

Gross & Becroft
L A W Y E R S
International Trade • Customs • Commercial Law

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20 June 2013

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The Director
Operations 1
International Trade Remedies Branch
Australian Customs & Border Protection
5 Constitution Avenue
CANBERRA ACT 2601

PUBLIC FILE VERSION

Dear Sir/Madam

**Re: Revocation Review of Anti-Dumping Measures concerning Greyback Cartonboard Exported from the Republic of Korea (ITR 2010)
Submission in support of the Revocation of Measures**

We act for Visy Glama Pty Ltd ('Visy Glama') in relation to the review by Australian Customs and Border Protection (ACBP) of the current anti-dumping measures imposed upon Greyback Cartonboard exported from the Republic of Korea.

Submission by Interested Party

Visy Glama is an interested party in this investigation within the meaning of s269T of the *Customs Act (Cth) 1901* in that it is a party that uses the goods that are the subject of this application by Hansol Paper Co Ltd (Hansol) in the production or manufacture of other goods in Australia (refer paragraph (l) of the definition of interested party in s269T).

Specifically, Visy Glama currently purchases Greyback Cartonboard as a major raw material in the production in Australia of packaging for numerous industries, such as the pharmaceutical, cosmetic and food industries. Visy Glama is part of Visy being a leading Australian provider of recycling, paper and packaging products and services. Visy Glama currently purchases Greyback Cartonboard directly from Amcor, being the sole Australian producer of these goods.

Visit our Website at www.grossbecroft.com.au

Visy's Position

Visy Glama vigorously supports the removal of anti-dumping duties currently imposed upon Greyback Cartonboard from Korea. This is in light of Amcor's decision in early 2013 to cease production of Greyback Cartonboard in Australia in the second half of 2013.

It is also important that the Minister revoke these measures with effect from 16 May 2013 being the date of the commencement of this review investigation. We note that the Minister has the power to revoke measures retrospectively to that date under s269ZDB(6) of the *Customs Act (Cth) 1901*. The reasons for this contention are set out within this submission.

The use of Greyback Cartonboard in Visy's Australian Manufacturing Operations

Greyback Cartonboard can be produced in reels or sheets. It is produced in a variety of heights and thicknesses. We would assume ACBP has been informed as to the sizes and varieties of these goods in light of the previous Trade Remedies review application in 2010.

In the case of Visy Glama the main purpose of Greyback Cartonboard is for use as the main raw material in the manufacture of high quality cartonboard packaging. Visy Glama prints on the sheets of Greyback Cartonboard in sheet-fed lithographic printing presses and then die-cuts and scores the sheets into individual packages as required by its customers. In some instances, additional value-adding processes such as embossing and/or metallic foiling are performed prior to the die-cutting process. Greyback Cartonboard is the most suitable raw material given the nature of these production processes and end product requirements.

Greyback Cartonboard has qualities that are very suitable for branded packaging. It comprises of layers of two types of paper, being bleached pulp and recycled grey pulp. The bleached pulp layer has a high quality clay coating applied which enables consistently high quality lithographic printing on the cartonboard. The bleached pulp layer also provides a significant amount of crack-resistance when the cartonboard is scored and folded. The recycled grey pulp layer gives the cartonboard its tensile strength and weight bearing capacity. Visually Greyback Cartonboard is white on one side and grey on the other. Accordingly, Greyback Cartonboard has very specific qualities that best enables the production of specialised branded packaging and which distinguishes it from other packaging materials.

Amcor's decision to cease production of Greyback Cartonboard in Australia

Amcor is presently the sole producer of Greyback Cartonboard in Australia. It produces this product at its recycled cartonboard mill located at Petrie in Queensland. Amcor announced the intended closure of this plant as of December 2013 in its half year report dated 18 February 2013. We **attach** an extract from this report as Attachment 'V1'.

Amcor has also provided a circular to all of its customers dated 10 May 2013 advising that all deliveries must be completed by 31 October 2013, and critically, that the deadline for the receipt of final orders was 7 June 2013. We **attach** this circular as Attachment 'V2'.

Amcor has stipulated that final customer orders must specify volumes by grade, thickness, type

(reel/sheet) and size. No additional orders can now be accepted as Amcor has not allocated further materials or labour for production. In addition, Amcor has little or no ability to accommodate size changes for the orders placed up until 7 June 2013.

