NOT CONFIDENTIAL

ANTI-DUMPING COMMISSION INVESTIGATION ADC 242
NEWSPRINT EXPORTED FROM FRANCE AND THE REPUBLIC OF KOREA

PRELIMINARY SUBMISSION BY BOWATER KOREA AS TO ALLEGED INJURY

14 JULY 2014

This preliminary submission on behalf of Bowater Korea challenges the applicant's ("Norske Skog") claim that Norske Skog is being materially injured (and has been materially injured during the period of investigation) by dumped exports of newsprint from Korea and France. Bowater Korea, an exporter of newsprint to Australia, respectfully requests the Anti-Dumping Commission ("the Commission") to consider fully the condition of international markets for newsprint, Norske Skog's monopoly in the Australian market, and Norske Skog's global strategy of using trade laws to extend monopolies and to ward off financial default.

The single most important factor impacting Norske Skog's viability is the global decline in demand for newsprint, which is beyond Norske Skog's (and the Commission's) control. Norske Skog's recourse in 2014 to an application for an Australian trade remedy, however, follows an extended period during which Norske Skog has used trade remedies – in Malaysia – to monopolize a market. And, after years in which Norske Skog conceded that international

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competition was not a cause of its economic difficulties, Norske Skog is looking again for a secure monopoly that would almost certainly result from a trade remedy. Such a remedy might not rescue Norske Skog this time, but it surely would be damaging to the Australian newspaper industry in the long term and to the survival of a newsprint market in Australia.

I. Debt and digital media, rather than import competition, comprise Norske Skog's global newsprint performance challenges

A. Overstretched and indebted, Norske Skog has been disposing of newsprint production facilities globally

We understand that the primary focus of the Commission's investigation must be on the performance of Norske Skog's production facilities in Australia during the period of investigation. Such a focus will not reveal any material injury, but the performance of those facilities cannot be understood fully without the context of Norske Skog's global operations and strategy. Norske Skog complains in its Application only of very recent injury, and during a period when its sales have not declined, capacity utilization has increased, and prices have been steady, a period when it is unable to show any injury at all.

During the economic boom of the 1990's, Norske Skog grew quickly through numerous acquisitions.[1] Prior to 1992, Norske Skog's business was limited to Norway. By 2000, the company had acquired production facilities in West and Central Europe, Australasia (Australia, New Zealand, and the South Pacific), South America, Canada and Asia.[2] However, in the 2000's the market for newsprint began to shrink globally due to increased competition from digital media. Norske Skog became overburdened with debt. The company began selling assets in order to meet its debt obligations.[3]

[1] Madar, Roman "On the Edge of Distress," Erasmus University Thesis, August 2010 at 61.
[2] 2012 Annual Report at 7.
[3] Madar, Roman "On the Edge of Distress," Erasmus University Thesis, August 2010 at 61.

Norske Skog shut down five newsprint mills in 2006, and shares in the company's Canadian business were sold.[4] Norske Skog sold two South Korean mills in 2008 (Jeonju and Cheongwon).[5] The transaction was touted as "an important contribution to the ongoing restructuring of Norske Skog."[6] Norske Skog then shut down two paper machines in Europe, and in 2009 sold two mills in China (Hebei and Shanghai) and shut down a third paper machine in Europe.[7]

Norske Skog continued carrying a very high debt burden in 2011, facing what credit markets assessed as a 93% likelihood of default.[8] The company intensified efforts to sell off non-core assets and reduce its costs while the demand for newsprint continued to shrink, especially in Australasia.

Newsprint demand for Oceania in 2012 was down more than 11%, slightly worse than Western Europe and worse than all other regions.[9] In 2013, the situation was reported by Norske Skog to have deteriorated further, as "[d]emand for newsprint in Australasia was weak, with a decline of 17% in 2013 compared with 2012."[10] According to the Pulp and Paper Products Council ("PPPC"), Australian newsprint demand fell from 648,000 mt in 2008 to 387,000 mt in 2013.[11] PPPC forecasts a still further decline in 2014. In none of Norske Skog's reports about consolidation and declining demand did Norske Skog mention international competition.

In 2012, Norske Skog sold two mills in Chile and the Netherlands, and shut down another mill in Norway.[12] The next year, 2013, Norske Skog shut down one machine at the

[4] 2012 Annual Report at 7.
[5] 2012 Annual Report at 7.
[6] *See also* Norske Skog divests its operations in Korea, *June 2008,* Norske Skog PDF PowerPoint presentation.
[7] 2012 Annual Report at 7.
[8] http://www.bloomberg.com/news/2011-10-09/norske-skog-to-sell-assets-to-avoid-93-certain-default-corporate-finance.html
[9] DNB Markets SME Conference March 2013 at 11.
[10] "Norske Skog: Brighter Prospects And Better Margins," Feb. 5, 2014.
[11] *See* "Supply and Demand Newsprint: April 2014," Pulp and Paper Products Council, Appendix I, attached as Exhibit A. *See also* Exhibit A, Appendix III noting changes in production capacity due to shutdown of Norske Skog Boyer and Tasman machines.
[12] 2012 Annual Report at 7.

