



Exporter Questionnaire

A4 COPY PAPER EXPORTED FROM THE FEDERATIVE REPUBLIC OF BRAZIL

Period of Investigation: 1 JANUARY 2015 – 31 DECEMBER 2015

Response due by: **19 May 2016 - Extension granted to 26 May 2016**

CASE CONTACT

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Anti-Dumping
Commission website: www.adcommission.gov.au

RETURN OF QUESTIONNAIRE DETAILS

Preferably by email to: operations2@adcommission.gov.au

Or by mail
(CD-ROM or USB): Attention: Director Operations 2
Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001
Australia

GOODS UNDER CONSIDERATION

The goods under consideration (the goods) ie the goods exported to Australia, allegedly at dumped prices and/or in receipt of subsidies, 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 applicants provide the following additional information:

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.

Tariff classification

The goods are currently classified to tariff subheadings 4802.56.10 (statistical code 03) of Schedule 3 to the *Customs Tariff Act 1995*.

These goods are subject to 3 per cent Customs duty.

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INSTRUCTIONS

Why you have been asked to fill out this questionnaire?

The Anti-Dumping Commission (the Commission) is responsible for investigating the allegation that A4 copy paper has been exported to Australia from Brazil at prices less than their normal value and that the dumping has caused material injury to the Australian industry

The Commission will use the information you provide to determine normal values and export prices over the investigation period. This information will determine whether A4 copy paper is dumped. You may make separate submissions concerning any other matter, for example injury.

The Commission investigation will be carried out under the provisions of the Part XVB of the *Customs Act 1901*.

What happens if you do not respond to this questionnaire?

You do not have to complete the questionnaire. However, if you do not respond, do not provide all of the information sought, do not provide information within a reasonable time period, or do not allow the Commission to verify the information, we may deem you uncooperative. In that case the Commission may be required to rely on information supplied by other parties (possibly information supplied by the Australian industry). In that case we may assess a dumping margin for your company based upon normal values that may be the highest determined in your country during the investigation period.

It is in your interest, therefore, to provide a complete and accurate submission, capable of verification.

Due date for response

Manufacturers and exporters are requested to respond to this questionnaire and return it to the Commission within the time specified on the cover page.

The Commissioner must consider the direction from the Minister for Industry, Innovation and Science as set out in the *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Direction). This Direction sets out the particular considerations that the Commissioner must take into account when:

- deciding whether a longer period is reasonably required or practicable under subsection 269TC(6) and 269TC(9) of the Customs Act 1901 (the Act), or considering whether to allow any interested party a longer period to give any response;
- considering an insufficient response from an interested party;
- determining whether to have regard to a late response;
- determining whether an exporter is an uncooperative exporter;
- determining whether or not an entity is a non-cooperative entity for the purposes of section 269TAACA; and
- determining whether an entity has significantly impeded a case.

The full text of the Direction and the accompanying explanatory statement is available on the Comlaw website at www.comlaw.gov.au. This and other reforms to Australia's anti-dumping system are explained in Anti-Dumping Notice 2015/129, available on the Commission's website at www.adcommission.gov.au.

Confidential and non-confidential submissions

You are required to lodge one confidential version (for official use only) and one non-confidential version (for public record) of your submission by the due date.

Please ensure that *each page* of information you provide is clearly marked either "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD".

All information provided to the Commission in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the public record.

Please note, Australia's anti-dumping and countervailing legislation requires that to the extent that information given to the Commission is claimed to be confidential or whose publication would adversely affect a business or commercial interest, the person giving the information must ensure that a summary of that information contains sufficient detail to allow a reasonable understanding of the substance of the information, but does not breach confidentiality nor adversely affect those interests.

The legislation allows that a person is not required to provide a summary for the public record if the Commission can be satisfied that no such summary can be given that would allow a reasonable understanding of the substance of the information. However, such a summary would add considerably to an interested party's understanding of information contained in a document.

As provided for in Australia's anti-dumping and countervailing legislation, all submissions are required to have a bracketed explanation of deleted or blacked out information for the non-confidential version of the submission. Note that if such an explanation is not provided, the Commission may disregard the information in the submission. An example of a statement to accompany deleted/blacked out text is:

[explanation of cost allocation through the divisions].

If, for some reason, you cannot produce a non-confidential summary, please contact the investigation case manager.

Exporter's declaration

At section H, you are required to make a declaration that the information contained in your submission is complete and correct. Alternatively, if you did not export the goods during the period of investigation, you may make a declaration to that effect.

You must return a signed declaration with your response to the questionnaire.

Verification of the information that you supply

The Commission will seek to verify the information provided in your submission. Where there are a large number of exporters, the Commission may have to verify information from selected exporters only. The purpose of the visit is to verify the information submitted in response to this questionnaire. It is not meant to be a chance for you to provide new or additional information. The Commission expects your response to the questionnaire to be complete and accurate.

Verification visits take several days. We will want to examine in detail your company's records in respect of the goods and will ask for copies of documents relating to the manufacture and sale of the goods. We will need to consult with your staff, particularly your financial controller (or accountant) and your domestic and export sales people. We may also need to see your factory, in which case we will need to consult with your operational managers.

After gathering the information we will prepare a report of the visit. We will provide you with a draft of the report and then respond to any questions you have. We will ask you to prepare a non-confidential copy of the report for the public record.

If you do not manufacture the goods

You may export but not produce or manufacture the goods (for example, you are a trading company, broker, or vendor dealing in the goods).

In such cases it is important that you forward a copy of this questionnaire to the relevant manufacturers **immediately**. You should also inform the investigation case officer of the contact details for these manufacturers.

You should complete those sections of the questionnaire that you are reasonably able to complete. If, for example, you are unable to supply details of production costs, you should clearly explain why the section does not apply to your company.

If you do not export the goods

Depending on the arrangement for sale of the goods to Australia through an intermediary, the Commission will have to determine who is the exporter of the goods for the purpose of this investigation.

In any case, information (such as cost of production data) supplied by the manufacturer will be relevant to establishing the normal value of the goods. In the absence of verified information, the Commission may use other available information. This information may result in a decision less favourable to your company.

Outline of information required by this questionnaire

Section A General information relating to your company including financial reports.

Section B A complete list of your company's exports to Australia over the investigation period.