Visy Glama is now in a position where there is currently no reliability in the supply of Greyback Cartonboard in Australia over the next few months whilst the Petrie plant winds down its production. Visy Glama must now find alternative sources of supply. However, this is not a simple exercise given that there are detailed consultations with end customers as to their product requirements, product sampling testing procedures and generally long lead times between ordering and production.

Accordingly, it is critical that ACBP completes its investigation expeditiously and that products imported after the commencement of the review by ACBP not be subject to these measures. We note that in Trade Measures Review No. 141 concerning Washing Machines from Korea the review was completed in approximately two months. Given the narrow scope of issues under review in this case and the fact that Amcor will shortly itself become a full importer of Greyback Cartonboard, there is no impediment to the review time frames being truncated. Section 269ZC of the *Customs Act (Cth) 1901* sets a maximum time period for the CEO of Customs to report to the Minister, but it sets no minimum time periods.

It cannot be argued that Amcor is continuing to suffer material injury after 7 June 2013 given that no further sales of Greyback Cartonboard are to be made beyond that date.

Indeed there is no impediment to ACBP recommending to the Minister that the measures not apply from the date of the commencement of the review, being 16 May 2013 given that Amcor had made the decision to close the Petrie plant in February 2013 and there can be no further injury sustained by Amcor.

In the 2008 washing machines case, the Minister revoked the anti-dumping measures applicable to all exports of the goods entered for home consumption from the date the review commenced.

The importance of Hansol as a global supplier of Greyback Cartonboard to Australia

The present anti-dumping measures apply to Greyback Cartonboard exported from Korea.

The applicant, Hansol, is an important supplier to packaging producers in Australia, first and foremost, because Hansol is able to supply products that are certified for use in food-related packaging. A significant portion of Greyback Cartonboard packaging is used for packaging of various food products such as breakfast cereals. Specifically, Hansol's Greyback Cartonboard products meet the rigorous requirements of the United States Food and Drug Administration Standards for food-grade packaging and similar international accreditation standards. This food-grade certification is generally required by Visy Glama's customers.

In addition, Hansol has a good reputation as a reliable supplier of high quality products, and continuity of supply is a critical factor in ensuring that downstream Australian production is maintained and able to meet end customer requirements.

Consequences should anti-dumping duties remain in place

The failure to remove these measures would have a significant detrimental on pricing of Australian manufactured packaging. Greyback Cartonboard is by far the largest single cost of production in the manufacturing of this type of packaging. Therefore, by retaining the anti-dumping duties, the cost to make and sell packaging using Greyback Cartonboard from Korea will remain higher than it would otherwise be, and this higher cost would almost certainly be passed on to consumers when they purchase packaged products. For example, if the anti-dumping duty inflates the price of Greyback Cartonboard by 15 percent, then it will affect the price of packaging by between 6 and 9 percent as this raw material will generally represent between 40 and 60 percent of the cost of production of packaging.

There are also a number of issues concerning imported products that have the potential to increase costs. For example, there is likely to be the need for increased stock-handling requirements. Further, there may be lost efficiencies as sizes required by customers are cut from larger sizes, or yield variances as higher product weights may be required as compared with products produced by Amcor. This makes it imperative that the anti-dumping duties be removed to offset these cost factors.

If Visy Glama cannot remain competitive with foreign packaging manufacturers, then there is a real risk that more and more packaging manufacturing will be lost to foreign producers. This does not necessarily apply merely to packaging but also to end products. Increasingly foreign manufacturers are importing products complete with packaging and labelling: for instance, toothpaste and medicines that are produced in Asia.

All of this may have a detrimental effect on Australian employment and investment in local industries as businesses such as Visy Glama strive to compete with foreign businesses with global reach.

Visy Glama estimates that the Australian market for Greyback Cartonboard is in the region of 20,000 tonnes per annum. Given that Amcor will be switching from a producer to an importer of this product, and companies like Visy Glama will be forced to import, it is incumbent upon Customs to revoke the measures so as to ensure that Australian companies are not disadvantaged. Further, if the measures remain for Korean exports, there is the potential for the prices of imports from other markets to remain less competitive than they would otherwise be. This all affects manufacturing costs in Australia.

Core Criteria and Conclusion

The purpose of the current review is to determine whether the anti-dumping measures on Greyback Cartonboard are no longer warranted (refer s269ZA(D)(b)(ii)CA). As there will shortly be no Australian industry producing like goods there can be no material injury and there is no basis on which to maintain the measures.