Tasman mill in Kamerau, New Zealand, and reduced production for the other machine "due to the [high] energy price development in New Zealand."[13] The closure and reduction in New Zealand production were not due to Australian imports, as suggested in Norske Skog's Application, but resulted, according to Norske Skog's own contemporaneous admission, from high New Zealand energy costs. In October 2013, Norske Skog sold its Singburi mill in Thailand as "part of an already communicated strategy to improve Norske Skog's financial position."[14] It also sold 51 percent of its shares in Norske Skog Pisa in Brazil,[15] and then sold the remaining 49 percent in January 2014.[16]

B. Overstretched and indebted, Norske Skog repositioned in the Australian market

1. Norske Skog's reductions in newsprint production

Norske Skog began implementing strategic decisions to reduce its total newsprint production capacity for the Australian market prior to and independent of any alleged injury from imports. In addition to reducing sales to Australia from its New Zealand mill, Norske Skog shut down one of the Boyer Mill machines in Tasmania so it could be converted to produce lightweight coated paper.[17] According to Norske Skog, "[t]he $85 million [Boyer Mill] project is part of a broader regional strategy aimed at transforming the business from being wholly a newsprint producer to having a more diverse future in paper, fibre and energy."[18] Nothing was said about competition from newsprint imports.

There were additional motivations for conversion of the Boyer Mill. The March 2011 tsunami in Japan suddenly exposed Australian print media to its over-dependence on coated

[13] 2013 Annual Report at 4. "The restructuring provision at 31 December 2012 was NOK 140 million. The largest item in this provision (NOK 81 million) related to the decision to permanently close 160 000 tonnes of newsprint capacity at Norske Skog Tasman in New Zealand." 2013 Annual Report at 91.
[14] http://www.norskeskog.com/default.aspx?ID=2194&feed=-N-105-PR-201310-1733898
[15] 2013 Annual Report at 4.
[16] http://www.norskeskog.com/default.aspx?ID=2194&feed=-N-105-PR-201401-1753107
[17] 2013 Annual Report at 6.
[18] 2013 Annual Report at 38.

grades of paper from Japan. Hence, Norske Skog saw an opportunity to seize an additional market in Australia, and likely benefitted from the leverage of its newsprint monopoly to induce the major newspapers in Australia to buy lightweight coated paper from a new, domestic supplier. Norske Skog likely also leveraged its new command of the grades of paper newspapers need for magazines and catalogues to extend its newsprint monopoly.

Norske Skog already has received generous assistance from the Government of Australia to move assets out of the newsprint market, and to enhance Norske Skog's overall paper advantages in Australia, as explained in the company's 2013 report:

> This means that, for the first time, we can supply something other than newsprint from our own production in Oceania. Following the conversion, Norske Skog will cover Australia's demand for glossy paper for catalogues and magazines. Australian authorities have granted AUD 28 million in government grants and a loan of AUD 13 million. We are very grateful for the generosity that the Australian authorities have shown in the financing of these projects. The results of these large investments will improve the quality of the paper and contribute to lower consumption of raw materials.[19]

The Boyer Mill conversion decision, like the decision to shut down the New Zealand machine, was made in 2012,[20] before the 2013/14 period in which Norske Skog alleged to be injured from imports.[21] The reference to lowering consumption of raw materials does not acknowledge that Norske Skog's newsprint competitors are delivering 100% recycled newsprint, which Norske Skog's mills are incapable of producing.

2. The Market Signal

Credit agencies predicted in 2011 a Norske Skog default. Norske Skog was closing mills around the world, especially in newsprint, in a race to meet debt obligations, and began reducing productive capacity in and for Australia.

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[19] 2013 Annual Report at 6.

[20] 2013 Annual Report at 22; 2012 Annual Report at 38.

[21] Application at 23 ("NSIA considers that it began to experience material injury from the dumped newsprint exports from France and Korea during 2013/14 ... until 2013/14 the dumped exports displaced NSIA's imports from New Zealand.").

The market signal to customers from the accumulation of developments leading to the warning from the credit agencies was obvious: were they to continue to depend wholly on Norske Skog for newsprint, they could find themselves suddenly without sufficient supply. Margins for unforeseen errors such as factory downtime and labour strife were shrinking. While Norske Skog was keen to maintain and extend its monopoly, customers needed to lock in long term contracts or, as the only viable alternative, find other suppliers. All possible alternative suppliers were offshore.