- Section C** A list of goods sold on the domestic market of the country of export (like goods) that may be compared to the goods under consideration (the goods).
- Section D** A detailed list of all of your company's sales of like goods in your domestic market.
- Section E** Information to allow a fair comparison between export and domestic prices.
- Section F** Information in relation to your company's exports of like goods to countries other than Australia.
- Section G** Costs to make and sell, for exports to Australia and for the domestic market.
- Section H** Your declaration.
- Section I** A checklist.

Appendix 1 A glossary of terms used in this questionnaire

Some general instructions for preparing your response

- When answering the questionnaire please carefully read all instructions. The Commission requires a response to *all* sections of this questionnaire. Please provide an explanation if a question is not relevant to your situation.
- Answer questions in the order presented in the questionnaire. Please ensure that information submitted conforms to the requested format and is clearly labelled. Please repeat the question to which you are responding and place your answer below it.
- Identify source documents and advise where they are kept. During on-site verification you should be prepared to substantiate all the information you have submitted. Every part of the response should be traceable to company documents that are used in the ordinary course of business.
- We recommend that you retain all work sheets used in answering the questionnaire, in particular those linking the information supplied with management and accounting records. This will help us to verify the information.
- Clearly identify all units of measurement and currencies used. Apply the same measurement consistently throughout your response to the questionnaire.

Instructions on providing electronic data

- It is important that information is submitted in electronic format.

- Electronic data should be emailed or submitted on a CD-ROM, in IBM/MS-DOS format, or another operating system whose disk format is compatible with this MS-DOS version.
- The data must be created as spreadsheet files, preferably in Microsoft Excel, or alternatively in an Excel compatible format (for example, Excel can normally access data in Dbase or as an ASCII file).
- The Excel files must be compatible to the USA version.
- If you cannot present electronic data in the requested format contact the investigation case officer as soon as possible.

Further information

Before you respond to the questionnaire you should read all the documentation enclosed with this application including the applicant's non-confidential submission and the Anti-Dumping Notice notifying the initiation of the investigation. We also advise that you read the attached glossary of terms.

If you require further assistance, or you are having difficulties completing your submission, please contact the investigation case manager. The Commission will need to know the reasons.

General Introduction

This questionnaire response to the questionnaire in the anti-dumping investigation into A4 copy paper exported from Brazil is made on behalf of International Paper do Brasil Ltda. ("IP Brasil") and International Paper Exportadora Ltda. ("IPEX").

IP Brasil and IPEX are companies located in Brazil. IP Brasil operates three paper mills in Brazil where it manufactures various paper products, including the subject goods, and also the packaging operations. All domestic sales of A4 copy paper in Brazil during the investigation period were made by IP Brasil. As such, all references to domestic sales in this questionnaire response relate to sales made by IP Brasil.

In the case of exports of A4 copy paper, [REDACTED] [trading relationship]. Please refer to "**Confidential Exhibit B-2(e) – [REDACTED]**" for a copy of that agreement. IPEX then exports the products manufactured by IP Brasil to countries in Latin America, the Caribbean, Europe, Asia and Oceania. During the investigation period, IPEX exported A4 copy paper to [REDACTED].

SECTION A

COMPANY STRUCTURE AND OPERATIONS

This section requests information relating to company details and financial reports.

A-1 Identity and communication

Please nominate a person within your company who can be contacted for the purposes of this investigation:

Head Office: Please note that IPEX is headquartered in the same office building in Sao Paulo as IP Brasil. All sales and cost accounting records for IPEX and IP Brasil are kept at offices in Mogi Guaçu.

Name: Ms Luana Cardozo
Position in the company: Export Sales Manager
Address: Avenida Engenheiro Luís Carlos Berrini, 105 – 16th floor, Itaim Bibi, Sao Paulo/SP, CEP 04571-010
Telephone: (55) 11 3254-3623
Facsimile number:
E-mail address of contact person: Luana.Cardozo@ipexbr.com

Factory: Mogi Guaçu Mill
Address: Rodovia SP 340, km 171, Mogi Guaçu/SP, CEP 13845-901
Telephone: +55 (19) 3861-8345
Facsimile number:
E-mail address of contact person: Luana.Cardozo@ipexbr.com

Factory: Luiz Antonio Mill:
Address: Rodovia SP 255, km 41,2, Luiz Antonio/SP, CEP 14210-000
Telephone: +55 (16) 3986-9198
Facsimile number:
E-mail address of contact person: Luana.Cardozo@ipexbr.com

Factory: Tres Lagoas Mill:
Address: Rodovia BR 158/MS, Km 21, Horto Barra do Moeda-Tres Lagoas/MS, CEP 79621-06
Telephone: +55 (67) 2105-6161
Facsimile number:
E-mail address of contact person: Luana.Cardozo@ipexbr.com

A-2 Representative of the company for the purpose of investigation

If you wish to appoint a representative to assist you in this investigation, provide the following details:

Name: John Bracic
Address: PO Box 3026, Manuka, ACT 2603
Telephone: +61 (0)499056729
Facsimile/Telex number:
E-mail address of contact person: john@jbracic.com.au

Note that in nominating a representative, the Commission will assume that confidential material relating to your company in this investigation may be freely released to, or discussed with, that representative.

A-3 Company information

1. What is the legal name of your business? What kind of entity is it (eg. company, partnership, sole trader)? Please provide details of any other business names that you use to export and/or sell goods.

The legal names of the relevant companies are International Paper do Brasil Ltda. and International Paper Exportadora Ltda. IP Brasil and IPEX are indirect subsidiaries of International Paper Company ("International Paper"), a publicly-traded, global paper and packaging company, headquartered in Memphis, Tennessee, USA.

As explained in the introduction, the subject goods are produced [REDACTED], which then arranges for the goods to be exported to Australia and other export markets.

2. Who are the owners and/or principal shareholders? Provide details of shareholding percentages for joint owners and/or principal shareholders. (List all shareholders able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company).

IP Brasil and IPEX are directly owned by [REDACTED] and therefore are indirect subsidiaries of International Paper Company ("International Paper"), a publicly-traded, global paper and packaging company, headquartered in Memphis, Tennessee, USA.

Please refer to "**Confidential Exhibit A-3.2 – Shareholding**" with respect to IP Brasil and IPEX.

3. If your company is a subsidiary of another company, list the principal shareholders of that company.

Please refer to "**Confidential Exhibit A-3.5 – Corporate group structure**" for an overview of the ownership linkages from International Paper to IP Brasil and IPEX, as well as the companies in which IP Brasil and IPEX hold ownership interests.