It is noted that Amcor's decision to cease production in Australia was taken whilst the current anti-dumping duties have been in place, and therefore other factors are likely to be the reason for Amcor's decision. Under the Australian Customs Act and the WTO Anti-Dumping Agreement,

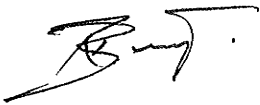
anti-dumping measures are permitted to remain in force only as long as and to the extent necessary to counteract dumping which is causing injury. In this case, there is no present injury and soon to be no Australian industry for these goods.

It is therefore critical that this investigation be completed as quickly as possible and that the measures be revoked from 16 May 2013 given that Amcor had already made the decision to cease production and Visy Glama and other companies have been making arrangements to alter their sourcing of Greyback Cartonboard since at least May 2013.

Do not hesitate to contact me should you have any queries or require any further information.

Yours faithfully

GROSS & BECROFT



Dr. Ross Becroft
Principal

Encl.

News Release

18 February 2013

AMCOR ANNOUNCES PROFIT RESULT FOR HALF YEAR ENDED 31 DECEMBER 2012

Highlights

- Profit after tax and before significant items of \$322.0⁽¹⁾ million, up 5.7%;
- The translation impact from the higher Australian dollar on profit after tax and before significant items was negative \$20⁽¹⁾ million. On a constant currency basis profit after tax and before significant items was \$342⁽¹⁾ million, up 12.2%;
- Earnings per share before significant items was 26.7 cents, up 7.2%;
- Significant items after tax, relating to the closure of the cartonboard plant in Queensland, were \$83.7⁽²⁾ million;
- Profit after tax and significant items of \$238.3⁽³⁾ million, up 16.3%;
- Returns, measured as profit before interest, tax and significant items to average funds employed, of 15.8%;
- Operating cash flow after net capital expenditure of \$236.7⁽⁴⁾ million;
- Cash flow from operating activities of \$333.9⁽³⁾ million; and
- Interim dividend of 19.5 cents per share, up 8.3%.

Results	1H12	1H13	Change %	Key Ratios	1H12	1H13
Sales revenue ⁽³⁾	6,085.3	6,034.9	(0.8)	PBIT/Average funds employed (%) ⁽¹⁾	15.1	15.8
PBITDA ⁽¹⁾	770.9	768.1	(0.4)	Net debt / Net debt plus equity (%)	49.6	52.5
PBIT ⁽¹⁾	515.7	531.1	3.0	Net PBITDA interest cover (times) ⁽¹⁾	7.5	7.7
PAT ⁽¹⁾	304.7	322.0	5.7			
Significant items ⁽²⁾	(99.8)	(83.7)	16.1			
Profit ⁽³⁾	204.9	238.3	16.3			
EPS ⁽⁵⁾ (cents)	24.9	26.7	7.2			
Operating cash flow ⁽⁴⁾	129.9	236.7	82.2			
Dividend ⁽³⁾ (cents per share)	18.0	19.5	8.3			

(1) Throughout this news release, we have included certain non-IFRS financial information, including profit after tax and before significant items, operating cash flow, free cash flow, PBIT and PBITDA before significant items. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Amcor Management uses these measures to assess the performance of the business and believes that the information is useful to investors. References to earnings throughout this report are references to PBIT before significant items. For a reconciliation of IFRS compliant profit for the period to PBIT, PBITDA and PAT before significant items refer to the Consolidated Income Statement included on page 2.

(2) Refer page 11 for further information.

(3) IFRS compliant information extracted from Amcor's interim financial report. Amcor's interim financial report is subject to review by the external auditors.

(4) After significant items and net capital expenditure. Refer page 11 for further information.

(5) Based on profit after tax and before significant items.

Amcor has released to the Australian Securities Exchange a presentation on its financial results for the half year ended 31 December 2012. This is available at www.amcor.com

Fibre

The fibre operations consist of the integrated corrugated box business and the integrated cartons business. Earnings for the half were lower due to a reduction in earnings at the recycled cartonboard mill in Petrie, Queensland. Due to several structural changes in the competitive environment the mill is no longer covering its cash costs.

The decision has been made to close the Petrie cartonboard site. The net cash cost will be approximately \$13 million, comprising estimated proceeds of \$20 million from asset sales and costs to close the mill of \$33 million. The improvement in PBIT will be approximately \$13 million. The non cash write down included in earnings in the current half was \$86 million and the mill will close by December 2013.

