Both the imported goods and the goods produced by the Australian industry are used in the same range of applications, including high speed and low speed copying, printing (both on computer printers and small offset printers), and general use in business, education and home offices as well as in small offset printers.

The imported goods and the goods produced by the Australian industry are functionally alike in all practical aspects.

In the domestic markets of the exporting countries, the goods produced by the exporters in the nominated countries are generally comparable with the goods sold in the Australian domestic market. There are also lower priced goods which have significantly inferior appearance (e.g. lower brightness, lower whiteness, poor surface finish, specks, inconsistency etc.) and, at times, functionality (e.g. unsuited to high speed duplex copying or printing) when compared with the ‘export grade’ goods.

d. Production Likeness

The paper production and finishing processes are substantially identical across the large scale industry. Whilst some ‘non-integrated’ mills, use pulp purchased from bleached pulp mills located elsewhere, other ‘integrated’ mills, such as Australian Paper mill in Maryvale Victoria, have their own bleached pulp mills on site.

The imported goods and the goods produced by the Australian industry are manufactured using equipment and processes which are alike in all significant practical aspects and which are as described in A-3.6 below.

Investigation No. 341

The Commission considered whether the Australian industry manufactures like goods to the imported goods in Investigation No. 341. The Commission stated in Report No. 341¹:

3.5.3.1 The primary physical characteristics of imported and locally produced goods are similar

The Commission considers that the primary physical characteristics of the goods are the standard dimensions of A4 copy paper and the nominal whiteness in the colour of the paper. While ‘whiteness’ may marginally vary between different brands and models of paper, most end users would not perceive any marked difference. The Commission considers that other characteristics of the goods, such as packaging, certification, grams per square metre, brightness, recycled content and ‘type of’

whiteness are secondary characteristics which do not affect the essential physical likeness of domestically produced A4 copy paper to imported A4 copy paper. These secondary characteristics may be used by manufacturers to differentiate between products for marketing and pricing purposes.

3.5.3.2 The imported and locally produced goods are commercially alike as they are sold to common end users

The goods are commercially similar as they directly compete in the same market sectors and have similar distribution channels. The Commission observes that customers and end users of the goods have switched between domestically sourced and import sourced A4 copy paper during the investigation period.

3.5.3.3 The imported and locally produced goods are functionally alike as they have the same end uses

The Commission considers that imported and domestically produced A4 copy paper have the same end uses and that they are functionally substitutable. Common uses include copying and printing.

3.5.3.4 The imported and locally produced goods are manufactured in a similar manner

Through visiting Australian industry and cooperative exporters, the Commission is satisfied that imported and domestically produced copy paper are produced in a similar manner, using similar raw materials and production processes.

Having regard to the above, the Commissioner is satisfied that the Australian industry produces like goods to the goods that are the subject of the application.

Australian Paper submits that there have been no changes to the goods or in the production of the goods manufactured by the Australian industry in the period subsequent to the commencement of Investigation No. 341. Australian Paper therefore continues to maintain the view (as supported by the Commission) that the imported goods possess the same essential characteristics as locally produced cut sheet paper.

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

The Australian and New Zealand Standard Industrial Classification Code (ANZSIC) for cut sheet paper is 1510 - Pulp, Paper and Paperboard Manufacturing.
6. Provide a summary and a diagram of your production process.

Australian Paper’s production process is as set out by the diagram below.

The major raw material used in papermaking is wood pulp, including recycled wood pulp. At the Australian Paper mill which produces the goods, Maryvale in Gippsland, Victoria, the majority of wood pulp used is produced on site and this is supplemented by xxx% imported pulps, while at some overseas mills, [estimate] of the wood pulp is manufactured elsewhere and may be purchased on the international market or, quite frequently, from related companies in the country of export. The other two key materials used are Calcite and Starch, which for Australian Paper are both produced and supplied from within Australia.

The papermaking process in all printing & writing paper mills starts by preparing and blending pulps, filler, starch, sizing agents, dyes and minor chemicals which are then, in very dilute form (less than 1% solids) pumped to a ‘headbox’ or horizontal nozzle which forms the paper sheet on a horizontal rapidly moving mesh belt or ‘wire’ from which some of the water is drained by gravity and by suction. At the end of the wire, the paper sheet is still only around 20% solids (80% water). The sheet then passes through a series of press rolls and more water is removed by pressure, leaving the sheet about 40% solids (60% water). The remainder of the water is removed by evaporation as the sheet passes around a series of steam heated drying cylinders.

The sheet then has a layer of starch applied to each surface at the ‘size press’ and is again dried using steam heated cylinders and calendared between smooth rolls at high pressures to give a smooth surface. The sheet is then rolled into parent rolls or ‘Jumbos’ several metres long and over 2 meters in diameter, weighing several tonnes.

The Jumbos are then rewound into smaller reels, generally 1.5 metres in diameter and around 2.5 metres long for use in the sheeting process. These smaller reels are cut directly into A4, or other cut sheet sizes, usually but not always wrapped as reams (generally, but not exclusively of 500 sheets), packed into boxes and the boxes palletised on highly automated ‘finishing’ equipment (the ‘Cut Size Lines’).

At this point the cut sheet paper is ready for loading for shipment.
Note that other uncoated woodfree papers (not cut sheet paper and therefore not like goods) to be sold in rolls or large ‘folio’ sheets undergo the same process on the same equipment to the point of rewinding the jumbo reels, but is then ‘finished’ differently as rolls or sheets for use in the customers’ manufacturing processes such as printing or paper stationery manufacture.

The PaperHelp Encyclopaedia, available online at:
http://www.risiinfo.com/toolcontent?toolkit=paperhelp

provides further information on the pulp and paper making process.

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).

Historically, Australian Paper purchased recycled pulp from Amcor Australia. However, from April 2015 Australian Paper has produced pulp locally at its Maryvale site.

Between mid-2012 and April 2015 Imported DIP was used in Australian Paper’s recycled grades although inputs were on average less than xx% of the domestic product. Imports over the period were limited to long fibre wood pulp, recycled pulp, and some dyes and other chemicals. Imported DIP was last purchased in [period] and was last used in around May 2015. Installation of the Maryvale de-inked pulp (DIP) Plant has subsequently tripled Australian Paper’s usage of recycled fibres, and was designed to divert [quantity] tonnes of wastepaper away from landfill per year.

The entire manufacturing process from wood to wrapped, boxed and palletised cut sheet paper takes place in Australia (at the Maryvale mill of Australian Paper).

The paper manufacturing process is very capital intensive, with approximately A$ [value] of investment in the paper making machine alone for each annual tonne of paper production, with additional investment downstream in highly automated sheeting and packaging equipment, as well as upstream in pulp manufacture and in infrastructure such as steam boilers and chemical preparation equipment. As an example, Maryvale’s M5 paper machine, used for cut sheet paper production, was installed in 1997 at a cost of $330 million for a capacity of xxxxxx tonnes/year (now xxxxxx tonnes/year) and the sheeting and packing equipment installed with that machine cost about $xxx million for a capacity of [quantity] tonnes/year (a second line has been added for a sheeting capacity of quantity tonnes/year).

The entire Australian Paper Maryvale mill has a capital replacement value of greater than $3 Billion.

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

The goods the subject of this application is not considered “a processed agricultural good”.

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

Australian Paper is the sole Australian manufacturer of A4 copy paper.
A-4 **The Australian market.**

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

   Report 341 estimated the Australian market for A4 copy paper at approximately 210,000 tonnes that was supplied by the Australian industry and imports from a number of countries. Australian Paper has monitored the size of the Australian market and estimates that the market has contracted in 2016 (due to the cessation of stockpiling by importers) and in 2017 has corrected to a typical market size of approximately 180,000 tonnes (see graph below).

   ![Commercially sensitive graphic representation concerning Australian Paper's estimate of the A4 copy paper market 2008 to 2017.](image)

   It was further identified in Report 341 that the Commission considered there existed three broad categories of users in the Australian A4 copy paper market. These were:

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

   The key supply channels to market were identified as:

   - Retail sector;
   - Corporate stationery suppliers;
   - Resellers; and
   - The original equipment manufacturer (OEM) sector.

   The Commission further identified three broad categories of A4 copy paper sold in the Australian market:
• Manufacturer brands;
• Private label/customer brands; and
• Plain or generic labelled brands.

The product, both locally produced and imported, is described variously as white ‘cut sheet’, ‘cut ream’, ‘cut size’, ‘office paper’, ‘copy paper’ or ‘laser paper’ is used in both dry toner and ink jet copying, faxing and printing in offices and in instant printing outlets. Used in a wide variety of commercial outlets including mail houses, digital, instant and commercial printing businesses. It is also used in smaller quantities for offset printing and for general printing, business, educational and home office uses.

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 market for cut sheet paper (copy paper, office paper or laser paper) is predominantly A4 (210 x 297 mm) size and 80 gsm (401 A4 reams/tonne) with a much smaller quantity sold in other sizes (i.e. A3 and A5), with the old imperial quarto and foolscap sizes having fallen out of use. As well as 80gsm, cut sheet paper is also sold at small quantities in other sheet weights of 70 gsm (458 A4 reams/tonne), 75 gsm (427 A4 reams/tonne), 85 gsm (377 A4 reams/tonne), 90 gsm (356 A4 reams/tonne) and 100 gsm (320 A4 reams/tonne).

This application is limited to A4 copy paper.

The Australian market for cut sheet paper has dynamics that can be characterised as follows:

• A high volume commodity market with little readily discernible differentiation other than price;
• “Brand recognition” effects relate primarily to Australian Paper's REFLEX® brand which has been regularly promoted on mass media since 1984;
• Whilst the cut sheet paper market in Australia may be characterised as mature, with overall annual volumes remaining fairly flat between 2008 and 2015, there was an apparent decrease in the market size in the 2016 calendar year (in terms of imports plus local production being equal to demand). It has been suggested by independent third-party research by Industry Edge that some of this sudden decrease apparent demand was attributed to stock building by a particular importer over the prior 2 – 3 year period. The subsequent draw down of stocks meant decreased demand for new imports and local production which was evident in early 2016. Removing the effect of this market event would suggest that domestic cut sheet consumption is decreasing at a rate of approximately 3%p.a.
• Traditionally, growth in population and in the Australian workforce has offset declining per capita use of cut sheet paper, keeping the overall market size relatively stable. However, recent data suggests that growth in economic activity is no longer an accurate predictor of copy paper usage.
• The lack of growth in this market creates a situation where competing for market share with competitors is the only way to increase sales volumes; and continued low import pricing continues to lead domestic pricing down.
• Cut sheet paper in Australia is primarily sold through a handful of national key contract resellers and retailers (refer to Confidential Attachment A-4.2 Office Paper Channels to Market in 2017 for a detailed breakdown of the channels within the Australian copy paper market). These include Fuji Xerox, Winc (formerly known as Staples), OfficeMax, Lyreco, Wesfarmers, Woolworths, Australia Post and BPGI (Business Product Group International) buying group. This creates a highly concentrated procurement dynamic which places the balance of power firmly in the hands of the reseller. Cut sheet paper manufacturers seek to gain Australian market share by targeting direct supply contracts with these organisations;

• Following the outcomes in Investigation No. 341, importers have switched to new supply sources – with the countries nominated in this application key sources of supply (i.e. Austria, Finland, Korea, Russia and Slovakia).