4. If your parent company is a subsidiary of another company, list the principal shareholders of that company.

As explained above, IP Brasil and IPEX are indirect subsidiaries of International Paper, a publicly-traded, global paper and packaging company.

5. Provide a diagram showing all associated or affiliated companies and your company's place within that corporate structure.

Please refer to "**Confidential Exhibit A-3.5 – Corporate group structure**" for an overview of the ownership linkages between International Paper and IP Brasil and IPEX.

International Paper has [REDACTED] subsidiaries and affiliated companies throughout the world. Please refer to "**Confidential Exhibit A.3-5 – Subsidiary list**" for an alphabetical list of these companies.

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

Not applicable.

7. Describe the nature of your company's business. Explain whether you are a producer or manufacturer, distributor, trading company, etc.

International Paper's global business operations are separated into four segments:

- Industrial Packaging (containerboard and corrugated packaging);
- Printing Papers (uncoated paper);
- Consumer Packaging (including packaging for pharmaceuticals, cosmetics, candy, and food items); and
- Distribution.

International Paper's global business operations encompass five regions:

- North America (with global headquarters in Memphis, Tennessee);
- Latin America (with regional headquarters in Mogi Guaçu, Brazil);
- Europe, the Middle East and Africa ("EMEA/Russia") (with regional headquarters in Brussels, Belgium);
- Asia (with regional headquarters in Shanghai, China); and
- India (with regional headquarters in Hyderabad).

Worldwide, International Paper comprises [REDACTED] affiliated companies. Please see "**Confidential Exhibit A-3.7 – Subsidiary activities**" for the location and business activities of each affiliate.

With respect to the development, production, sale and/or distribution of the subject goods (i.e., A4 copy paper from Brazil), only the International Paper companies described below are relevant. The names of the first four companies listed below are highlighted in yellow in Exhibits A-3.5 and A-3.7.

IP Brasil

As noted above, IP Brasil is involved in the production and sale of packaging papers and corrugated packaging, and it also manufactures A4 copy paper and sells the goods in Brazil. IP Brasil has three manufacturing facilities: the Mogi Guaçu mill, the Luiz Antonio mill, and the Tres Lagoas mill. IP Brasil manufactures pulp and uncoated paper at the Mogi Guaçu and Luiz Antonio mills, and manufactures uncoated paper at the Tres Lagoas mill. IP Brasil also [REDACTED] in Brazil, [REDACTED]. The Tres Lagoas mill [REDACTED] [production operations].

IPEX.

IPEX is a Brazilian company that sells uncoated paper outside of Brazil. The paper is manufactured by IP Brasil [REDACTED] IPEX. [production operations].

IP Comercio

IP Comercio is a distributor that resells merchandise manufactured by IP Brasil. IP Brasil's sales of A4 copy paper to IP Comercio are negligible (less than █% of the total volume of IP Brasil's domestic sales of A4 copy paper during the investigation period).

XXXXXXXXXXXXXXXX

[REDACTED]
[REDACTED] [details of trading relationship]

During the investigation period, IP Brasil and IPEX sold A4 copy paper made in Brazil to [REDACTED]

- [REDACTED];
- [REDACTED];
- [REDACTED]; and
- [REDACTED].

[Entities]

These companies are identified in Exhibits A-3.5 and A-3.7.

IP Brasil and IPEX have affiliated companies located in Brazil that are not involved in the development, production, sale, or distribution of uncoated paper manufactured in Brazil. These companies are:

- [REDACTED] is a "shelf company," meaning that it was formally created, but has been inactive since establishment. IP Brasil owns International Paper Agroflorestal Ltda.

- [REDACTED] is also a "shelf company" owned by IP Brasil.
- [REDACTED] is a "shelf company" owned by International Paper.
- [REDACTED] is involved in the production and sale of packaging papers and corrugated packaging.

8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:

- produce or manufacture
- sell in the domestic market
- export to Australia, and
- export to countries other than Australia.

IP Brasil performs the functions of manufacturer and seller on the domestic market in Brazil. IPEX performs the functions of an exporter to Australia and other third country export markets.

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

Please refer to "**Exhibit A-3.9 – Organisation Chart**". As indicated in the chart, IP Brasil's operations are structured by function, with the following departments:

- Corporate Communications;
- Finance;
- Information Technology;
- Human Resources;
- Legal and Sustainability;
- Commercial (which includes domestic sales and export sales by IPEX);
- Manufacturing; and
- Government Relations.

10. Provide a copy of your most recent annual report together with any relevant brochures or pamphlets on your business activities.

Please refer to "**Exhibit A-3.10 – Annual Report**" for a copy of the 2015 Annual Report for our parent company, International Paper Company. Please also refer to "**Exhibit A-3.10 – Product catalogue**" for an overview of product range.

A-4 General accounting/administration information

1. Indicate your accounting period.

The accounting period for both IP Brasil and IPEX is the calendar year.

2. Indicate the address where the company's financial records are held.

The financial records of IP Brasil and IPEX are held in its main headquarters in Sao Paulo - Avenida Engenheiro Luís Carlos Berrini, 105 – 16th floor Itaim Bibi, Sao Paulo/SP, CEP 04571-010.

3. Please provide the following financial documents for the two most recently completed financial years plus all subsequent monthly, quarterly or half yearly statements:

- chart of accounts; Refer to “**Confidential Exhibit A-4.3 – Chart of Accounts**”.
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor’s opinion);

Please refer to “**Confidential Exhibit A-4.3 – Unconsolidated Financial Statements**” for the 2014 and 2015 individual financial statements of IP Brasil and IPEX. These individual financial statements of IP Brasil and IPEX are not audited in the normal course of business.

Please refer to “**Confidential Exhibit A-4.3 – Consolidated Audited Financial Statements**” for 2014 and 2015 audited consolidated financial statements prepared for IP Brasil, IPEX and IP Comercio.

- 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 under consideration.

These documents should relate to:

- the division or section/s of your business responsible for the production and sale of the goods under consideration, and
- the company.

4. If you are not required to have the accounts 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.

Not applicable.