Price inevitably mattered as it must in all business transactions, but assurance of supply had to matter more. Some consumers opted for secure long term contracts, for which Norske Skog extracted the price of commitments to 100% of supply. Those who feared for Norske Skog's future wanted some flexibility in the market, or may have cared about 100% recycled newsprint consistent with Australian national policy, and consequently made deals with foreign suppliers. Market conditions and the fiscal condition of Norske Skog were dictating purchasing choices, not whether imports were fairly traded, and the only "threat" to Norske Skog was the preservation of competition.

C. Norske Skog never complained about imports, and had nothing to complain about

Norske Skog has said that it "has maintained a steady overall production utilization rate until 2012/13, with reduced production occurring in 2013/14."[22] But Norske Skog also has acknowledged that deliveries of and revenue from newsprint were suppressed in 2014 by the Boyer conversion rather than import competition.[23] Thus, Norske Skog's conversion of assets and reduction in total production capacity cannot be ascribed to competition from imports.

Capacity utilization levels in mills still devoted to newsprint have remained high, plausibly the result, at least in part, of Norske Skog's global rationalization. For the Norske Skog group

[22] Application p. 23.

[23] Norske Skog, Q1 2014 Presentation (April 2014) at 10 (see table showing revenue and deliveries rising from 1Q13 to 4Q13 before falling in 1Q14 and group capacity falling from 3.5 million tonnes in 2Q13 to 3.0 million tonnes in 1Q14).

as a whole, capacity utilization was 88% in 2012, 88% in 2013,[24] and 91% in Q1 2014.[25] The company's Q1 2014 projected outlook for its Australasia segment reflects the view that its financial position was affected by restructuring measures and increased energy costs in New Zealand—reasons unrelated to imports:

> Australasia
>
> Operating revenue decreased compared to the previous quarter, reflecting the standstill of the machine under conversion at Boyer. Furthermore, Singburi in Thailand was fully deconsolidated in the first quarter. In the fourth quarter of last year, Singburi was partially consolidated.
>
> Cost of materials per tonne increased somewhat compared to the previous quarter, reflecting higher energy prices in New Zealand. Fixed costs increased due to a one-off reduction in environmental obligations in Australasia in the fourth quarter.
>
> Last year's sharp decline in consumption has abated in the first quarter. Demand for magazine paper in Australasia remains relatively flat.[26]

In 2012, Norske Skog reported that "[p]rices remained stable, with long term contracts running through mid-2015 in Australia and New Zealand," even though sales volumes declined by 8%.[27] A year later, in 2013, Norske Skog extended its long-term contracts with its two largest customers in Australasia, News Limited and Fairfax Media Limited, allowing them to "run until the middle of 2020."[28] "In 2013 these customers represented approximately 70% of the newsprint and improved grade market in Australasia."[29] Hence, Norske Skog's sales to its largest customers in the region continue to be insulated from competition, on price and all other criteria. There could be no injury associated with the decision in 2013 to extend contracts to 2020, nor any threat of injury in the presence of these secure contracts. Any decline in price would have to be ascribed to continuation of a long-term trend that Norske Skog says has seen

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24 "Norske Skog: Brighter Prospects And Better Margins," Feb. 5, 2014.

25 "Norske Skog: Higher capacity utlisation and strengthened financial position," Globalnewswire, Apr. 24, 2014. Capacity utilization for the group in Newsprint outside Europe was 88% in 2012. 2012 Annual Report at 39.

26 "Norske Skog: Higher capacity utilisation and strengthened financial position," Globalnewswire, Apr. 24, 2014.

27 2012 Annual Report at 39.

28 2013 Annual Report at 4.

29 http://www.norskeskog.com/default.aspx?ID=2194&feed=-N-105-PR-201312-1751435

"in nominal terms ... a significant decrease in price of 26% over the last 17 years, an average of 1.5% per annum. In real terms this is significantly larger at around 3.5 to 4% reduction year on year."[30]

Norske Skog's Application complains of a "surge" of imported newsprint from Korea and France. In fact, what it has described as a surge was simply its loss (in 2010) of most of the contract for supply of newsprint to West Australian Newspapers (WAN) to Korean supplier Jeonju and French supplier UPM. It also appears to have lost some contracts, at that time, to supply APN.

It is important to recognize, when Norske Skog complains of a "surge," two facts: first, those contracts were lost prior to the period in which Norske Skog claims to have been injured by dumped imports. Second, the loss of those contracts did not affect the Australian newsprint industry's market share because, up until 2010, Norske Skog's position of complete dominance in the Australian market involved supply of newsprint out of its two Australian mills and its New Zealand mill. Norske Skog made decisions independent of these contract losses to reduce significantly its local production.