• Australian Paper re-emphasises that paper mills must, because of their need to service the huge capital base and high fixed costs inherent in their production processes, be competitive with alternate sources of supply, often selling down to their marginal cost to avoid down-time and lay-offs from which it is difficult to recover;

• For Australian Paper to maintain operations and to avoid extended down-time (which would increase fixed costs per tonne of paper) and lay-offs (which would result in permanent loss of the skilled workforce that is critical to continued operations), it must follow the price of the lower priced imports down to the low, severely dumped price levels of some imports. This price depression results in considerable material injury, which, in turn, affects Australian Paper's ability to invest in the equipment, facilities and research needed to remain abreast of market developments. The inevitable effect of this, in the long term, is that the Australian industry is faced with a falling market share, increased imports and greatly reduced viability; and

• The market is not prone to seasonal volume fluctuations, nor is the underlying end user volume very sensitive to changes in economic factors; being underpinned by the number of Australians in full time office-based employment. Volume growth as discussed is forecast to remain flat or decline slightly on an annualised basis.

As indicated above, Australian Paper concurs with the Commission's assessment of the three basic categories of end user:

• Home and home office/small office (serviced predominantly by retailers such as Officeworks, K-Mart, Big W, supermarkets, stationers, newsagents and Australia Post);

• Medium and large business, Government and education (serviced predominantly by contract resellers such as Winc and Fuji Xerox);

• Industrial users including instant print and in-plant printing operations (serviced predominantly by wholesale paper merchants such as Spicers, Fuji Xerox, BJ Ball and contract resellers).

There are three categories of product (all interchangeable in a functional sense):

• Manufacturers brands (e.g. REFLEX®, Australian®, AA, Paper One);

• Private label products sold (e.g. Fuji Xerox, OfficeMax, Office National); and

• Plain label copy papers or generic products (targeted largely at the industrial user market which is not brand name or source-sensitive)

Both private label and generic products can be and are sourced from alternative manufacturers on a contract basis.

Dumping occurs in all end use sectors and channels of the Australian market and is supported by the common practice of retailers to use office paper as a low-priced item to draw in buyers and for
businesses to issue tenders for stationery supply where the lowest office paper price has a large influence on the outcome.

The following summarises Australian and imported manufacturers brands identified in the Australian market:

- Current Australian Paper Brands include: Reflex, Australian, Brilliant, Olympic, Tudor, all made in Australia;
- Private label brands currently manufactured by Australian Paper for others include: Staples Carbon Neutral, Staples Red, Australia Post, Aspire, Fuji Xerox Green Wrap 50%, again all made in Australia;
- Private label brands imported from Hankuk (Korea) and Mondi (Austria) by Fuji Xerox;
- Private label brand(s) imported by Hewlett Packard from International Paper of Russia;
- Private label brand(s) imported by Complete Office Supplies from Mondi of Austria and Slovakia;
- Brands Australian Paper have identified as being imported from Finland include Budget (from UPM) and DNS® Colour Print from Mondi (Slovakia).

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

While mechanical papers, tinted papers, embossed papers, watermarked papers, pre-printed papers and coated papers are on rare occasions substituted for plain white uncoated cut sheet papers, these constitute separate markets which sell generally at significantly higher prices. These products are rarely chosen as a substitute for white uncoated cut sheet paper unless there is an explicit requirement. In practice, there are no significant market substitutes.

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

Australian Paper has completed Confidential Appendix A1 – Please refer to Confidential Appendix A1.

5. Complete appendix A2 (Australian market).

Australian Paper has completed Confidential Appendix A2 – Australian market. Please refer to Confidential Appendix A2.

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

<table>
<thead>
<tr>
<th>Period</th>
<th>(a) Your Sales</th>
<th>(b) Other Aust Sales</th>
<th>(c) Total Aust Sales (a+b)</th>
<th>(d) Dumped Imports</th>
<th>(e) Other Imports</th>
<th>(f) Total Imports</th>
<th>Total Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2013</td>
<td>98.0</td>
<td>100</td>
<td>98.0</td>
<td>82.2</td>
<td>109.3</td>
<td>108.4</td>
<td>103.5</td>
</tr>
<tr>
<td>2014</td>
<td>94.1</td>
<td>100</td>
<td>94.1</td>
<td>89.5</td>
<td>118.7</td>
<td>117.8</td>
<td>106.6</td>
</tr>
<tr>
<td>2015</td>
<td>92.3</td>
<td>100</td>
<td>92.3</td>
<td>134.7</td>
<td>103.3</td>
<td>104.3</td>
<td>98.6</td>
</tr>
<tr>
<td>2016</td>
<td>99.9</td>
<td>100</td>
<td>99.9</td>
<td>36.0</td>
<td>70.9</td>
<td>69.8</td>
<td>84.0</td>
</tr>
<tr>
<td>2017</td>
<td>129.9</td>
<td>100</td>
<td>129.9</td>
<td>598.1</td>
<td>28.0</td>
<td>45.5</td>
<td>85.4</td>
</tr>
</tbody>
</table>
Notes:
1. Source: Confidential Appendix A2.
2. Calendar year – Jan to Dec data.
3. Import data for 2017 incomplete due to unpublished December 2017 ABS data, and export data for goods the subject of NCD categorisation.
4. ‘Dumped Imports’ refer to imports from countries named in this application. ‘Other Imports’ refers to all other imports, including those from countries with current measures in place.
5. For detail on classifications, please refer to Section B-1.5.

Australian Paper has prepared the Table at A-4.6 from the 2012 year to demonstrate the shift in imports away from countries the subject of measures in Investigation No. 341 (in 2015) to imports from Austria, Finland, Korea, Russia and Slovakia in 2017.

Imports from the nominated countries accounted for a mere 1,214 tonnes in 2016 and surged to more than 20,000 tonnes in 2017 (based upon incomplete 2017 import data).

The dumped imports increased substantially in 2017 due to the price undercutting evident – of both the Australian industry’s selling prices and the selling prices of imports from other source countries (including those already the subject of measures). Of the countries nominated in this application, imports from Korea, Finland, Russia and Slovakia have demonstrated the most rapid increases in volumes (e.g. Finland volume has grown from 1,188 tonnes in 2012 to 6,033 tonnes in 2017 with zero tonnes in 2016; Korean volumes have emerged from zero tonnes in 2012 to 8,446 tonnes in 2017).

A-5 Applicant’s sales.

1. Complete appendix A3 (sales turnover).

Australian Paper has completed Confidential Appendix A3 – please refer to Confidential Appendix A3.

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

Indexed table of Applicant’s sales quantities*

<table>
<thead>
<tr>
<th>Quantity</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>All products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian market</td>
<td>100</td>
<td>96.4</td>
<td>96.7</td>
<td>108.3</td>
<td>121.5</td>
<td>127.1</td>
</tr>
<tr>
<td>Export market</td>
<td>100</td>
<td>100.7</td>
<td>106.6</td>
<td>97.4</td>
<td>80.7</td>
<td>58.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>98.6</td>
<td>101.9</td>
<td>102.6</td>
<td>100.1</td>
<td>90.8</td>
</tr>
<tr>
<td>Like goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian market</td>
<td>100</td>
<td>98.0</td>
<td>94.1</td>
<td>92.3</td>
<td>99.9</td>
<td>129.9</td>
</tr>
<tr>
<td>Export market</td>
<td>100</td>
<td>146.9</td>
<td>107.5</td>
<td>123.9</td>
<td>180.5</td>
<td>116.2</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>108.4</td>
<td>97.0</td>
<td>99.0</td>
<td>117.0</td>
<td>127.0</td>
</tr>
</tbody>
</table>

Source: Confidential Appendix A3.

Australian Paper’s domestic sales of A4 copy paper improved in 2016 and further again in 2017 due to the imposition of measures (late in 2016) on injurious exports from Brazil, China, Indonesia and Thailand, and in part to Australian Paper’s acquisition of the re-seller BJ Ball’s distribution business EDOP.
Indexed table of Applicant’s sales values*

<table>
<thead>
<tr>
<th>Quantity</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td><strong>All products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian market</td>
<td>100</td>
<td>92.3</td>
<td>90.0</td>
<td>95.2</td>
<td>99.6</td>
<td>101.3</td>
</tr>
<tr>
<td>Export market</td>
<td>100</td>
<td>109.2</td>
<td>126.4</td>
<td>126.4</td>
<td>110.9</td>
<td>71.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>98.6</td>
<td>103.6</td>
<td>106.9</td>
<td>103.8</td>
<td>90.2</td>
</tr>
<tr>
<td><strong>Like goods</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian market</td>
<td>100</td>
<td>93.5</td>
<td>88.6</td>
<td>83.0</td>
<td>87.7</td>
<td>110.7</td>
</tr>
<tr>
<td>Export market</td>
<td>100</td>
<td>139.8</td>
<td>114.3</td>
<td>131.8</td>
<td>191.2</td>
<td>125.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100.1</td>
<td>92.3</td>
<td>89.9</td>
<td>102.4</td>
<td>112.8</td>
</tr>
</tbody>
</table>

Source: Confidential Appendix A3

Australian Paper’s sales values of A4 copy paper improved in 2017 (following the imposition of measures). However, domestic sales revenues for the goods has not tracked increases in sales volumes due to price undercutting from the dumped imports from the new source countries Austria, Finland, Korea, Russia and Slovakia.

The following graph contrasts Australian Paper’s sales volumes with average domestic selling prices for A4 copy paper from 2012 to 2017.