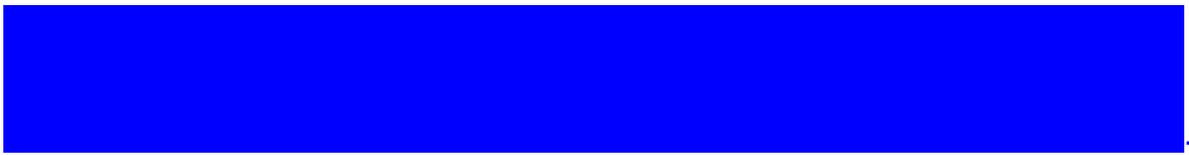
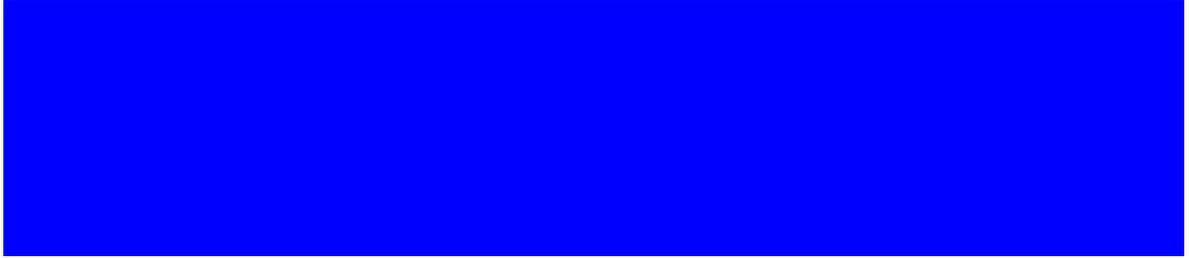
5. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If so, provide details.

No. IP Brasil and IPEX follow generally accepted accounting principles ("GAAP") in Brazil.

6. Describe:

The significant accounting policies that govern your system of accounting, in particular:

- the method of valuation for raw material, work-in-process, and finished goods inventories (eg last in first out –LIFO, first in first out- FIFO, weighted average);



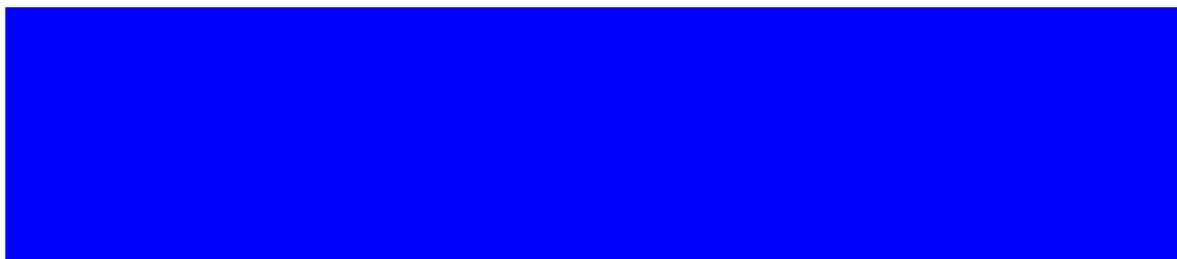
[Accounting practices]

- costing methods, including the method (eg by tonnes, units, revenue, direct costs etc) of allocating costs shared with other goods or processes (such as front office cost, infrastructure cost etc);

Please refer to the response at G-3.6.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;
- valuation methods for scrap, by products, or joint products;





[Accounting practices]

- valuation and revaluation methods for fixed assets;



[Accounting practices]

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

Please refer to “**Confidential Exhibit A-4.6 – Depreciation rates**” for a summary table of the useful lives of each class of assets.

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

In both the consolidated and unconsolidated income statement, IP Brasil records exchange gains and losses resulting from foreign currency transactions based on



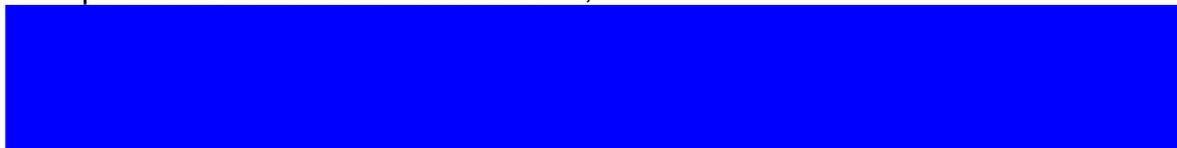
[Accounting practices]

- inclusion of general expenses and/or interest;



[Accounting practices]

- provisions for bad or doubtful debts;



[Accounting practices]

- expenses for idle equipment and/or plant shut-downs;

When assets are classified as idled, IP Brasil recognizes a provision for loss of the net value of the asset.

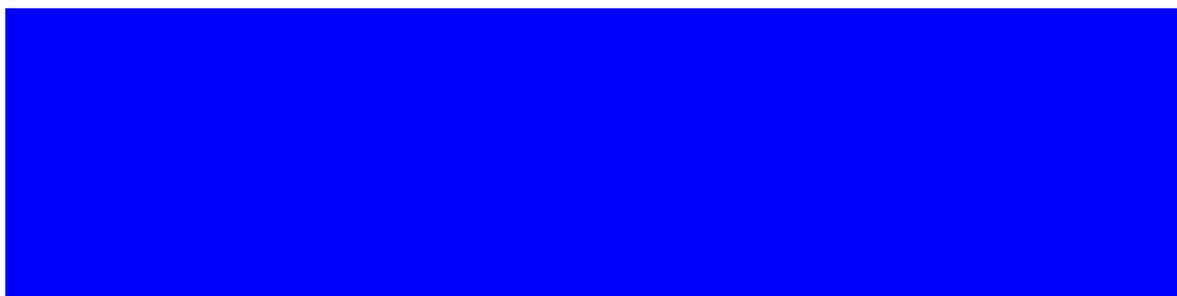
- costs of plant closure;

Not applicable, as IP Brasil did not incur any costs during the investigation period as a result of plant closures.

- restructuring costs;

Not applicable, as IP Brasil did not incur any costs during the investigation period as a result of restructuring.

- by-products and scrap materials resulting from your company's production process; and



[Accounting practices]

- effects of inflation on financial statement information.

IP Brasil did not recognize the effects of inflation on financial statement information for 2015.

7. In the event that any of the accounting methods used by your company have changed over the last two years provide an explanation of the changes, the date of change, and the reasons for it.

Not applicable.