Corrugated and Paper

In Australia volumes in the corrugated box business were stable with improved volumes in the fruit and produce segment and lower volumes in the industrial segment. In New Zealand volumes were marginally higher.

The acquisition of Wayne Richardson Sales was completed in July 2012. The business has performed well during the half and creates an improved value proposition with small to medium sized customers.

Earnings in the corrugated operations, excluding the benefits from Wayne Richardson Sales, were in line with the corresponding period.

Cartons

The carton converting business had a good half and earnings were higher than the same period last year. This increase reflects the benefits from prior period restructuring and improved operating costs.

Rigids

The beverage can business had a solid half. Warm weather conditions in the December quarter improved demand, and along with additional business from new and existing customers, partly offset the loss of the Schweppes contract.

The glass business had stable sales and has benefited from the strategic diversification into beer and non wine products. Over the past two years, the other domestic glass bottle manufacturer has elected to close several furnaces. This has ensured that the domestic industry capacity has appropriately adjusted to the change in demand.

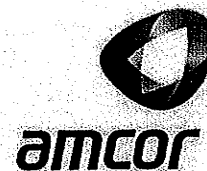
The closures operations had a solid half. A decision has been made to divest the small metal closures operation and to outsource to a third party the manufacture of plastic closures. These actions have resulted in the decision to close a plant in Melbourne. The cash cost to close this plant will be \$7 million and the PBIT benefit will be \$5 million. The Stelvin wine closures business, located in Adelaide and acquired with the Alcan acquisition, has a strong position as the industry leader in its market segment and is a core part of the rigids business in Australia.

Packaging Distribution

Earnings for the Packaging Distribution business were lower than the same period last year. The Packaging Distribution business performed well through the half with volumes remaining stable. Earnings were lower than the same period last year, as a result of a lag in recovering higher input costs.

Outlook

The earnings outlook for the Australasia and Packaging Distribution business remain unchanged from the full year results in August. For the 2012/13 financial year earnings are expected to be in line with the 2011/12 financial year.



10 May 2013

Petrie Mill – Final Orders

Since the announcement of 18 February 2013 advising the closure of the Petrie Mill we have spoken with all of our customers to ascertain the level of support required of Petrie in the period leading up to mill closure, such to effect a smooth transition for all concerned.

We are now nearing the time when we need to finalise the specific mill close date so as to provide our co-workers with notice and certainty, as well as to ensure availability and run-out of raw materials. Accordingly we now require from you confirmation of your final orders to cover supply through until your anticipated cut-over to import supply.

The cut-off for receipt of final orders is FRIDAY 7TH JUNE 2013 (Final Order Date).

Specifically, we are seeking from you an irrevocable commitment in the form of formal purchase orders that specify volumes by grade, thickness, type (reel/sheet) and size, along with your nominated delivery dates. No additional orders will be accepted beyond the Final Order Date as there won't be materials or labour provisioned.

All deliveries must be completed before 31st October 2013. We do not anticipate having labour or infrastructure to effect deliveries beyond this date.

Please ensure that your final orders take into account all previously ordered volumes that may be in transit or in storage, so as to avoid duplication. We can assist you with historical sales and other information, upon request.

No further changes

Once final purchase orders have been received (June 7th) and accepted, no changes to volume, grade, thickness, type or size will be permitted. Once the final make of each product group has been completed, orders will be processed to meet the agreed delivery dates. No additional volumes can or will be manufactured after final orders are produced.

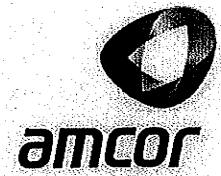
Last delivery date

We may permit changes to delivery dates as we move towards the close date however all deliveries must be completed on or before October 31st.

Invoicing & Payment Terms

All deliveries including your final orders are subject to the standard terms and conditions of sale. Please refer to pages 23 to 33 of our July 2012 Price List.

For the purposes of payment, invoices rendered by Amcor will continue to show the "date of invoicing" which is derived from adding the "standard transit time" to the date of despatch. Our payment terms remain strictly 30 days or the last working day if it falls on a weekend or public holiday.



Our dedicated team will continue to work with you in order to assist in making the transition to alternate board supply as smooth as possible.

Please feel free to contact your Key Account Manager or myself if you would like to discuss any of the details provided in this letter.

Yours sincerely,

A handwritten signature in black ink that reads "R. Lam".

Rod Lam
Divisional Sales & Marketing Manager - Cartonboard/Export
Amcor Australasia