**Graph A-5.1 – Australian Paper’s A4 copy paper domestic sales volumes and selling price**

![Graph A-5.1](image)

Source: Confidential Appendix A3.

Australian Paper operates five paper making machines at its Maryvale, Victoria mill. Three of the mills are specialised packaging paper machines and two manufacture cut sheet papers as well as other uncoated printing, writing and conversion papers. Australian Paper also had a paper machine in Shoalhaven NSW producing specialty printing and writing papers, however, this facility was forced to close down in mid-2015 as part of the business’ turnaround strategy.
Cut sheet papers (like goods) are produced as rolls on paper machines that make a range of similar uncoated papers which include envelope papers, offset printing papers and scholastic papers. Because of the high level of investment and relatively high costs which do not vary in proportion to production levels, the total volume of production is, wherever possible, maintained to give high equipment utilisation, with any volume above the domestic cut sheet paper sales sold in other markets.

Australian Paper has the capacity to supply the entire domestic market for A4 copy paper if not for imported like goods. However, due to continued import competition since 2010, Australian Paper has been forced to sell this production to the less lucrative export markets. Subsequently products like Reflex cannot benefit from the high domestic brand awareness as a result of sustained marketing, and therefore must forego the premium price they achieve in the local market.

Whilst the volume of Australian Paper’s domestic sales of like goods in 2017 was xxx per cent higher than that of 2016, the value of these sales only increased by xxx per cent, indicating that prices in the domestic market have continued to fall as result of import competition from dumped imports.

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.

Australian Paper imports small volumes of cut sheet paper from Europe as a compliment to its range where demand does not justify local production. In total, these imports are around [quantity] tonnes (Appendix A5) annually and comprise specialist papers sold at premium prices.

Australian Paper also makes its export sales (other than to New Zealand) through PPM, a group of subsidiary companies. Please refer to Confidential Appendix A5 that includes details of these transfers and sales.


Confidential Appendix A4 is supplied as a spreadsheet in electronic form because of the size of the file.

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.

All sales are to unrelated parties. This question is therefore not applicable.

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

Each distributor agreement is individually negotiated.

Confidential Attachment A-5.6 is a typical distributor agreement.

7. Provide copies of any price lists.

Representative Price lists setting out list prices of Australian Paper office papers to various sizes of distributor are contained in Confidential Attachment A-5.7 as follows:

- Confidential Attachment A-5.7.1 – Large Stationery Retailer price list
- Confidential Attachment A-5.7.2 – Buying Group price list
- Confidential Attachment A-5.7.3 – Independent Dealers price list

In practice the pricing structure, including quantity discounts and rebates are negotiated individually with each distributor, resulting in several hundred individual price lists.
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.

Following the purchase of Paper Australia Pty Ltd by Nippon Paper in mid-2009, distributor agreements and pricing structures have been individually negotiated, with most based on net prices.

Where a structure involving discounts and rebates still remains in place, Confidential Attachment A-5.8 explains the underlying principles of the discount & rebate system.

* Price reduction is often delivered as rebates paid ‘off-invoice’ and also as off-invoice ‘contributions to marketing’ or similar, frequently totalling as much as xx % or more of the headline invoice price and import declaration. These are rarely directly connected with invoices and may be paid at the of the year as lump contribution;

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.

Confidential Attachment A-5.9 contains complete sets of commercial documentation for two domestic sales in each quarter over the 12 months to December 2017.
A-6 General accounting/administration information.

1. Specify your accounting period.
   January 1 to December 31
   Note that Paper Australia Pty. Ltd. changed from a July-June financial Year to a January-December (calendar year) financial year in July 2009.

2. Provide details of the address(es) where your financial records are held.
   General Financial Records, Sales Records
   Australian Paper
   307 Ferntree Gully Road,
   Mt. Waverley VIC 3149

   Production and Production Cost Records
   Australian Paper
   Maryvale Mill,
   Morwell VIC 3840

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;
     Australian Paper’s chart of accounts is included at Confidential Attachment A-6.3.1.
   • audited consolidated and unconsolidated financial statements (including all footnotes and the auditor’s opinion);
     Annual Reports for 2017 containing audited financial statements with footnotes and auditors opinion are provided as Confidential Attachment A-2.9.
   • 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.

     Confidential Attachment A-6.3.2 contains extracts from internal management accounts. These accounts are utilised by the auditors in preparing their opinion.
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.

Audited accounts for 2016 are included at Confidential Attachment A-2.9.1.

The unaudited yearly statement for 2017 is included as Confidential Attachment A-2.9.2.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

This question is not applicable.

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;

     Accrual Method

   • provisions for bad or doubtful debts;

     Provision for doubtful debts are based on the age profile of the debt and whether it is insured against non-payment. A provision for bad or doubtful debts is made at approximately xxx % of debtors.

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

     Head Office selling expenses and interest are not allocated to cost of goods. Mill overheads are allocated as described below.

   • costing methods (e.g. by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes

     Mill overheads are allocated to cost of goods by tonnes. Other costs shared with other processes are allocated by the most appropriate method in each case. These are explained in annotations to Confidential Appendix A6.

   • the method of valuation for inventories of raw material, work-in-process, and finished goods (e.g. FIFO, weighted average cost);

     - Raw Material
     - Work in process
     - Finished Goods

     Weighted Average
     Standard Cost

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

     Scrap produced in the papermaking process (also referred to as 'broke') is returned to the papermaking process for reuse. It is valued at the cost of its pulp content.

     There are no by-products or joint products

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

     Damaged or substandard goods are generally returned to the process for reuse and are treated as for scrap above.

   • valuation and revaluation of fixed assets;

     Assets are valued at original cost with impairments of some assets prior to the purchase of Paper Australia Pty. Ltd. by Nippon Paper in June 2009. There have been no subsequent revaluations.

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

     Useful life of major pulp and paper production equipment is in excess of 25 years. Depreciation
is straight line at 4% pa. Converting equipment, which has a shorter operating life, is depreciated at 10% pa.

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

Australian Paper has a policy of hedging a minimum of xxx % of known net foreign currency exposures and has discretion to hedge up to xxx % of known net foreign currency exposures. FX gains and losses occur due to under-hedging (xxx %), transaction timing and the shape of the forward FX curve. These gains and losses are booked as such in the financial accounts.

Net investments in the USA are hedged using USD borrowings. FX movements are accounted for in the balance sheet only.

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

An Organisation restructure of the Corporate functions of Australian Paper was implemented in 2015. Redundancy costs of $xxM were incurred in 2015 in the areas of Sales and Marketing, Finance, Logistics. Once off, business turnaround specialists costs of $xxM was incurred in 2015.

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.**

There have been no changes of significance since the purchase of Paper Australia Pty. Ltd. by Nippon Paper in mid-2009.

**A-7 Cost information**

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

   Australian Paper has completed Confidential Appendices A6.1 and A6.2 and included in the application.
A-8 Injury

The principal indicators of injury are prices, volumes and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where injury is threatened, but has not yet occurred, refer to question C.2.

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

The Australian industry commenced to experience injury from the dumped exports from Austria, Finland, Korea, Russia and Slovakia in 2017 as importers switches sources of supply away from countries the subject of measures in Investigation No. 341 (i.e. Brazil, China, Indonesia and Thailand).

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

Please refer to completed Confidential Appendices A6.1 and Appendix A6.2 for each category of A4 copy paper, including as follows:

- for 0 to 20 per cent recycled paper;
- for 21 – 79 per cent recycled paper; and
- for 80 – 100 per cent recycled paper.

Australian Paper has also completed an aggregate Appendix A-6.1 and A-6.2 for all categories.

It should be noted that across the injury period, production of A4 cut paper of 0-20 per cent recycling grade accounts for approximately xx per cent of all like goods (i.e. A4 cut paper) manufactured by the company. The economic indicators shown in Sections A-8.2 and A-8.3 are therefore representative of the total A4 cut paper categories manufactured by Australian Paper.

### Index of production variations (model, type, grade of goods)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A4 0-20%</td>
<td>100</td>
<td>102.7</td>
<td>86.1</td>
<td>92.3</td>
<td>114.7</td>
<td>113.4</td>
</tr>
<tr>
<td>A4 21-79%</td>
<td>100</td>
<td>101.5</td>
<td>88.1</td>
<td>70.4</td>
<td>58.4</td>
<td>94.4</td>
</tr>
<tr>
<td>A4 80-100%</td>
<td>100</td>
<td>102.2</td>
<td>86.5</td>
<td>103.6</td>
<td>109.3</td>
<td>123.4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>102.6</td>
<td>86.3</td>
<td>91.4</td>
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<td>112.6</td>
</tr>
</tbody>
</table>

Notes:
1. Production data sourced from Confidential Appendix A6.1 and A6.2.
2. Years ending December.
3. Refer Confidential Appendix A6.1 worksheet “Section A-8.2 Indices”.

Australian Paper has experienced a decline in production levels of A4 cut paper from 2012 to 2014, with volumes declining substantially in 2014, increasing in 2015 and the further again 2016 and 2017 (likely in response to measures being imposed on exports from China and Thailand in September 2016, followed by further measures to Brazil and Indonesia in December 2016).
Index of cost variations (model, type, grade of goods)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>A4 0-20%</td>
<td>100</td>
<td>93.3</td>
<td>92.2</td>
<td>93.9</td>
<td>96.5</td>
<td>94.3</td>
</tr>
<tr>
<td>A4 21-79%</td>
<td>100</td>
<td>98.4</td>
<td>98.5</td>
<td>89.1</td>
<td>132.1</td>
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<td>A4 80-100%</td>
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<td>80.6</td>
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<td>92.3</td>
<td>96.8</td>
<td>92.9</td>
</tr>
</tbody>
</table>

Notes:
1. Refer Confidential Appendix A6.1 (Line 49)
2. Domestic only
3. Years ending December.

Australian Paper’s CTM&S the goods increased in 2016 and has fallen in 2017 as Australian Paper has secured increased production volumes for supply to the Australian market. The approximate 6 per cent increase in production costs since 2015 has been offset by reductions in Australian Paper’s selling costs (a reduction of approximately 20 per cent).