A-5 Income statement

Please fill in the following table. It requires information concerning all products produced and for the goods under consideration (*'goods under consideration'* (the goods) is defined in the Glossary of Terms in the appendix to this form). You should explain how costs have been allocated.

Prepare this information on a spreadsheet named "**Income statement**".

PUBLIC VERSION

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Please refer to "**Confidential Exhibit A5 – Income Statement**".

A-6 Sales

State your company's net turnover (after returns and all discounts), and free of duties and taxes. Use the currency in which your accounts are kept, in the following format.

Prepare this information in a spreadsheet named "TURNOVER".

Please refer to "**Confidential Exhibit A6 – Turnover**".

SECTION B SALES TO AUSTRALIA (EXPORT PRICE)

This section requests information concerning your export practices and prices to Australia. You should include costs incurred beyond ex-factory. Export prices are usually assessed at FOB point, but the Commission may also compare prices at the ex factory level.

*You should report prices of **all** goods under consideration (the goods) **shipped** to Australia during the investigation period.*

The invoice date will normally be taken to be the date of sale. If you consider:

the sale date is not the invoice date (see 'date of sale' column in question B4 below) and;

an alternative date should be used when comparing export and domestic prices

*you **must** provide information in section D on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

B-1 For each customer in Australia to whom you shipped goods in the investigation period list:

name; Jackaroo Paper Pty Ltd (Jackaroo)
address; 66 Balgowlah Road, Balgowlah NSW 2093
contact name and phone/fax number where known; and



trade level: Trader

B-2 For each customer identified in B1 please provide the following information.

(a) Describe how the goods are sent to each customer in Australia, including a diagram if required.

IPEX consigns the subject goods on a full container load basis to the Australian ports designated by Jackaroo, in accordance with orders received and established trading terms. Please refer to "**Confidential Exhibit B-2(a) – Australian distribution channels**"

(b) Identify each party in the distribution chain and describe the functions performed by them. Where commissions are paid indicate whether it is a pre or post exportation expense having regard to the date of sale.

Please refer to **Confidential Exhibit B-2(a) – Australian distribution channels**.

- (c) Explain who retains ownership of the goods at each stage of the distribution chain. In the case of DDP sales, explain who retains ownership when the goods enter Australia.

All sales are made on [REDACTED]. Therefore, [REDACTED]
[REDACTED]. [Confidential exportation arrangements]

- (d) Describe any agency or distributor agreements or other contracts entered into in relation to the Australian market (supply copy of the agreement if possible).

IPEX did not enter into any such agency or distributor agreements or other contracts. IPEX's Australian exports were made pursuant to order confirmations issued by IPEX to the customer after approving the customer's purchase order.

As explained above, [REDACTED]
[REDACTED]. Please refer to "Confidential Exhibit B-2(e) – [REDACTED]" for a copy of that agreement. [Confidential exportation arrangements]

- (e) Explain in detail the process by which you negotiate price, receive orders, deliver, invoice and receive payment. If export prices are based on price lists supply copies of those lists.

Aust. Channel 1: goods shipped directly from the mill to the port of export

The unaffiliated Australian customer sends IPEX's sales department a purchase order. If the sales department approves the purchase order, IPEX enters the information into the system, arranges for production at one of the paper mills, and sends the customer an order confirmation.

If the terms of sale change after the issuance of the original order confirmation, IPEX issues a new order confirmation. Production generally takes [REDACTED] days. After production, the merchandise is loaded onto containers for shipment and delivered by truck to the port of export. In accordance with Brazilian law, IPEX issues an internal invoice per truckload/container when the truck departs the mill.

IPEX then issues the commercial invoice to the customer when the cargo vessel departs the port of export. More than one internal invoice may correspond with a single commercial invoice.

With respect to IPEX's exports during the investigation, [REDACTED]% of those sales were made through Channel 1.

Aust. Channel 2: goods shipped from [REDACTED] to the port of export

The unaffiliated Australian customer sends IPEX's sales department a purchase order. If the sales department approves the purchase order, IPEX enters the information into the system, arranges for production at one of the paper mills, and sends the customer an order confirmation.

If the terms of sale change after the issuance of the original order confirmation, IPEX issues a new order confirmation. [REDACTED]

[REDACTED]. When shipment is approved, the merchandise is loaded onto containers and delivered by truck to the port of export. In accordance with Brazilian law, IPEX issues an internal invoice per truckload/container when the truck departs the warehouse. IPEX issues the commercial invoice to the customer when the cargo vessel departs the port of export. More than one internal invoice may correspond with a single commercial invoice.

As noted above, [REDACTED] % of IPEX's exports to Australia were made via Channel 1. There was [REDACTED] during the investigation period which was made via Channel 2.

- (f) State whether your firm is related to any of its Australian customers. Give details of any financial or other arrangements (eg free goods, rebates, or promotional subsidies) with the customers in Australia (including parties representing either your firm or the customers).

IP Brasil and IPEX are not related to Jackaroo. The relationship between them is simply one of a buyer and seller. There is no financial or other arrangement with Jackaroo.

- (g) Details of the forward orders of the goods under consideration (include quantities, values and scheduled shipping dates).

Please refer to "**Confidential Exhibit B-2(g) – Forward orders**" for listing of orders yet to be shipped.

- B-3** Do your export selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Not applicable, as all exports of the subject goods were made via the single distribution channel outlined in the response to B-2(b).

- B-4** Prepare a spreadsheet named "Australian sales" listing all shipments (i.e. transaction by transaction) to Australia of the goods under consideration in the investigation period.

Please refer to "**Confidential Exhibit B-4 : Australian sales**".

- B-5** If there are any other costs, charges or expenses incurred in respect of the exports listed above which have not been identified in the table above, add a column (see "other factors" in question B-4) for each item, and provide a description of each item. For example, other selling expenses (direct or indirect) incurred in relation to the export sales to Australia.

All export related expenses have been reported in Exhibit B-4.

- B-6** For each type of discount, rebate, allowance offered on export sales to Australia:
- provide a description; and
 - explain the terms and conditions that must be met by the importer to obtain the discount.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amount shown in your response to question B4. If they vary by customer or level provide an explanation.

There are no discounts, rebates or allowances offered on Australian export sales.

- B-7** If you have issued credit notes (directly or indirectly) to the customers in Australia, in relation to the invoices listed in the detailed transaction by transaction listing in response to question B4, provide details of each credit note if the credited amount has **not** been reported as a discount or rebate.