It seems that the effect of the loss of the WAN and APN contracts was not to injure Norske Skog's Australian operations at all. Norske Skog might argue that French and Korean imports reduced the demand for supply out of its more costly New Zealand mill, and expedited the closure of one of the machines at that mill. Yet, even the closure of that machine, which presents no appropriate grounds for the Commission to provide relief, seems to have been a decision made independently by Norske Skog based on rising energy costs in New Zealand and the company's global effort to reduce costs.

Despite losing contracts in 2010 or earlier, long before any claim of injury, Norske Skog has maintained the market share of its Australian mills over the period from 2010 to date, and

[30] Norske Skog submission to the Australian Productivity Commission, date 17 December 2013, at page 6: http://www.pc.gov.au/__data/assets/pdf_file/0015/131316/sub039-tasmanian-shipping.pdf

made facility changes for reasons unrelated to international competition. Norske Skog had a 93% market share in the period 2008-2009, and after losing two contracts still commanded 83% of the Australian market for newsprint from 2010-2013, the period when Norske Skog would have felt the full effect of the WAN and APN contracts.

Over the period of April 2010 to March 2013, according to the Commission's Consideration Report, Norske Skog also managed to maintain or increase its price and its profit margins. Norske Skog thus acknowledges very successful performance despite the dramatic decline in newsprint demand and despite complaining about a high volume of dumped imports.

The only injury that Norske Skog ascribes to dumped imports, then, is a claimed reduction in prices and margins in the period April 2013 to March 2014. The only significant change in the market place in that period – aside from the ever-greater reduction in demand for newsprint – was the renegotiation of Norske Skog's contracts with News Limited and Fairfax Media.[31]

It is not obvious how any change to prices and margins under the News Limited and Fairfax Media contracts can be attributed to dumped imports. The relevant facts (insofar as they are public knowledge) in relation to those contracts seem to be that:

(a) Norske Skog has held for many years long term contracts to supply 90% of News Limited's Australian newsprint requirements, with the last 10% to be purchased under short-term arrangements or in the spot market. We understand that for many years prior to 2013 even that last 10% was purchased from Norske Skog;

(b) Norske Skog has been the supplier under long-term contracts with Fairfax Media of 90% of its Australian newsprint requirements;

[31] The value of the Australian dollar also fell in 2013-2014 from its all-time highs during the period from 2010 to the beginning of 2013. There appears to be a direct correlation between imports and currency valuation in Australia, beginning at least in 2009. The slide of the Australian dollar in 2013 may have been an additional factor in Norske Skog's decision to extend its agreements with News Limited and Fairfax Media Limited beyond 2015 to 2020. Norske Skog CEO Sven Ombudsveldt commented in the company's December 23, 2013 press release marking the signing of the renewed long-term agreements, that "these agreements will limit our future foreign exchange exposure in Australia and New Zealand."

(c) the long-term contracts with each of those customers were not due to expire until 2015;

(d) Norske Skog re-negotiated those contracts in 2013, extending them to 2020 with an additional term, to supply 100% of the newsprint needs of by far the two largest customers in the market;

(e) those long-term contracts contain a pricing formula that "reflects global market conditions for this commodity product," and "do not permit the company to pass on any changes in costs."[32]

If Norske Skog were to have made any concessions on prices and margins in the renegotiation of those contracts, it seems very likely that those concessions would have been made to secure supply of 100% (rather than 90%) of their requirements, and to reflect the difficult market in which those customers find themselves.[33] Given the customers' declining newspaper circulations, profits and margins, it seems unlikely that they would have been willing to negotiate a particularly favourable price structure to cover the next 7 year period, during which those difficult conditions would be expected to continue.

Customers like competition. Norske Skog locked in its primary customers before trying to eliminate competition through a trade remedy. Hence, Norske Skog minimized the risk of antagonizing its customers before complaining to the Commission.

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[32] Norske Skog submission to the Australian Productivity Commission, date 17 December 2013, at page 6: http://www.pc.gov.au/__data/assets/pdf_file/0015/131316/sub039-tasmanian-shipping.pdf

[33] For instance, News Limited has reported that:

- revenues at its Australian newspapers for the fiscal year ended 30 June 2013 decreased 15%, as compared to fiscal 2012, primarily reflecting lower newspaper advertising revenues: p. 49, Annual Report 2013; and
- since June 30 2013, revenues at its Australian newspapers for the three and nine months ended March 31, 2014 decreased 21% and 20%, respectively, as compared to the corresponding periods of fiscal 2013, due to lower advertising revenues and lower print circulation volume, amongst other factors: pp. 43-44, Quarterly Report March 2014.