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

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>A4 0-20%</td>
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<td>96.0</td>
<td>94.5</td>
<td>90.0</td>
<td>87.8</td>
<td>85.7</td>
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<tr>
<td>A4 21-79%</td>
<td>100</td>
<td>92.7</td>
<td>92.0</td>
<td>93.3</td>
<td>94.2</td>
<td>97.2</td>
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<tr>
<td>A4 80-100%</td>
<td>100</td>
<td>93.6</td>
<td>93.5</td>
<td>90.2</td>
<td>88.0</td>
<td>84.8</td>
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<tr>
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<td>95.4</td>
<td>94.1</td>
<td>89.9</td>
<td>87.8</td>
<td>85.2</td>
</tr>
</tbody>
</table>

Notes:
1. Refer Confidential Appendix A6.1 (Line 56).
2. Domestic only
3. Years ending December.

Following the imposition of preliminary measures in September 2016 on A4 copy paper exports from China and Thailand (with the measures further extended in December 2016 to imports from Brazil and Indonesia), it was Australian Paper’s expectation that it would be able to recover from the depressed and suppressed pricing caused by the injurious imports.

Australian Paper’s domestic pricing declined by approximately 2 per cent in 2016 as it sought to recover sales volumes from the dumped and injurious exports from the countries included in Investigation 341. Australian Paper’s anticipated recovery in prices in 2017 failed to materialize as the dumped imports from Austria, Finland, Korea, Russia and Slovakia undercut Australian Paper’s prices (and the prices of imports from the countries the subject of the measures) culminating in a further deterioration in prices of approximately 2.6 per cent.

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

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<tbody>
<tr>
<td>A4 0-20%</td>
<td>100</td>
<td>122.1</td>
<td>116.6</td>
<td>52.5</td>
<td>2.5</td>
<td>1.1</td>
</tr>
<tr>
<td>A4 21-79%</td>
<td>100</td>
<td>44.2</td>
<td>36.8</td>
<td>128.8</td>
<td>-226.4</td>
<td>174.4</td>
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<tr>
<td>A4 80-100%</td>
<td>100</td>
<td>-16.5</td>
<td>73.0</td>
<td>319.4</td>
<td>348.0</td>
<td>112.1</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>105.0</td>
<td>105.2</td>
<td>66.3</td>
<td>-2.1</td>
<td>8.6</td>
</tr>
</tbody>
</table>

Notes:
1. Refer Confidential Appendix A6.1 (Line N60).
2. Years ending December.
Australian Paper has experienced a deterioration in profit in 2016 (prior to measures taking effect) and further in 2017 due to the price undercutting evident (refer Section A-9.2 below) from the countries nominated in this application.

Australian Paper’s profit declined in 2016 ([stated level] prior to measures taking effect) and has remained at depressed levels in 2017 as it responded to offers of dumped imports from Austria, Finland, Korea, Russia and Slovakia.

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

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<tbody>
<tr>
<td>A4 0-20%</td>
<td>100</td>
<td>127.3</td>
<td>123.4</td>
<td>58.3</td>
<td>2.8</td>
<td>1.3</td>
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<td>A4 21-79%</td>
<td>100</td>
<td>47.7</td>
<td>40.0</td>
<td>138.1</td>
<td>-240.3</td>
<td>179.3</td>
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<tr>
<td>A4 80-100%</td>
<td>100</td>
<td>-17.6</td>
<td>78.1</td>
<td>354.0</td>
<td>395.5</td>
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<td>73.7</td>
<td>-2.4</td>
<td>10.0</td>
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</table>

Notes:
1. Refer Confidential Appendix A6.1 (Line 62).
2. Years ending December.

Australian Paper’s decline in profitability followed the trend in unit profit in each of 2016 and 2017. Australian Paper’s profitability in 2017 was less than xx per cent - a level insufficient to consider reinvestment in the goods the subject of the application.

3. **Complete appendix A7 (other injury factors).**

Australian paper has completed Appendix A7 from 2012 to 2017 inclusive, by quarter.

Please refer to Confidential Appendix A7 for all “other” economic indicators.

In 2017, Australian paper has improved its domestic sales revenues, research & development expenditure, capacity utilisation, increased employment and reduced holding stock levels. The improvements in most of these indicators was from a very low base in 2015 which was adversely impacted by dumped imports.

The key indicator that best demonstrates Australian paper’s economic performance, however, following the imposition of measures at the end of 2016 on injurious exports from Brazil, China, Indonesia and Thailand, is Australian paper’s return on investment. As Australian Paper’s profit has declined substantially from the level of 2015 (in both of 2016 and remained at similar levels in 2017), the return on investment indicator has also remained subdued.

*Index of Return on Investment (as represented by return on sales)*

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<tr>
<td>A4 Cut Paper</td>
<td>100</td>
<td>105.0</td>
<td>105.2</td>
<td>66.3</td>
<td>-2.1</td>
<td>8.6</td>
</tr>
</tbody>
</table>

Notes:
1. Refer Confidential Appendix A6.1 – Return on Selling Price.

As indicated at A-8.2 above, Australian Paper’s return on sales (considered a more relevant measurement of ROI) declined further from 2015 into 2016, and only recovered marginally in 2017, to be less than 1 per cent in 2017.
Index of Capacity Utilisation

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<tbody>
<tr>
<td>A4 Cut Paper</td>
<td>100</td>
<td>99.5</td>
<td>86.1</td>
<td>96.8</td>
<td>118.2</td>
<td>115.4</td>
</tr>
</tbody>
</table>

Notes:
1. Refer Confidential Appendix A7.
2. Line 32.

Australian Paper has experienced an increase in capacity utilisation for A4 copy paper production in 2016, maintaining at similar levels in 2017.

Index of Employment

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<tbody>
<tr>
<td>A4 Cut Paper</td>
<td>100</td>
<td>93.4</td>
<td>73.2</td>
<td>96.7</td>
<td>110.4</td>
<td>115.3</td>
</tr>
</tbody>
</table>

Notes:
3. Refer Confidential Appendix A7 – Employees (Like Goods only).
4. Line 38.

Australian Paper has increased the number of employees working at Maryvale following the imposition of measures on injurious imports in late 2016.
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 appendix A2 (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.

Following the Commission’s investigation into the dumping of A4 copy paper from Brazil, China, Indonesia and Thailand (Investigation No. 341, completed April 2017), Australia Paper had anticipated that it would experience a recovery in sales volumes and prices from the depressed and suppressed levels experienced in 2015.

The anti-dumping (and countervailing measures) took effect from the end of 2016 (when provisional measures were applied to all four exporting countries). From late 2016 and into 2017, Australian Paper’s sales volumes improved and replaced a large proportion of the dumped and injurious exports the subject of the measures. At the same time, importers quit the large stock holdings that had progressively accumulated in 2015 and early 2016 and sold the excess tonnes into the Australian market (hence the contraction of the size of the import volumes in 2016 and 2017) as reflected in Confidential Appendix A2 – Australian Market). As stock levels diminished, certain Australian importers pursued alternate sources of supply – predominantly from countries not the subject of measures.

The following Figure A-9.1 depicts the growth in imports from the countries the subject of this application from earlier periods. As evidenced in Confidential Appendix A2, the volumes of imports from Austria, Finland, Korea, Russia and Slovakia in 2016 were minor – approximately 1,214 tonnes in aggregate (although there were 2,022 tonnes from Austria and 2,510 tonnes from Finland in 2015).

Figure A-9.1 – A4 copy paper imports - New market entrants in 2017
Figure A-9.1 further highlights that the A$FOB export prices for A4 copy paper exported from Finland, Korea, Russia and Slovakia were at levels below the prices of exports from countries the subject of the measures, enabling exporters in the newly emerging countries to increase market share at an accelerated rate.

The impact of the increasing exports from Austria, Finland, Korea, Russia and Slovakia has primarily been price-related, although the rapid growth in the export volumes has seen the dumped imports account for approximately 11 per cent of the total Australian market in 2017 (up from less than 1 per cent in 2016). The dumped imports have undercut the selling prices of all other market participants (Australian paper and imports from Brazil, China, Indonesia and Thailand) to secure a substantial foothold in the Australian market for A4 copy paper.

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

The Australian market for A4 copy paper operated at elevated levels in 2014 and 2015 as importers built stock of imported product. In Investigation No. 341, the Commission found that dumped imported A4 copy paper from Brazil, China, Indonesia and Thailand accounted for 52 per cent of total sales in Australia during 2015. The Australian industry’s market share was at approximately 44 per cent.

Following the imposition of measures in late 2016, import volumes contracted – particularly from Brazil, China, Indonesia and Thailand. These volumes contracted further again in 2017 accounting for approximately 16 per cent of the Australian market.
With the contraction of imports from countries the subject of measures, the growth in import volumes from Austria, Finland, Korea, Russia and Slovakia was only made possible by the dumped prices that undercut both the Australian industry’s selling prices, and the non-dumped prices of imports from Brazil, China, Indonesia and Thailand (the previous ‘benchmark’ pricing countries prior to the measures).

Figure A-9.1 demonstrates the A$FOB prices for A4 copy paper exported from Austria, Finland, Korea, Russia and Slovakia at levels that undercut the A$FOB prices from the countries the subject of measures. This price undercutting enables exporters from the countries nominated in this application to increase exports to Australia and displace exports from other suppliers. The price undercutting also impacted Australian Paper’s ability to recover prices from the depressed levels of 2015. In fact, the dumped import prices in 2017 have contributed to Australian Paper reducing its selling prices by approximately 4 per cent (from the levels of 2016). The reduction in selling prices has further caused an erosion of profit and profitability (from 2015 levels) for Australian Paper such that the Australian industry’s return on sales in 2017 was less than xx per cent.

In order to demonstrate the injury experienced by Australian Paper throughout 2017, the following case studies highlight the extent of price undercutting from imports of the goods from each of the nominated countries in this application.

(i) Case Study 1 – Austria

Australian Paper was notified by its merchandisers that ‘Fuji Xerox Professional’ brand was for sale in Officeworks in July 2017 (see photographs below). Pricing obtained from Officeworks website at this time confirmed a price of $4.50 per ream inclusive of gst. The product is clearly labelled as having been produced in Austria, and is understood to have been produced at Mondi’s Theresienthal Mill, due to the fact that the only other Austrian producer of copy paper produced mostly recycled grades (Lenzing Paper Mill). Australian Paper understands that Officeworks was purchasing this brand from Fuji Xerox Printers for around $x.xx (incl gst) (before rebates). According to Officeworks scan data, Australian Paper’s ‘Reflex Ultra White A4’ brand went on sale around this time for a period of 9 weeks. The standard pricing of $6.25 (incl gst) was reduced by approximately 20 per cent to $4.99 including gst to match similar prices at other outlets such as Australia Post, Coles and Big W.
(ii) Case Study – Finland

Australian Paper understands that UPM Finland is supplying A4 copy paper to Lyreco, the Australian importer of the goods. Lyreco is a privately owned subsidiary of the French based Lyreco Group, a worldwide distributor of office products which has operated in Australia since 2004.