Not applicable as no credit notes have been issued in respect of Australia export sales.

- B-8** If the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (eg. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred. For example:

Import duties	Amount of import duty paid in Australia
Inland transport	Amount of inland transportation expenses within Australia included in the selling price
Other costs	Customs brokers, port and other costs incurred (itemise)

Not applicable as exports are made on XXX basis.

- B-9** Select two shipments, in different quarters of the investigation period, and provide a complete set of all of the documentation related to the export sale. For example:
- the importer's purchase order, order confirmation, and contract of sale;
 - commercial invoice;
 - bill of lading, export permit;
 - freight invoices in relation to movement of the goods from factory to Australia, including inland freight contract;
 - marine insurance expenses; and
 - letter of credit, and bank documentation, proving payment.

The Commission will select additional shipments for payment verification at the time of the visit.

Please refer to "**Confidential Exhibit B-9 – Export sample sales**".

SECTION C EXPORTED GOODS & LIKE GOODS

- C-1** Fully describe all of the goods you have exported to Australia during the investigation period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the exported goods.

The goods exported to Australia and the corresponding technical specifications are listed in the table below.

[CONFIDENTIAL TABLE DELTED]

- C-2** List each type of goods exported to Australia (these types should cover all types listed in spreadsheet “**Australian sales**” – see section B of this questionnaire).

Please refer to the table above.

- C-3** If you sell like goods on the domestic market, for each type that your company has exported to Australia during the investigation period, list the most comparable model(s) sold domestically;

- and provide a detailed explanation of the differences where those goods sold domestically (ie. the like goods – see explanation in glossary) are not identical to goods exported to Australia.

The table below categorises the exported goods on the basis of GSM, thickness and whiteness, and identifies the appropriate like types sold on the domestic market.

[CONFIDENTIAL TABLE DELTED]

- C-4** Please provide any technical and illustrative material that may be helpful in identifying or classifying the goods that your company sells on the domestic market.

Please refer to “**Exhibit A-3.10 – Product catalogue**” for an overview of IP Brasil’s product range.

SECTION D DOMESTIC SALES

This section seeks information about the sales arrangements and prices in the domestic market of the country of export.

*All domestic sales made during the investigation period must be listed transaction by transaction. If there is an extraordinarily large volume of sales data and you are unable to provide the complete listing electronically you **must** contact the case officer **before** completing the questionnaire. If the case officer agrees that it is not possible to obtain a complete listing he or she will consider a method for sampling that meets the Commission requirements. If agreement cannot be reached as to the appropriate method the Commission may not visit your company.*

The Commission will normally take the invoice date as being the date of sale in order to determine which sales fall within the investigation period.

If, in response to question B4 (Sales to Australia, Export Price), you have reported that the date of sale is not the invoice date and you consider that this alternative date should be used when comparing domestic and export prices –

*you **must** provide information on domestic selling prices for a matching period - even if doing so means that such domestic sales data predates the commencement of the investigation period.*

If you do not have any domestic sales of like goods you must contact the case officer who will explain the information the Commission requires for determining a normal value using alternative methods.

D-1 Provide:

- a detailed description of your distribution channels to domestic customers, including a diagram if appropriate;
- information concerning the functions/activities performed by each party in the distribution chain;

During the investigation period, IP Brasil had two channels of distribution relevant to its domestic sales in Brazil. First, IP Brasil arranged for the subject goods to be transported to the domestic customer directly from the paper mills (HM Channel 1).

Second, IP Brasil arranged for the subject goods to be transported to the domestic customer [REDACTED] (HM Channel 2). Most of IP Brasil's domestic sales during the investigation period were made via HM Channel 2.

Please refer to "**Confidential Exhibit D-1 – Domestic distribution channels**".

- a copy of any agency or distributor agreements, or contracts entered into.

In the home market, IP Brasil mostly sold uncoated paper pursuant to order confirmations that it issued after approving the customer's purchase order. In addition, IP Brasil made sales [REDACTED].

[REDACTED]

[REDACTED]

[Confidential domestic selling arrangements]

If any of the customers listed are associated with your business, provide details of that association. Describe the effect, if any, that association has upon the price.

As noted earlier, IP Comercio is an affiliated distributor that resells merchandise manufactured by IP Brasil in Brazil. IP Brasil's sales of A4 copy paper to IP Comercio represents less than █% of the total volume of IP Brasil's domestic sales of A4 copy paper during the investigation period.

IP Comercio is utilized for the distribution of merchandise in the south of Brazil. The company does not provide services other than distribution.

- D-2** Do your domestic selling prices vary according to the distribution channel identified? If so, provide details. Real differences in trade levels are characterized by consistent and distinct differences in functions and prices.

In the domestic market, IP Brasil sold A4 copy paper to [REDACTED] using both HM Channel 1 and HM Channel 2.

[REDACTED]

[Confidential domestic selling arrangements]

With respect to IP Brasil's domestic sales during the investigation period, the level of selling activities varied significantly based on the customer category. Consequently, the levels of trade are appropriately defined by customer category.

Please refer to “**Confidential Exhibit D-2 – Selling activities**” which identifies the types and level of selling activities undertaken for each of the customer categories on the domestic market.

Please refer to the response at E-3.2 for further details of the selling activities and additional services provided to the customer categories.

D-3 Explain in detail the sales process, including:

- the way in which you set the price, receive orders, make delivery, invoice and finally receive payment; and the terms of the sales; and
- whether price includes the cost of delivery to customer.

If sales are in accordance with price lists, provide copies of the price lists.

With respect to domestic sales, IP Brasil has internal pricing guidelines, but no price lists.

HM Channel 1: goods shipped directly from the mill to the customer

The home-market customer places a purchase order with IP Brasil's sales department (via e-mail, a phone call, or a written purchase order). After the customer's order is approved, IP Brasil enters the order into the company's sales system, and an order confirmation is generated and sent to the customer. After production, the merchandise is loaded onto the truck for delivery to the customer. IP Brasil issues the invoice to the customer on the same date the merchandise is loaded onto the truck.