Fairfax Media similarly reported that in the 2013 financial year it had suffered a 24.9% decrease in print advertising: 2013 Full Year results commentary, which continued at a similar rate into the first quarter of the 2014 financial year: 2014 Interim Results Investor Presentation.

II. Norske Skog is using trade law to cement a monopoly

It seems that Norske Skog has requested this anti-dumping investigation in order to secure a complete monopoly (or close to it) of the Australian newsprint market. Australia is not the first country where Norske Skog has used the trade laws in a quest to eliminate competition and cement a position as the sole domestic manufacturer of newsprint. Norske Skog has used similar tactics in Malaysia over the last ten years.

In Malaysia, Norske Skog has owned a 34% share in Malaysian Newsprint Industries ("MNI"), the sole domestic newsprint producer.[34] MNI's plant had a production capacity of 250,000 tonnes, compared to a local demand of 380,000 tonnes,[35] which meant that newsprint consumers had no choice but to import newsprint in order to satisfy their needs. Nevertheless, in December 2002, MNI petitioned for the imposition of antidumping duties on newsprint from Canada, the United States, Korea, Indonesia and the Philippines, resulting in the Government of Malaysia's imposition of duties ranging from 5% to 43% in August 2003.[36] The measures were continued in 2008, and are subject to continuation again in 2014.

On April 5, 2013, MNI filed a new antidumping petition against newsprint from Belgium, Germany, Sweden and the United Kingdom. The Government of Malaysia initiated the case, but ultimately terminated it on August 2, 2013 by invoking the public interest exception to its trade laws.[37]

Duties on newsprint from Canada, the United States, Korea, Indonesia and the Philippines have continued in Malaysia. In January, 2014, the Malaysian Newsprint Publishers Association reportedly urged the government to allow the duties to expire:

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[34] 2013 Annual Report at 79.

[35] Alavi and Ahamat, "Predation and Public Interest in the WTO Anti-Dumping Duty Determination: A Malaysian Case," 25 *Journal of Economic Cooperation* vol. 4 (2004) at 90.

[36] Alavi and Ahamat, "Predation and Public Interest in the WTO Anti-Dumping Duty Determination: A Malaysian Case," 25 *Journal of Economic Cooperation* vol. 4 (2004) at 90.

[37] "Termination Of An Anti-Dumping Investigation Of Newsprint In Rolls Originating Or Exported From Belgium, Germany, Sweden And United Kingdom," Government of Malaysia Press Release, August 2, 2013.

> The Association said that the necessary mechanisms to ensure survival of Malaysian newsprint manufacturers are already in place so there is no need to extend the anti-dumping duties. Currently, the government provides an incentive in the form of an import duty waiver on newsprint if MNPA members procure 50% of their newsprint locally.[38]
>
> MNPA said the livelihood of the Malaysian newspaper sector as a whole depends on the survival of the newspaper industry and its ability to control cost. "The newspaper industry employs about 12,000 workers, about 10,000 newspaper vendors and agents, as well as 5,000 suppliers and transporters," said the MNPA.[39]

In Australia, through long-term contracts already extending to 2020 with News Limited and Fairfax Media, Norske Skog controls more than 70 percent of the market for newsprint with no possibility of competition.[40] It follows that the imposition of anti-dumping measures cannot assist its relationship with those customers and cannot remedy any injury that it claims to have suffered in its arrangements with them.

It appears, therefore, that Norske Skog's Application for anti-dumping measures is directed at securing contracts to supply completely the two next largest customers in the market – WAN and APN – thereby increasing the market share of its Australian mills to close to between 90 and 100% of the newsprint market. Norske Skog has not demonstrated, however, that it could meet the enlarged demand that it would have created for itself after reducing its own capacity. Alternatively, if those contracts could not be secured, then the apparent intent of Norske Skog's Application would be to force those customers who do not buy from Norske Skog to pay higher prices for their newsprint, a punishment for not purchasing from Norske Skog, even as Norske Skog may not have the capacity to supply them.

Whether Norske Skog seeks, through anti-dumping measures, to win contracts it could not supply, or to raise prices for its customers' competitors, the Commission should not recommend, and the Minister should not impose, the measures requested by Norske Skog, even if dumping were found to be occurring. In the first scenario, it would not be in Australia's

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[38] http://www.pulpandpapercanada.com/news/malaysian-government-urged-not-to-extend-anti-dumping-duties-on-imports-of-newsprint-from-canada-and/1002921738/?&er=NA

[39] *Id.*

[40] Adding in contracts with other customers, Norske Skog's market share exceeds 80%.

interest to promote a monopoly detrimental to a newspaper publishing industry already in severe decline. In the second scenario, the measures would not be remedying any injury that has been suffered or is threatened by dumping.