Lyreco’s principal business is supplying office supplies (such as stationery, printers, toners, kitchen needs and copy paper) directly to corporations (for example supplying Woolworth’s office usage) and government departments i.e. within the “Commercial Stationers” channel. Its largest competitors are Winc (formerly Staples), Officemax and Complete Office Supplies (“COS”) which also compete for volumes in this highly competitive channel.

Prior to the introduction of anti-dumping measures to imports from certain countries as a result of Investigation 341, UPM Australia acted as an agent on behalf of UPM Asia Pacific Pte Ltd, who sold copy paper to Lyreco. The copy paper being imported at the time was manufactured by UPM (China) Co.

When anti-dumping measures were set in place in late 2016, the import statistics showed a gradual reduction of volumes from China into Australia over the subsequent six month period, and an immediate commencement of supply of UPM Finland manufactured volumes. Import statistics confirm that Finnish imports in 2017 effectively replaced 22% of the 2016 Chinese volumes. The remainder of the volumes...
formerly imported by Chinese imports has been won by Australian Paper and their customers as well as imports from other countries named in this application (refer Figure A-9.2.1 below).

**Figure A-9.2.1 – Chinese import volumes replaced by imports from Finland**

![Graph showing UPM China being replaced by UPM Finland](image)

Lyreco is estimated to hold approximately 6,400 tonnes per annum worth of office papers (includes both A4 and other sizes of cut sheet paper) business within the commercial channel which represents approximately xxx % share of this sales channel. This volume aligns with imported volumes from Finland of just over 6,000 tonnes of copy paper in 2017. Australian Paper does not have access to pricing information on products at Lyreco given the highly price sensitive and competitive nature of the segment. However, import pricing at FOB levels suggests that UPM Finland is supplying Finnish copy paper to Lyreco at prices which undercut exports from countries the subject of measures (e.g. China) and have grown in volume throughout 2017 (See Figure A-9.1 above confirming price undercutting).
(iii) Case Study – Korea

Imported A4 copy paper from Korea has been supplied by Hankuk Paper and imported by Fuji Xerox Printers for supply to the retailer Officeworks (as well as sourcing from Austria). Officeworks is the largest retailer of copy paper in Australia and operates an ‘everyday low pricing’ strategy. Under this strategy, weekly discounts are rare and Officeworks’ price match guarantee means that they will set the price with the competition. Fuji Xerox Australia turned to Hankuk Korea to fill the gap left by China (following the imposition of measures). The Hankuk Paper product branded as Fuji Xerox Professional is shown below and was priced at $x.xx per ream (incl gst). At this time, Australian Paper’s ‘Reflex’ brand was priced at $4.99 per ream (incl gst).

The following Figure A-9.2.2 depicts the change in supply of A4 copy paper from China to Korea following the imposition of measures in Investigation No. 341. A clear trend to Korean-sourced product is evident.

Figure A-9.2.2 – Imports of A4 copy paper from Korea
Australian Paper also received feedback from a customer that it was sourcing Korean A4 copy paper at a very low $x.xx per ream (incl gst) through Fuji Xerox Printers. This confirmed Australian Paper’s understanding that Fuji Xerox Printers had switched supply sources from China to Korea (and others) to supply the Australian A4 copy paper market. Please refer to Confidential Attachment A-9.2.1 for customer correspondence.

In the reseller market, Vital Office confirmed that it was sourcing Korean A4 copy paper from Fuji Xerox Australia (sourced from Hankuk) at competitive prices. A copy of this correspondence and pricing lists is included at Confidential Attachment A-9.2.2.

(iv) Case Study - Russia

It is understood by Australian Paper that Russian A4 copy paper is imported into Australia by Fuji Xerox Printers and sold to its customers [customer names]. The A4 copy paper imported by Fuji Xerox Printers is sourced from Mondi in Illin. It is further understood that Jackaroo (supplying COS and Office Choice/National) is sourcing from international Paper in Russia. On this basis, Russian exports have been sold into all major channels in the Australian market (i.e. retail, commercial and resellers).

Australian Paper has obtained pricing intelligence on Russian A4 copy paper imported by Fuji Xerox Australia and sold by MediaForm. MediaForm markets a ‘total print solution’ to its customers, including the supply of copy paper and other stationary products, servicing small to medium enterprises and competing with players in the reseller channel.

It is further believed that resell pricing from MediaForm to its customers was at $x.xx per ream (incl gst) in January 2017 and steadily decreased throughout the year to stabilise at around $x.xx per ream (incl gst) in the third quarter of the year. These sustained price reductions are supported by pricing as declared in export statistics that trend downwards throughout the course of the year (i.e. from A$FOB 927 in January 2017 to A$FOB 777 in December 2017).

Please note the “Made in Russia” statement on the MediaForm ream below.
(v) Case Study - Slovakia

According to the ABS import data, Slovakia exported approximately 2,200 tonnes of copy paper to Australia in 2017 that was produced by the country’s sole copy paper manufacturer Mondi (Ružomberok Mill). Costco was the main destination for the Slovakian paper, selling this product at severely discounted prices throughout the year. Both Fuji Xerox Printers and Mondi Australia Pty Ltd are believed to have imported the goods, as can be seen from the below photographs where boxes from both companies are labelled as made in Slovakia.

Australian Paper also received confirmation that in early 2017, Mondi was selling Slovakian produced copy paper into COS for their private label brand, and pricing was understood to be around $x.xx (incl. gst).

Australian Paper is aware that Costco competes fiercely in the retail channel, often acting as a price setter in the segment, due to price matching strategies that it pursues (i.e. with other retailers such as Officeworks – see advertisement from Officeworks below).
Figure – A-9.2.3 – Import volumes and A$FOB price for A4 copy paper – ex Slovakia
Price monitoring

The foregoing examples detailing prices for imported A4 copy paper from the countries nominated in this application have been sourced from Australian Paper’s “name” which monitors pricing for all imported A4 copy paper sold in the various market channels in Australia.

Australian Paper’s “Name” is included at Confidential Attachment A-9.2 and details the price offers for imported goods from Austria, Finland, Korea, Russia and Slovakia that have held Australian paper's pricing at depressed levels throughout 2017.

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).

The impact of the dumped exports on Australian Paper’s economic performance relates more to Australian Paper’s inability to raise prices from the depressed levels apparent in 2015 (the period in which the Commission has previously determined that Australian Paper suffered material injury from dumping and subsidisation involving exports from Brazil, China, Indonesia and Thailand).

Australian Paper held an expectation that it would be able to increase its selling prices from the depressed levels of 2015, to recover increases in production and selling costs. The provisional measures were not fully operational on all source countries in Investigation No. 341 until the end of 2016, hence, any price recovery should have occurred in 2017. As is evidenced in Confidential Appendix A6.1, Australian Paper’s CTM&S increased in 2016 and was stable in 2017, although selling prices decreased in 2016 (by 2.4 per cent) and further again in 2017 (by an additional 3 per cent).

Australian Paper therefore experienced further erosion of its margin between costs and selling prices in each of 2016 and 2017. In 2016, the source of the price competition was from exports from Brazil, China, Indonesia and Thailand. In 2017 – following the imposition of measures on all four countries in Investigation No. 341, importers changed sources of supply for A4 copy paper away from the countries the subject of measures, to countries unfettered with anti-dumping measures (i.e. Austria, Finland, Korea, Russia and Slovakia).

The change to the new sources of supply was dramatic (and effective), with exports from the nominated countries growing from less than 1 per cent of the Australian market in 2016 to approximately 11 per cent in 2017.

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 appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

Australian Paper has prepared Confidential Appendix A7 “Other factors” and attached to this application.

The impact of the measures in Investigation No. 341 is evident from the increase in production of A4 copy paper by Australian paper in 2016 and 2017. This improved production throughput has enabled Australian Paper to deliver positive turnarounds in capacity utilisation, employment and revenues (key indicators that had deteriorated in the 2015 investigation period in Investigation No. 341)².

² Refer Report No. 341, Section 9.9, P. 113.
However, with further reductions in Australian Paper’s selling prices in 2016 and further again in 2017, Australian Paper’s return on investment and attractiveness to reinvest in the A4 copy paper business are at further reduced levels than 2015.

Australian Paper continues to suffer injury in the form of return on investment and attractiveness to reinvest in A4 copy paper production.

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

In its application for measures in February 2016, Australian Paper outlined that it had suffered a 35 per cent reduction in domestic profit in 2015 (when contrasted with 2014) and that selling prices had fallen by 10 per cent since 2012.

Australian Paper alleged that the profit and price impacts on its economic performance in 2015 were ‘material’.

In the proposed 2017 investigation period for this application, Australian Paper has experienced a further deterioration of profit of 54 per cent from 2014 levels, and pricing has reduced a further 5.4 per cent since 2015.

Australian paper considers the incremental deteriorations in price and profit are material to the A4 copy paper business. In 2017, Australian Paper achieved domestic sales revenues of $xxxM, with a return on sales of less than xx per cent. Thus Australian paper continues to suffer injury from dumping in 2017 that it considers is ‘material’ in nature.

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.**

In Investigation No. 341, the Commission examined the impact of other sources of injury to Australian Paper in the A4 copy paper market. The Commission determined after having examined these “other” factors (including the De-Inking plant, the US anti-dumping investigation, the bushfire and chemical spill incidents in 2015, Australian Paper’s imports, restructuring costs, etc) that the other factors did not detract from the finding that Australian Paper had suffered material injury from the dumped (and subsidised) exports to Australia.

Over the intervening period to the end of 2017, there have been no further factors that have materially contributed to injury sustained by Australian Paper, other than the dumped exports to Australia from Austria, Finland, Korea, Russia and Slovakia. Australian Paper notes that the imports from the four countries investigated in Investigation No. 341 – which accounted for 52 per cent market share in 2015 – had decreased to 16 per cent in 2017. The A$FOB prices for exports from the countries the subject of this application are at levels below the export prices from countries the subject of measures – refer to Figure A-9.1.1 above.