HM Channel 2: goods shipped from the [REDACTED] to the customer

The home-market customer places a purchase order with IP Brasil's sales department (via e-mail, a phone call, or a written purchase order). After the customer's order is approved, IP Brasil enters the order into the company's sales system, and an order confirmation is generated and sent to the customer. In most cases, IP Brasil [REDACTED]. IP Brasil normally issues the sales invoice when the merchandise is loaded onto the truck for delivery to the customer. In a minority of instances (less than [REDACTED] % of home-market sales by volume, IP Brasil issues the invoice, but [REDACTED].

[Confidential domestic selling arrangements]

D-4 Prepare a spreadsheet named “**domestic sales**” listing **all** sales of like goods made during the investigation period.

Please refer to “**Confidential Exhibit D-4 – Domestic sales**”.

Please also note that the during the investigation period, IP Brasil made domestic shipments involving [REDACTED] of A4 copy paper. IP Brasil provides [REDACTED]. In such instances, IP Brasil's invoice states the value of the paper, [REDACTED].

[Confidential domestic selling arrangements]

- D-5** If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-4 above add a column for each item (see "other factors"). For example, certain other selling expenses incurred.

No other costs, charges or expenses incurred in respect of domestic sales other than those reported in Exhibit D-4.

- D-6** For each type of commission, discount, rebate, allowance offered on domestic sales of like goods:

- provide a description; and
- explain the terms and conditions that must be met by the customer to qualify for payment.

Where the amounts of these discounts, rebates etc are not identified on the sales invoice, explain how you calculated the amounts shown in your response to question D4.

If you have issued credit notes, directly or indirectly to the customers, provide details if the credited amount has **not** been reported as a discount or rebate.

For domestic sales made to distributors and end users, IP Brasil [REDACTED] during the investigation period. IP Brasil X [REDACTED].

For domestic sales made to retailers, [REDACTED]. Consequently, IP Brasil [REDACTED].

Therefore, IP Brasil has reported [REDACTED].

[Confidential domestic selling arrangements]

- D-7** Select two domestic sales, in different quarters of the investigation period, that are at the same level of trade as the export sales. Provide a complete set of documentation for those two sales. (Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit

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notes, long or short term contract of sale, inland freight contract, bank documentation showing proof of payment.)

The Commission will select additional sales for verification at the time of our visit.

Please refer to **“Confidential Exhibit D-7 – Domestic sample sale”**.

SECTION E FAIR COMPARISON

Section B sought information about the export prices to Australia and Section D sought information about prices on your domestic market for like goods (ie. the normal value).

Where the normal value and the export price are not comparable adjustments may be made. This section informs you of the fair comparison principle and asks you to quantify the amount of any adjustment.

As prices are being compared, the purpose of the adjustments is to eliminate factors that have unequally modified the prices to be compared.

To be able to quantify the level of any adjustment it will usually be necessary to examine cost differences between sales in different markets. The Commission must be satisfied that those costs are likely to have influenced price. In practice, this means that the expense item for which an adjustment is claimed should have a close nexus to the sale. For example, the cost is incurred because of the sale, or because the cost is related to the sale terms and conditions.

Conversely, where there is not a direct relationship between the expense item and the sale a greater burden is placed upon the claimant to demonstrate that prices have been affected, or are likely to have been affected, by the expense item. In the absence of such evidence the Commission may disallow the adjustment.

Where possible, the adjustment should be based upon actual costs incurred when making the relevant sales. However, if such specific expense information is unavailable cost allocations may be considered. In this case, the party making the adjustment claim must demonstrate that the allocation method reasonably estimates costs incurred.

A party seeking an adjustment has the obligation to substantiate the claim by relevant evidence that would allow a full analysis of the circumstances, and the accounting data, relating to the claim.

The investigation must be completed within strict time limits therefore you must supply information concerning claims for adjustments in a timely manner. Where an exporter has knowledge of the material substantiating an adjustment claim that material is to be available at the time of the verification visit. The Commission will not consider new claims made after the verification visit.

E-1 Costs associated with export sales

(These cost adjustments will relate to your responses made at question B-4, 'Australian sales')

1. Transportation

Explain how you have quantified the amount of inland transportation associated with the export sale (“**Inland transportation costs**”). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

IPEX had two distribution channels relevant to exports to Australia:

1. Direct shipments from the mill to the customer (“Channel 1”); and
2. Shipments from [REDACTED] to the customer (“Channel 2”).

Channel 1

Shipments to the port from IP Brasil’s mill or [REDACTED] were made by [REDACTED], an unaffiliated carrier, via truck or railcar. IP Brasil is able to relate invoices from [REDACTED] for these services to its invoices to the customer. Therefore, these expenses have been reported on a transaction-specific basis.

The unit cost of inland freight to the port reported in Exhibit B-4 is the actual expense incurred, [REDACTED].

Please refer to “**Confidential Exhibit – E-1.2 – Exportation expenses**” for detailed inland transport costs for Australian exports.

Channel 2

Inland freight expenses to transport uncoated paper from the mill [REDACTED] [REDACTED] have been reported only for Channel 2 sales. A4 copy paper was shipped from the mills to [REDACTED], an unaffiliated carrier, via truck or railcar. [REDACTED].

IP Brasil has reported inland freight expenses from IP Brasil’s mill [REDACTED].

Because the merchandise was [REDACTED].

[Confidential domestic selling arrangements]

During the investigation period, all but one export transaction was transported using Channel 1. The reported transportation expenses correspond to specific transactions

2. Handling, loading and ancillary expenses

List all charges that are included in the export price and explain how they have been quantified (“**Handling, loading & ancillary expenses**”). Identify the general ledger account where the expenses are located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

The various export related ancillary costs are identified in the table at question B4, for example:

- terminal handling;
- wharfage and other port charges;
- container taxes;
- document fees and customs brokers fees;
- clearance fees;
- bank charges, letter of credit fees
- other ancillary charges.

All handling, loading and ancillary expenses have been reported in Exhibit B-4. Please refer to “**Confidential Exhibit – E-1.2 – Exportation expenses**” for a detailed breakdown of the expenses for Australian exports.

3. **Credit**

The cost of extending credit on export sales is not included in the amounts quantified at question B4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. Provide applicable interest rates over each month of the investigation period. Explain the nature of the interest rates most applicable to these export sales eg, short term borrowing in the currency concerned.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, *and if* export prices are influenced by this longer or shorter period, calculate the average number of collection days. See also item 4 in section E-2 below.

IP Brasil has reported the payment terms in Exhibit B-4 relevant to exports to Australia during the investigation period.