III. Implications of Norske Skog's strategy and recycled fibre

Australia leads the world in newsprint recycling at the rate of almost 80%.[41] Norske Skog Albury "utilizes up to 55% recycled fibre" while the remainder is sourced from plantation radiata pine.[42] Norske Skog does not make newsprint from 100% recycled fibre and argues that, "to make the recovered paper value chain sustainable, fresh fibre from forests, plantations or sawmill by-products must be added."[43] Australia can boast of leading the world in the use of recycled newsprint only because French and Korean imports are 100% recycled, a level which Norske Skog's virgin mills in Australia cannot and will not achieve.

A Norske Skog monopoly free of foreign competition necessarily would mean higher prices. It would also mean less use of recycled fibre. And it would leave Australia's newspaper industry hostage to a Norwegian company with an uncertain economic future.

Norske Skog declares in its Application that it has diverted New Zealand production from Australia to other foreign markets, although it is apparent that energy costs are reducing the viability of newsprint production in New Zealand, not foreign competition. Norske Skog also states that it has been increasing radically its exports from Australia, a not surprising outcome with a highly valued Australian dollar and persistent overproduction. When closing the Malaysian market to imports through the trade law, Norske Skog kept that market open to imports from Australia and New Zealand. As its global strategy unfolds, Norske Skog is using monopolies to create exclusive destinations for its own product, maintaining price levels through

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[41] http://www.proprint.com.au/News/266132,australia-leads-the-world-in-newsprint-recycling.aspx
[42] http://www.norskeskog.com/Business-units/Australasia/Norske-Sokg-Albury.aspx (last visited June 26, 2014).
[43] 2013 Annual Report at 24.

the management of supply, notwithstanding the withering of demand. The Application before the Australian Anti-dumping Commission is merely the next instrument in Norske Skog's global strategy, more a threat to Australia's newspaper industry than a protection against unfair competition for the domestic production of newsprint.

IV. An injury investigation agenda for the Commission

In addition to the matters raised in this submission, Bowater Korea respectfully suggests that the Commission investigate the following questions, which generally require access to confidential information unavailable to Bowater Korea:

- Inasmuch as the WAN contract loss pre-dates Norske Skog's alleged injury by three years; Norske Skog has locked in 70% of the Australian market (or, effectively, almost all of the remaining market) through 2020; and Norske Skog has averaged an 87% market share since 2008, what is the injury that Norske Skog ascribes to French and Korean imports?
- What is the causal link between the allegedly unfair imports and any injury Norske Skog claims to be suffering inasmuch as Norske Skog has locked in volumes and prices for most of the Australian market through 2020?
- Is there substantial evidence in Norske Skog's records or books that competing imports led to lower prices for newsprint?
- Is there substantial evidence that Norske Skog's decisions to reduce newsprint production in Australia and New Zealand were because of competing imports?
- Is there demand for 100% recycled newsprint, which cannot be supplied by Norske Skog (noting that loss of contracts associated with any such demand could not be attributed to dumping)?

- Even if dumping margins were to be imposed, would Norske Skog's prices be competitive with the prices of the newsprint suppliers to which it has lost significant contracts?
- Is there evidence in Norske Skog's books and records that Norske Skog used its market power to pressure customers into contracts or contract terms?
- Did Norske Skog use its new leverage in coated papers to induce newsprint consumers to purchase both newsprint and coated papers?
- Is there evidence that Norske Skog used its market power to threaten customers who opted to buy newsprint from French or Korean suppliers?

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ANTI-DUMPING COMMISSION INVESTIGATION ADC 242
NEWSPRINT EXPORTED FROM
FRANCE AND THE REPUBLIC OF KOREA

The attached document entitled "*Supply and Demand Newsprint: April 2014: Pulp and Paper Products Council*" is exhibit A referred to in the preliminary submission, dated 14 July 2014, by Bowater Korea as to alleged injury.