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 appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.**

Following the imposition of measures in Investigation No. 341, Australian Paper harboured an expectation that it would recover sales volumes, market share and profit and profitability from the dumped and injurious exports from Brazil, China, Indonesia and Thailand.
This expectation did not come to fruition as importers previously sourcing from the countries the subject of Investigation No. 341 sought out alternate countries not the subject of measures for supply (i.e. from Austria, Finland, Korea, Russia and Slovakia).

Countries which are the subject of this investigation held less than 1 per cent market share in 2016. Through price undercutting (as evidenced in Section A-9.1 above) of the Australian industry's selling prices and the export prices from countries the subject of measures, exports from the nominated countries in this application have rapidly grown to approximately 11 per cent of the Australian market – a startling increase in only 12 months!

The growth in imports from the five nominated countries can be attributed to the very low A$FOB prices. After taking full account of the post-FOB export charges from each of the countries (estimated at approximately A$xxx per tonne – refer to Confidential Attachment B-2.3 where post-FOB export charges are shown), the landed selling prices into store in Australia undercut Australian Paper’s 2017 average selling price as follows:

- Austria – by up to 12 per cent;
- Finland – by up to 16 per cent;
- Korea – by up to 5 per cent;
- Russia – by up to 22 per cent; and
- Slovakia – by up to 16 per cent.

The impact of the dumping and injury from Austria, Finland, Korea, Russia and Slovakia in 2017 on the Australian industry is significant. The further reductions in selling prices in 2017 jeopardise Australian Paper’s ability to continue to re-invest in its Maryvale operation. Australian Paper respectfully requests that the Commission commence a formal investigation into the allegations of dumping and injury as contained in this application as soon as practicable. Additionally, Australian Paper requests that The Commission publish a Preliminary Affirmative Determination (“PAD”) and impose provisional measures from Day 60 of the new investigation into these allegations.
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 Commission’s client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au
B-1 Source of exports.

1. Identify the country(ies) of export of the dumped and/or subsidised goods.

The goods the subject of this application have been exported from Austria, Finland, the Republic of Korea, the Russian Federation (“Russia”) and the Slovak Republic (“Slovakia”).

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

It is understood that the country of origin is also the country of export for each of the nominated countries.

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.

For the purposes of Australia’s anti-dumping provisions, exports from Austria, Finland, Korea, Russia and Slovakia are not considered non-market economy countries, or economies-in-transition countries.

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

* producers of the goods exported to Australia:

The following company is a producer/exporter of A4 copy paper in Austria:

- Mondi Neusiedler GmbH
  TheresienthalstraBe 50
  Ulmerfeld-Hausmening, AT
  Lower Austria (Niederösterreich), A-3363 Austria
  Tel: +43 7475 500 0
  Fax: +43 7475500 2259

  Australian Paper understands that Mondi supplies to Fuji Xerox Printers in Australia, as well as OfficeMax.

The following company is a producer/exporter in Finland:

- UPM Kymi Mill
  Selluntie 1
  FI-45700 Kuusankoski
  Finland
  Tel: +358 2041 5121
  Email: info.kymi@upm.com

  Australian Paper understands that Lyreco is the importer of A4 copy paper from UPM Finland and markets under the ‘Budget’ brand.

The following companies are producers/exporters in Korea:

- Hankuk Paper
  350, Dangwol-ri, Onsan-eup, Ulju-gun
  Ulsan-si, Gyeongsangnam-do, 689-892
  South Korea

  Hankuk’s Head Office is located in Seoul. Address is:
Australian Paper is aware that Fuji Xerox Printers sources Miilk brand as well as private label copy paper from Hankuk Paper.

The following companies are producers/exporters of A4 copy paper in Russia:

- **International Paper**
  ul. Zavodskaya 17
  Svetogorsk, Leningrad Oblast, 188991
  Russian Federation
  Tel: +7 81378 41222; 44062; 44881; 41111.

  Australian Paper understands that Jackaroo is the Australian importer of A4 copy paper from International Paper in Russia.

- **Mondi Paper, Ilim**
  42, Dybtsyna Street
  Koryazhma, Arkhangelsk Oblast, 165651
  Russian Federation
  Tel: +7 (8 18 50) 4 56 40
  Fax: +7 (8 18 50) 5 65 07

  Fuji Xerox Printers is understood to import the goods from Ilim of Russia.

The following company is a producer/exporter of A4 copy paper from Slovakia:

- **Mondi Paper**
  Tatranská cesta 3
  Ružomberok, SK-03417
  Slovak Republic
  Tel: +421 44/436 11 11

  Fuji Xerox Printers, COS and Mondi Australia are understood to import from Mondi Paper, Slovakia.

- **exporters to Australia;**
  The producers of the goods identified above are also understood to be the exporters of the goods from the nominated countries.
  It is possible that producers are using export intermediaries such as paper traders.

- **importers in Australia.**

- **Complete Office Supplies**
  (Slovakia)
  25 Nyrang Street
  Lidcombe NSW 2141
  Tel: 1300 882 244
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.

Table B-1.5 confirms that the volumes imported from Finland, Korea, Russia and Slovakia in 2017 exceed the 3 per cent of the total import volume threshold of A4 copy paper imported into.

Imports of A4 copy paper from Austria and Russia are the subject of suppression orders, hence, published export data has been used to derive volumes for both sources. As a consequence, there may be a timing difference involving volumes from Austria and Russia (when contrasted with the Anti-Dumping Commission’s data), and this may impact the annual volumes shown in Table 1-5.

The export data obtained by Australian Paper is for the 10 months to October 2017 only, hence, data has been estimated for both countries for the 2017 year.

Table B-1.5 – ABS (and derived) import volumes – 2012 - 2017 (Metric Tonnes)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>As % in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>1225</td>
<td>1858</td>
<td>2799</td>
<td>2022</td>
<td>787</td>
<td>1151</td>
<td>2.3%</td>
</tr>
<tr>
<td>Finland</td>
<td>1188</td>
<td>744</td>
<td>0</td>
<td>2510</td>
<td>0</td>
<td>6033</td>
<td>12.0%</td>
</tr>
<tr>
<td>Korea</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>47</td>
<td>8446</td>
<td>16.8%</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2350</td>
<td>4.7%</td>
<td></td>
</tr>
<tr>
<td>Slovakia</td>
<td>963</td>
<td>173</td>
<td>221</td>
<td>0</td>
<td>149</td>
<td>2214</td>
<td>4.4%</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>3376</td>
<td>2775</td>
<td>3020</td>
<td>4549</td>
<td>1214</td>
<td>20193</td>
<td>40.2%</td>
</tr>
<tr>
<td>Other</td>
<td>107114</td>
<td>117024</td>
<td>127160</td>
<td>110693</td>
<td>75902</td>
<td>30025</td>
<td>59.8%</td>
</tr>
<tr>
<td>Total</td>
<td>110490</td>
<td>119799</td>
<td>130180</td>
<td>115242</td>
<td>77116</td>
<td>50218</td>
<td>100%</td>
</tr>
</tbody>
</table>
Notes:
1. Source is ABS data and [Source] (reflected in Confidential Appendix A2).
2. Data is to November 2017 only. December 2017 data not released at time of application. 2017 data has been pro-rated for 2017 year.
3. From March 2017, import data for Austria and Russia included in NCD category of ABS data. Applicant has relied upon [Source] for export volumes post March 2017.
4. Export data for Austria and Russia to October 2017 only. Estimates for remainder of year.

Import volume data used in Table 1-5 is principally sourced from monthly ABS published import data. However, where ABS data is suppressed (i.e. No Country Declared details) and there is evidence to suggest that imports are arriving under NCD, then the applicant has relied upon export data sourced from [Source]. Export data (for Austria and Russia) is only used where there are zero imports identified for that country in the ABS clearance data.

Table B-1.5 confirms that imports of A4 copy paper from Finland, Korea, Russia and Slovakia each exceed the negligible 3 per cent threshold of the total 2017 import volume into Australia (to November) 2017. In respect of Austria, for the eleven months of 2017, import volumes accounted for 2.3 per cent of total imports. Australian paper has included Austria in this application as it understands importers continue to actively sourced A4 copy paper from the Mondi Mill in Austria and that the total import volume from Austria for 2017 will exceed the 3 per cent threshold.

A4 copy paper import data (sourced from ABS and [Source]) is included at Confidential Attachment B-1.5 (soft copy).

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 any request for countervailing measures against the nominated countries. This question, therefore, does not apply.
B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

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.

As indicated at Section B-1.5 above, ABS data has been used as basis for imports for Finland, Korea and Slovakia for 2017. Following the suppression of import data for copy paper sourced from Austria and Russia in March 2017, Australian Paper has relied upon export data for import volume estimates.

In respect of ABS import data, A4 copy paper has been classified as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Subheading/statistical code</th>
<th>Description/gsm</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 1 January 2012</td>
<td>4802.56.10/03</td>
<td>A4 paper 40-89 gsm white</td>
</tr>
</tbody>
</table>

The applicable Customs rate of duty applicable to imports from Austria, Finland, Russia and Slovakia is 5 per cent. For imports from Korea, the rate of duty is zero.

Australian Paper considers that the published ABS import data (and applicable [Source]) accurately reflects the declared FOB prices for the exported goods from Finland, Korea, Russia and Slovakia. For Austria, Australian Paper does not consider that the declared A$FOB export price reflects the final selling price in Australia for the A4 copy paper exports. Australian Paper has determined a deductive export price for exports of the goods from Austria (please refer to Section B-2.3 below).

It is possible, however, that ‘off-invoice’ rebates and ‘support’ payments provided to importers and/or on-sellers by manufacturers, exporters or their related entities are included in the declared export prices. These off-invoice payments can be xx% or more of the invoice value.

The following Table B-2.1 identifies export prices for the goods as obtained from ABS and/or [Source] information for the period 1 January 2017 to 30 November 2017.