Pulp and Paper Products Council

Supply and Demand

NEWSPRINT

April 2014

PPPC
Report

World Newsprint Demand
000s of tonnes

	1995	2000	2005	2007	2008	2009	2010	2011	2012	2013
Algeria	12	29	33	61	52	78	72	47	38	33
Egypt	81	98	140	163	166	176	171	157	160	151
Ghana	2	12	15	14	10	13	11	26	20	24
Kenya	16	23	38	49	57	42	52	37	53	59
Morocco	14	21	19	18	25	18	18	19	20	15
Nigeria	14	18	35	31	47	22	24	15	17	20
South Africa	176	168	279	323	297	265	276	273	271	217
Tanzania	10	17	19	23	17	14	13	13	16	17
Tunisia	13	10	14	13	14	13	12	13	12	9
Zimbabwe	18	19	15		2	6	9	11	11	9
Other	24	40	42	54	49	52	49	55	50	56
Africa	**380**	**455**	**649**	**749**	**736**	**699**	**707**	**666**	**668**	**610**
China	**727**	**1 644**	**3 032**	**3 590**	**3 895**	**4 119**	**3 924**	**3 259**	**3 592**	**3 320**
India	**712**	**1 099**	**1 791**	**2 140**	**2 504**	**2 059**	**2 679**	**2 629**	**2 559**	**2 743**
Japan	**3 547**	**3 885**	**3 840**	**3 801**	**3 701**	**3 439**	**3 413**	**3 288**	**3 323**	**3 275**
Korea South	**1 126**	**1 320**	**1 050**	**1 073**	**979**	**846**	**881**	**861**	**791**	**690**
Bangladesh	51	59	50	53	68	93	96	101	86	81
Hong Kong	219	394	323	312	321	254	297	302	317	251
Indonesia	192	211	338	331	359	336	343	331	318	306
Iran	32	60	129	160	89	163	102	127	135	158
Israel	103	153	118	110	138	81	114	115	87	85
Malaysia	250	313	337	320	345	405	382	287	325	369
Pakistan	25	62	35	55	63	54	37	38	38	78
Philippines	130	172	125	140	130	129	106	124	108	119
Singapore	139	205	137	146	176	130	143	152	139	148
Sri Lanka	28	30	46	52	52	39	48	56	60	65
Taiwan	410	458	389	323	302	244	261	238	236	198
Thailand	252	222	264	246	243	173	213	185	199	209
Turkey	315	426	443	443	428	371	391	400	361	388
United Arab Emirates	19	15	39	62	70	52	29	33	36	42
Vietnam	20	36	61	112	113	87	109	133	142	137
Other	79	104	125	174	154	169	145	118	115	113
Other Asia	**2 264**	**2 920**	**2 959**	**3 039**	**3 051**	**2 780**	**2 816**	**2 740**	**2 702**	**2 747**
Total Asia	**8 376**	**10 868**	**12 672**	**13 643**	**14 130**	**13 243**	**13 713**	**12 777**	**12 967**	**12 775**
Australia	702	669	731	676	648	573	603	551	480	387
New Zealand	141	130	135	118	101	90	85	81	74	70
Other	13	10	11	10	11	9	8	8	9	10
Oceania	**856**	**809**	**877**	**804**	**760**	**672**	**696**	**640**	**563**	**467**
World	**33 933**	**37 863**	**37 050**	**36 832**	**36 063**	**31 233**	**31 777**	**30 059**	**29 099**	**27 695**