Table B-2.1 – Export prices for A4 cut paper, monthly during 2017 for Austria, Finland, Korea, Russia and Slovakia (all prices A$ FOB per metric tonne)

<table>
<thead>
<tr>
<th>Month</th>
<th>Austria</th>
<th>Finland</th>
<th>Korea</th>
<th>Russia</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2017</td>
<td>1401</td>
<td>1044</td>
<td>927</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 2017</td>
<td>1536</td>
<td>1036</td>
<td>858</td>
<td>854</td>
<td></td>
</tr>
<tr>
<td>Mar 2017</td>
<td>1443</td>
<td>889</td>
<td>1021</td>
<td>866</td>
<td></td>
</tr>
<tr>
<td>Apr 2017</td>
<td>2047</td>
<td>914</td>
<td>1026</td>
<td>775</td>
<td>863</td>
</tr>
<tr>
<td>May 2017</td>
<td>1799</td>
<td>918</td>
<td>1048</td>
<td>776</td>
<td>871</td>
</tr>
<tr>
<td>Jun 2017</td>
<td>1625</td>
<td>893</td>
<td>1067</td>
<td>750</td>
<td>930</td>
</tr>
<tr>
<td>Jul 2017</td>
<td>1784</td>
<td>878</td>
<td>1056</td>
<td>901</td>
<td></td>
</tr>
<tr>
<td>Aug 2017</td>
<td>1906</td>
<td>872</td>
<td>1022</td>
<td>757</td>
<td>896</td>
</tr>
<tr>
<td>Sept 2017</td>
<td>1765</td>
<td>869</td>
<td>1038</td>
<td>795</td>
<td></td>
</tr>
<tr>
<td>Oct 2017</td>
<td>2191</td>
<td>839</td>
<td>1028</td>
<td>779</td>
<td></td>
</tr>
<tr>
<td>Nov 2017</td>
<td></td>
<td>845</td>
<td>1056</td>
<td></td>
<td>1419</td>
</tr>
<tr>
<td>Dec 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please refer to Confidential Attachment B-1.5 for detailed export price information for import volumes from the nominated countries (i.e. Austria, Finland, Korea, Russia and Slovakia). As indicated, the ‘declared’ A$FOB prices for Austria are not considered reliable.

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

Australian Paper understands that the A$FOB prices include inland freight and credit terms for distributors in Australia.

It is understood that industry credit terms of 90 days from bill of lading are most common for sales to Australia.

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.**

Australian Paper considers that export prices (whether sourced from ABS or from [Source]) for Finland, Korea, Russia and Slovakia are considered adequate for the purposes of determining dumping margins for goods exported to Australia.

As indicated at Section B-2.1 above, off-invoice rebates are **not** included in published export prices.

It is Australian Paper's understanding that the value of rebates and support payments are in excess of 10% of the FOB value of the goods. These rebates are frequently paid at the end of a quarter or a year and are often invoiced by the importer on the supplier and so are not readily linked to the paper purchase transaction. In some circumstances, the rebate may fall in the following financial year.

For certain imports sold through Australian agents, either related or unrelated, the cost of the agents are understood to be paid through a commission directly from either the mill or paper company head office rather than through adding a margin to the selling price. As such, they would constitute an upward adjustment to the normal value. It is Australian Paper's experience in operating a paper trading business (PPM), these agency fees are estimated at approximately xx% of FOB.

In respect of exports to Australia from Austria, Australian Paper submits that published export prices do not reflect the final selling price for the goods in Australia. Australian Paper understands that A4 copy paper manufactured in Austria is supplied by Fuji Xerox Australia at Officeworks. The goods are sold on an ongoing basis during 2017 (no price fluctuation) with a retail price of A$xx.xx per ream.

Australian Paper has calculated a deductive export price for A4 copy paper exported to Australia from Austria and sold through Officeworks stores (via the importer Fuji Xerox Australia) at A$xxx per tonne.

Please refer to Confidential Attachment B-2.3 for details and supporting documentation of the deductive export price for Austria.

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.**

The monthly FOB export price reported by ABS (i.e. Finland, Korea and Slovakia) or [Source] (Russia) has been used as the basis for export prices in dumping margin calculations.

For Austria, Australian Paper has relied upon a deductive export price calculation to determine A$FOB prices for goods exported from Austria.
B-3  Selling price (normal value) in the exporter's domestic market.

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

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.

   I.  Korean domestic prices

   Australian Paper has obtained domestic selling price information from a reputable industry publication that specialises in domestic selling price information, [Source]. [Source] considers that it is the leading information supplier in the global forest products industry. [Source] obtains monthly domestic selling prices for uncoated woodfree paper sold in various markets, including in Korea during 2017.

   The domestic prices for uncoated woodfree paper sold in reel form (i.e. A4 copy paper which has not yet been cut into reams) in Korea during 2017, on a monthly basis, were as follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>Domestic Price A$/MT, 80g, reel</th>
<th>Converting Cost A$/MT</th>
<th>Calculated Normal Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2017</td>
<td>1,141.19</td>
<td>205.87</td>
<td>1,347.06</td>
</tr>
<tr>
<td>Feb 2017</td>
<td>1,141.19</td>
<td>205.87</td>
<td>1,347.06</td>
</tr>
<tr>
<td>Mar 2017</td>
<td>1,141.19</td>
<td>205.87</td>
<td>1,347.06</td>
</tr>
<tr>
<td>Apr 2017</td>
<td>1,211.79</td>
<td>205.87</td>
<td>1,417.66</td>
</tr>
<tr>
<td>May 2017</td>
<td>1,211.79</td>
<td>205.87</td>
<td>1,417.66</td>
</tr>
<tr>
<td>Jun 2017</td>
<td>1,211.79</td>
<td>205.87</td>
<td>1,417.66</td>
</tr>
<tr>
<td>Jul 2017</td>
<td>1,184.18</td>
<td>205.87</td>
<td>1,390.05</td>
</tr>
<tr>
<td>Aug 2017</td>
<td>1,184.18</td>
<td>205.87</td>
<td>1,390.05</td>
</tr>
<tr>
<td>Sep 2017</td>
<td>1,184.18</td>
<td>205.87</td>
<td>1,390.05</td>
</tr>
<tr>
<td>Oct 2017</td>
<td>1,268.19</td>
<td>205.87</td>
<td>1,474.06</td>
</tr>
<tr>
<td>Nov 2017</td>
<td>1,268.19</td>
<td>205.87</td>
<td>1,474.06</td>
</tr>
<tr>
<td>Dec 2017</td>
<td>1,268.19</td>
<td>205.87</td>
<td>1,474.06</td>
</tr>
</tbody>
</table>

   Notes:
   1.  Uncoated woodfree reels, 80g (domestic prices), South Korea, Free delivered.

   Please refer to Confidential B-3.1.1 for domestic selling prices in Korea.

   The above quoted domestic prices are for uncoated woodfree paper sold in reels. In order for the goods to be sold as cut-sized A4 copy paper, the goods must pass through a converting process, and be packaged in 500 sheet packs called reams. As Australian Paper does not have information as to the Korean manufacturers converting costs, Australian Paper has applied its 2017 converting cost (adjusted for Korean labour) to the published reel prices.

   II.  Remaining countries

   Australian Paper cannot obtain domestic selling prices for A4 copy paper sold in Austria, Finland, Russia or Slovakia. Please refer to Section A-4.1 for normal value information for goods exported from these countries.

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

   Australian Paper understands from RISI that the published domestic prices are for reels, free of
delivery in the local area.

3. **Provide supporting documentary evidence.**
   Australian Paper has obtained domestic wholesale prices for A4 copy paper (i.e. uncoated woodfree paper) from the recognised industry publication, RISI. Please refer to Confidential Attachment B-3.1.1.

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

   **Austria**
   Australian Paper understands that Lenzing Paper produces A4 copy paper in Austria. Contact details are as follows:
   
   Lenzing Paper Mill  
   Werkstrasse .2  
   Lenzing, Upper Austria (Oberosterreich), A-4860 Austria  
   Tel: +43 7672 7013283

   **Finland**
   It is understood that Stora Enso, Kemi operates an uncoated woodfree paper mill that produces the goods. Contact details are:
   
   Stora Enso Veitsiluoto Mill  
   FI-94800 Kemi  
   Finland  
   Tel: +358 20 46125  
   Fax: +358 20 463 4890

   **Korea**
   Australian Paper understands that Hongwon Paper Manufacturing Co., Ltd is a producer of A4 copy paper in Korea. Hongwon Paper’s contact details are:
   
   Lim Kwang Building  
   15th Floor  
   81 Tongil-Ro  
   Seodaemoon Ku  
   Seoul, 120-020, South Korea  
   Tel + 82 2 360 6300  
   Fax: +82 2 360 6405  
   [www.hongwon.com](http://www.hongwon.com)

   **Russia**
   Australian Paper has nominated the two exporting mills supplying A4 copy paper to Australia.

   **Slovakia**
   Australian Paper understands that there is only one producer (Mondi) of the goods in Austria.
B-4 Estimate of normal value using another method.

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter’s domestic market. Other methods of calculating a normal value include:
- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter’s domestic market) plus an amount for profit (if applicable);
OR
- the selling price of like goods from the country of export to a third country.

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

Normal values – Austria, Finland, Russia and Slovakia

Australian Paper has been unable to obtain domestic selling prices for A4 copy paper from industry publications or newsletters. Australian Paper does have access (on a subscription basis) to [Source] ‘Report Name’ that publishes cash cost information for copy paper produced at mills across Europe.

The cost reports are for ‘cash costs’ – that is, the cost information does not include converting, Selling and general administration, or profit.

[Source] does provide information on the selling and general administration costs of paper mills. This cost has been included for each country. Converting costs are based upon Australian Paper’s converting costs, adjusted for labour based upon the exporting country supplying the goods to Australia. Australian Paper has applied a xx per cent profit to the costs as this is considered to represent a level of profit that capital-intensive manufacturing processes in the pulp and paper industry must achieve as a minimum to permit reinvestment.

The constructed normal values for A4 copy paper sold in Austria, Finland, Russia and Slovakia are included in Table B-4.1 below.

Table B-4.1 – Normal value – A4 copy paper – Austria, Finland, Russia and Slovakia (based on Q3, 2017 data)

<table>
<thead>
<tr>
<th>Producer, Country</th>
<th>Austria A$/MT</th>
<th>Finland A$/MT</th>
<th>Russia A$/MT</th>
<th>Slovakia A$/MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mondi, Austria</td>
<td>1530</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UPM, Finland</td>
<td></td>
<td>1023</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mondi, Russia</td>
<td></td>
<td></td>
<td>818</td>
<td></td>
</tr>
<tr>
<td>International Paper, Russia</td>
<td></td>
<td></td>
<td>892</td>
<td>1027</td>
</tr>
<tr>
<td>Mondi, Slovakia</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: RISIS cash costs, Q3, 2017, adjusted for converting costs.

2. Provide supporting documentary evidence.

Please refer to Confidential Attachment B-4.1.
B-5 Adjustments.