World Newsprint Capacity
000s of tonnes

	1995	2000	2005	2007	2008	2009	2010	2011	2012	2013
Canada	9 575	9 536	8 145	7 256	6 438	5 823	4 989	4 699	4 263	4 359
United States	6 580	6 766	5 103	4 711	4 501	3 940	3 455	3 196	3 066	2 640
North America	**16 155**	**16 302**	**13 248**	**11 967**	**10 939**	**9 763**	**8 444**	**7 895**	**7 329**	**6 999**
Austria	370	380	446	448	451	451	413	413	419	418
Belgium	120	130	328	396	399	399	400	400	400	400
Finland	1 030	890	434	420	255	210	187	180	180	215
France	785	890	964	1 004	974	974	965	946	954	915
Germany	1 780	1 865	2 218	2 195	2 176	2 185	2 150	1 963	1 792	1 791
Italy	185	185	206	200	214	217	216	161	160	18
Netherlands	340	340	430	466	479	335	148	52	12	15
Norway	910	825	779	681	606	565	541	548	505	466
Spain	130	285	475	695	666	667	664	666	656	623
Sweden	2 095	2 145	2 193	2 187	2 103	1 994	1 868	1 741	1 682	1 145
Switzerland	195	250	219	260	256	267	301	425	423	412
United Kingdom	890	1 125	1 211	1 155	1 162	1 218	1 279	1 285	1 285	1 261
Western Europe	**8 830**	**9 310**	**9 903**	**10 107**	**9 741**	**9 482**	**9 132**	**8 780**	**8 468**	**7 679**
Belarus	0	0	0	0	20	31	33	35	37	39
Croatia	20	20	5	5	0	0	0	0	0	0
Czech Republic	95	120	120	125	43	0	0	0	0	0
Poland	100	230	230	225	175	175	175	175	175	175
Romania	60	60	60	45	40	30	10	0	0	0
Serbia	25	25	0	0	0	0	0	0	0	0
Slovenia	80	85	105	150	150	150	150	150	150	150
Ukraine	25	35	35	35	40	40	40	40	13	0
Eastern Europe	**405**	**575**	**555**	**585**	**468**	**426**	**408**	**400**	**375**	**364**
Russia	**1 800**	**1 940**	**2 220**	**2 260**	**2 260**	**2 260**	**2 242**	**2 200**	**2 180**	**2 130**
Total East. Europe	**2 205**	**2 515**	**2 775**	**2 845**	**2 728**	**2 686**	**2 650**	**2 600**	**2 555**	**2 494**
Argentina	170	170	190	205	205	205	205	205	205	205
Bolivia	0	0	0	0	0	0	0	0	0	0
Brazil	300	315	185	185	185	185	185	185	185	185
Chile	240	285	325	295	285	285	285	285	274	144
Mexico	440	260	260	260	260	260	260	260	210	210
Venezuela	0	0	0	0	0	0	0	0	0	0
Latin America	**1 150**	**1 030**	**960**	**945**	**935**	**935**	**935**	**935**	**874**	**744**
Egypt	0	0	45	55	55	55	55	55	55	55
Kenya	15	15	15	15	15	5	0	0	0	0
Nigeria	20	0	0	0	0	0	0	0	0	0
South Africa	370	370	390	390	390	390	390	390	390	331
Tanzania	10	10	10	0	0	0	0	0	0	0
Zimbabwe	20	20	20	5	5	5	5	5	5	5
Africa	**435**	**415**	**480**	**465**	**465**	**455**	**450**	**450**	**450**	**391**
China	**1 020**	**1 688**	**3 064**	**4 416**	**4 718**	**4 868**	**4 631**	**3 942**	**3 910**	**3 677**
India	**511**	**767**	**1 044**	**1 175**	**1 358**	**1 270**	**1 364**	**1 310**	**1 493**	**1 523**
Japan	**3 340**	**3 665**	**3 800**	**3 810**	**3 815**	**3 770**	**3 770**	**3 686**	**3 770**	**3 770**
Korea South	**950**	**1 800**	**1 860**	**1 680**	**1 680**	**1 680**	**1 680**	**1 680**	**1 680**	**1 680**
Bangladesh	50	50	15	20	35	35	35	40	40	40
Indonesia	315	650	650	650	650	550	550	490	470	470
Iran	0	35	55	55	55	55	55	55	55	55
Malaysia	0	220	260	272	280	280	280	280	280	280
Philippines	165	315	275	260	240	240	220	180	90	90
Taiwan	90	90	0	0	0	0	0	0	0	0
Thailand	100	120	135	135	135	135	135	135	135	135
Turkey	185	185	0	0	0	0	0	0	1	46
Vietnam	20	40	45	60	60	60	60	94	100	102
Other Asia	**925**	**1 705**	**1 435**	**1 452**	**1 455**	**1 355**	**1 335**	**1 274**	**1 171**	**1 218**
Total Asia	**6 746**	**9 625**	**11 203**	**12 533**	**13 026**	**12 943**	**12 780**	**11 892**	**12 024**	**11 868**
Australia	435	425	425	455	480	480	470	470	470	470
New Zealand	385	385	375	230	275	275	275	275	275	125
Oceania	**820**	**810**	**800**	**685**	**755**	**755**	**745**	**745**	**745**	**595**
World	**36 341**	**40 007**	**39 369**	**39 547**	**38 589**	**37 019**	**35 136**	**33 297**	**32 445**	**30 770**

NEWSPRINT
Major Capacity Changes

Country	Company	Location	Annual Net Change (000s tonnes)	Effective Date	Comments
TURKEY	**Definite**				
	Kahramanmaraş Kağıt Sanayi ve Ticaret Anonim Şirketi (KMK Paper)	Kütahya	70	December 2012	Start-up of PM#3 (purchased from Papierfabrik Hermes) at the company's new mill. Although the machine is capable of producing newsprint and P&W paper, the company's current objective is to specialize in newsprint. Furnish is recovered paper.
VIETNAM	**Definite**				
	Vinapaco (Vinepamex)	Bai Bang, Phu Tho	50	February 2011	New machine at greenfield mill using recovered paper as furnish.
	Uncertain				
	Vinapaco (Vinepamex)	*Thanh Hoa*	*N/A*	*N/A*	*The company has plans for a new mill in Thanh Hoa. According to the Vietnamese association, the mill would produce 100 000 tonne of newsprint and printing & writing paper capacity.*
OCEANIA					
AUSTRALIA	**Definite**				
	Norske Skog	Boyer	(125)	December 2013	Conversion of PM#2, with an estimated capacity of 40 000 tonnes of newsprint and 85 000 tonnes of UM papers, to the production of CM papers. UM paper production from PM#2 will be moved to PM#3, resulting in an 85 000-tonne drop in newsprint capacity at PM#3 in addition to the 40 000-tonne drop from PM#2.
NEW ZEALAND	**Definite**				
	Norske Skog (Tasman Paper)	Kawerau	(150)	January 2013	Permanent closure of PM#2.