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

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

The export price is determined at the FOB point in the country of export and will likely include inland freight and FOB port of export costs (including handling). The normal value has been determined at the ex-factory level for Austria, Finland, Russia and Slovakia, and delivered to customer in Korea.

Australian Paper has not made any upward adjustments to constructed normal values for Austria, Finland, Russia or Slovakia, as it does not have access to local freight and FOB charges in the country of export. It is considered that local freight charges in Korea are likely to be similar to inland freight charges, and hence no adjustments to normal value have been made (for the differing domestic and inland freight charge differentials).

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.**

As per Section B-5.1 no adjustments to normal value have been made by the applicant.

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).**

Australian Paper has calculated dumping margins for A4 copy paper exported to Australia from the nominated countries (excluding Austria) – Finland, Korea, Russia and Slovakia, on a monthly basis. Please refer to Confidential Attachment B-6.1 for dumping margin calculations utilising normal value information and export price details referred to in Sections B-3.1 and B-4.1 above.

Please refer to Table B-6.1 for a summary of monthly dumping margins determined.

**Table B-6.1 – Monthly dumping margins – A4 cut paper exported from Finland, Korea, Russia and Slovakia**

<table>
<thead>
<tr>
<th>Month</th>
<th>Finland A$/MT</th>
<th>Korea A$/MT</th>
<th>Russia A$/MT</th>
<th>Slovakia A$/MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 17</td>
<td>303</td>
<td>-72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb 17</td>
<td>311</td>
<td>-3</td>
<td>173</td>
<td></td>
</tr>
<tr>
<td>Mar 17</td>
<td>134</td>
<td>326</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>Apr 17</td>
<td>109</td>
<td>392</td>
<td>80</td>
<td>164</td>
</tr>
<tr>
<td>May 17</td>
<td>105</td>
<td>370</td>
<td>79</td>
<td>156</td>
</tr>
<tr>
<td>Jun 17</td>
<td>130</td>
<td>351</td>
<td>105</td>
<td>97</td>
</tr>
<tr>
<td>Jul 17</td>
<td>145</td>
<td>334</td>
<td>126</td>
<td></td>
</tr>
<tr>
<td>Aug 17</td>
<td>151</td>
<td>368</td>
<td>98</td>
<td>131</td>
</tr>
<tr>
<td>Sep 17</td>
<td>154</td>
<td>352</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Oct 17</td>
<td>184</td>
<td>446</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Nov 17</td>
<td>178</td>
<td>418</td>
<td>-392</td>
<td></td>
</tr>
<tr>
<td>Dec 17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Please refer to Confidential Attachment B-4.1 for relevant Dumping Margin worksheets for each of the
For Austria, Australian Paper has used the deductive export price determined at Section B-2.3 above and contrasted this with the calculated Austrian normal values for the goods. The determined dumping margin is A$587 per tonne.

The weighted average dumping margins (on a A$ per metric tonne) for each country in 2017 are as follows:

- Austria – $587 per tonne;
- Finland – $144 per tonne;
- Korea – $358 per tonne;
- Russia – $55 per tonne; and
- Slovakia - $148 per tonne.

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

Dumping margins as a percentage of export prices are shown in Table B-6.2 below.

The Austria dumping margin is based upon comparison of the weighted average normal value (for 2017) with the deductive export price (for 2017) to give a 62.2 per cent margin.

**Table B-6.2 - Dumping margins expressed as a percentage of monthly export prices**

<table>
<thead>
<tr>
<th>Month</th>
<th>Finland</th>
<th>Korea</th>
<th>Russia</th>
<th>Slovakia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 17</td>
<td>%</td>
<td>29.0</td>
<td>-7.8</td>
<td></td>
</tr>
<tr>
<td>Feb 17</td>
<td>%</td>
<td>30.0</td>
<td>-0.3</td>
<td>20.2</td>
</tr>
<tr>
<td>Mar 17</td>
<td>15.1</td>
<td>31.9</td>
<td></td>
<td>18.6</td>
</tr>
<tr>
<td>Apr 17</td>
<td>11.9</td>
<td>38.2</td>
<td>10.3</td>
<td>19.0</td>
</tr>
<tr>
<td>May 17</td>
<td>11.4</td>
<td>35.3</td>
<td>10.2</td>
<td>17.9</td>
</tr>
<tr>
<td>Jun 17</td>
<td>14.5</td>
<td>32.9</td>
<td>14.0</td>
<td>10.4</td>
</tr>
<tr>
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<td>-27.7</td>
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<td>Dec 17</td>
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</table>

The weighted average dumping margins as a percentage of weighted-average export prices for each country in 2015 were as follows:

- Austria – 62.2 per cent;
- Finland – 16.3 per cent.
- Korea – 34.5 per cent.
- Russia – 6.9 per cent.
- Slovakia – 16.8 per cent.
PART C

SUPPLEMENTARY SECTION

IMPORTANT

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

For advice about completing this part please contact the Commission’s client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au
**C-1  Subsidy**

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

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 does not include a request for countervailing measures in respect of any of the counties of export nominated. This question therefore does not apply to the circumstances of this application.

**C-2. Threat of material injury**

Address this section if the application relies solely 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).

This application for dumping measures is not based solely upon a threat of material injury. Australian Paper has experienced material injury from the dumped exports in 2017.

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.**

This question does not apply as Australian Paper has sustained material injury from the dumped exports in 2017.
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 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 Commission’s client support section before completing this section.

1. Fully describe the locally produced raw agricultural goods.
   A4 copy paper is not a raw agricultural good.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.
   This question is not applicable.

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.
   This question is not applicable.

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.

   This question is not applicable.

C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

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.

   The countries the subject of this application are not considered “economy-in-transition” countries for the purposes of Australia’s Anti-Dumping and Countervailing System.

2. Nominate a comparable market economy to establish selling prices.
   Not applicable.

3. Explain the basis for selection of the comparable market economy country.
   Not applicable.
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.

Not applicable.

C-5 Exports from an ‘economy in transition’

An ‘economy in transition’ exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an ‘economy in transition’ are covered by the application. Applicants are advised to contact the Commission’s client support section before completing this section.

1. Provide information establishing that the country of export is an ‘economy in transition’.

   The countries the subject of this application are not considered “economy-in-transition” countries for the purposes of Australia’s Anti-Dumping and Countervailing System.

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.

   Not applicable.

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.

   Not Applicable

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

   Not Applicable.
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).

<table>
<thead>
<tr>
<th>Country</th>
<th>Quantity</th>
<th>%</th>
<th>Value</th>
<th>%</th>
</tr>
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<tbody>
<tr>
<td>All imports into Australia</td>
<td>100%</td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Country A*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country B*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>etc*</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at Appendix A.2 (Australian Market) to complete the table.

This countries the subject of this application each exceed the three per cent threshold (with the exception of Austria). The application does not include a request for countervailing measures.

Imports of the goods from Austria have been sourced from published export data. Australian paper contends that following full account of imports ex-Austria for the whole of 2017, it is estimated that the imported goods from this country will be in excess of the three per cent threshold.
### ATTACHMENTS

<table>
<thead>
<tr>
<th>Confidential Attachment A-2.2</th>
<th>Internal organisation chart for Paper Australia Pty. Ltd.</th>
</tr>
</thead>
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<tr>
<td>Confidential Attachment A-2.6</td>
<td>Diagram of the associated or affiliated companies</td>
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<td>Audited Statements 2016</td>
</tr>
<tr>
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<td>Un-Audited Annual Statement to June 2017.</td>
</tr>
<tr>
<td>Confidential Attachment A-3.3.1</td>
<td>Technical information on Australian Paper’s cut sheet papers – Australian Paper brands</td>
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<td>Confidential Attachment A-3.3.2</td>
<td>Technical information on Australian Paper’s cut sheet papers – Customer Paper brands</td>
</tr>
<tr>
<td>Confidential Attachment A-4.2</td>
<td>Office Papers Channels to Market</td>
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<td>Confidential Attachment A-5.6</td>
<td>Typical distributor agreement</td>
</tr>
<tr>
<td>Confidential Attachment A-5.7.1</td>
<td>Large Stationery Retailer price list</td>
</tr>
<tr>
<td>Confidential Attachment A-5.7.2</td>
<td>Buying Group price list</td>
</tr>
<tr>
<td>Confidential Attachment A-5.7.3</td>
<td>Independent Stationers price list</td>
</tr>
<tr>
<td>Confidential Attachment A-5.8</td>
<td>Underlying principles of AP’s discount &amp; rebate system.</td>
</tr>
<tr>
<td>Confidential Attachment A-5.9</td>
<td>Complete sets of commercial documentation for two domestic sales in each quarter over the 12 months to December 2015</td>
</tr>
<tr>
<td>Confidential Attachment A-6.3.1</td>
<td>Chart of accounts</td>
</tr>
<tr>
<td>Confidential Attachment A-6.3.2</td>
<td>AP internal management accounts</td>
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<tr>
<td>Confidential Attachment A-9.2.1</td>
<td>Customer correspondence re import offer for A4 copy paper.</td>
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<tr>
<td>Confidential Attachment A-9.2.2</td>
<td>Customer correspondence and price lists.</td>
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<tr>
<td>Confidential Attachment B-1.5</td>
<td>Import Statistics – Sourced from ABS and [Source].</td>
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<tr>
<td>Confidential Attachment B-3.1.1</td>
<td>Korean domestic selling prices for uncoated woodfree paper</td>
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<td>Confidential Attachment B-4.1.1</td>
<td>Normal value – Austria, Finland, Russia and Slovakia,</td>
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<tr>
<td>Confidential Attachment B-6.1</td>
<td>Dumping Margin Calculations – Austria, Finland, Korea, Russia and Slovakia.</td>
</tr>
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</table>
The following supporting spreadsheets are provided on a confidential basis:

1. **Appendices**
   a. Appendix A1.xlsx - Australian Production - 2017
   b. Appendix A2.xlsx - Australian Market (inc. import data, index table & graphs)
   c. Appendix A3.xlsx - Sales Turnover (inc. index tables)
   d. Appendix A4.xlsx - Domestic Sales (detail of all sales in 2017)
   e. Appendix A5.xlsx - Sales of Other Production
   f. Appendix A6-1.xlsx - Cost to Make and Sell – Domestic Sales (inc. index tables)
   g. Appendix A6-2.xlsx - Cost to Make and Sell – Export Sales (inc. index tables)
   h. Appendix A7.xlsx - Other Injury Factors (inc. index table)
   i. Appendix A8 – Authority to Represent