4. **Packing costs**

List material and labour costs associated with packing the export product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed ‘**Packing**’.

IP Brasil packs A4 copy paper the same way for sale in the domestic and export markets. Reams of cut-size products are wrapped, the reams are placed in boxes, and the boxes are loaded onto pallets and shrink wrapped.

The packaging costs include pallets, shrink wrap, direct labour and depreciation of the finish goods department. The costs reported were based on 2015 accounting information.

Please refer to “**Confidential Exhibit E-1.4 – Packing**” for worksheet calculations of packing costs.

5. Commissions

For any commissions paid in relation to the export sales to Australia:

- provide a description; and
- explain the terms and conditions that must be met.

Report the amount in the sales listing in question B-4 under the column headed “**Commissions**”. Identify the general ledger account where the expense is located.

Not applicable.

6. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & guarantee expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

Not applicable.

7. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. For example, other variable or fixed selling expenses, including salesmen’s salaries, salesmen’s travel expenses, advertising and promotion, samples and entertainment expenses. Your consideration of questions asked at Section G, concerning domestic and export costs, would have alerted you to such other factors.

Not applicable.

8. Currency conversions

In comparing export and domestic prices a currency conversion is required. Fluctuations in exchange rates can only be taken into account when there has been a ‘sustained’ movement during the period of investigation (see article 2.4.1 of the WTO Agreement). The purpose is to allow exporters 60 days to adjust export prices to reflect ‘sustained’ movements. Such a claim requires detailed information on exchange movements in your country over a long period that includes the investigation period.

Not applicable.

E-2 Costs associated with domestic sales

(These cost adjustments will relate to your responses made at question D-4, “domestic sales”)

The following items are not separately identified in the amounts quantified at question D-4. However you should consider whether any are applicable.

1. Physical characteristics

The adjustment recognises that differences such as quality, chemical composition, structure or design, mean that goods are not identical and the differences can be quantified in order to ensure fair comparison.

The amount of the adjustment shall be based upon the market value of the difference, but where this is not possible the adjustment shall be based upon the difference in cost plus the gross profit mark-up (i.e. an amount for selling general and administrative costs (S G & A) plus profit).

The adjustment is based upon actual physical differences in the goods being compared and upon the manufacturing cost data. Identify the physical differences between each model. State the source of your data.

Not applicable where equivalent types are sold domestically.

2. Import charges and indirect taxes

If exports to Australia:

- are partially or fully exempt from internal taxes and duties that are borne by the like goods in domestic sales (or on the materials and components physically incorporated in the goods), or
- if such internal taxes and duties have been paid and are later remitted upon exportation to Australia;

the price of like goods must be adjusted downwards by the amount of the taxes and duties.

The taxes and duties include sales, excise, turnover, value added, franchise, stamp, transfer, border, and excise taxes. Direct taxes such as corporate income tax are not included as such taxes do not apply to the transactions.

Adjustment for drawback is not made in every situation where drawback has been received. Where an adjustment for drawback is appropriate you must provide information showing the import duty borne by the domestic sales. (That is, it is not sufficient to show the drawback amount and the export sales quantity to Australia. For example, you may calculate the duty borne on domestic sales by quantifying the total amount of import duty paid and subtracting the duty refunded on exports to all countries. The difference, when divided by the domestic sales volume, is the amount of the adjustment).

In substantiating the drawback claim the following information is required:

- a copy of the relevant statutes/regulations authorising duty exemption or remission, translated into English;
- the amount of the duties and taxes refunded upon *exportation* and an explanation how the amounts were calculated and apportioned to the exported goods;
- an explanation as to how you calculated the amount of duty payable on imported materials is borne by the goods sold *domestically* but is not borne by the exports to Australia;

Substitution drawback systems

Annex 3 of the WTO Agreement on Subsidies provides: *“Drawback systems can allow for the refund or drawback of import duties on inputs which are consumed in the production process of another product and where the export of this latter product contains domestic inputs having the same quality and characteristics as those substituted for the imported inputs”*

If such a scheme operates in the country of export adjustments can also be made for the drawback payable on the substituted domestic materials, provided the total amount of the drawback does not exceed the total duty paid.

Domestic sales information, including relevant taxes, have been reported at Exhibit D-4 to allow for net revenue (exclusive of taxes) to be calculated.

3. Level of trade

Question D-4 asks you to indicate the level of trade to the domestic customer. To claim an adjustment for level of trade differences you will need to quantify the amount by which level of trade influences price.

Trade level is the level a company occupies in the distribution chain. The trade level to which that company in turn sells the goods and the functions carried out distinguish a level of trade. Examples are producer, national distributor, regional distributor, wholesaler, retailer, end user, and original equipment.

It may not be possible to compare export prices and domestic prices at the same level of trade. Where relevant sales of like goods at the next level of trade must be used to determine normal values an adjustment for the difference in level of trade may be required where it is shown that the difference affects price comparability.

The information needs to establish that there are real trade level differences, not merely nominal differences. Real trade level differences are characterised by a consistent pattern of price differences between the levels and by a difference in functions performed. If there is no real trade level differences all sales are treated as being at the same level of trade.

A real difference in level of trade (may be adjusted for using either of the following methods:

- (a) *costs arising from different functions*: the amount of the costs, expenses etc incurred by the seller in domestic sales of the like goods resulting from activities that would not be performed were the domestic sales made at the same level as that of the importer.

This requires the following information:

- a detailed description of each sales activity performed in selling to your domestic customers (for example sales personnel, travel, advertising, entertainment etc);
- the cost of carrying out these activities in respect of like goods;
- for each activity, whether your firm carries out the same activity when selling to importers in Australia;
- an explanation as to why you consider that you are entitled to a level of trade adjustment.

or

- (b) *level discount*: the amount of the discount granted to purchasers who are at the same level of trade as the importer in Australia. This is determined by an examination of price differences between the two levels of trade in the exporter's domestic market, for example sales of like goods by other vendors or sales of the same general category of goods by the exporter. For this method to be used it is important that a clear pattern of pricing be established for the differing trade levels. Such pattern is demonstrated by a general availability of the discounts to the level - isolated instances would not establish a pattern of availability.

All export sales to Australia made by IPEX during the investigation period were to a trader, Jackaroo Paper. By contrast, domestic sales made by IP Brasil during the investigation period were to [REDACTED].

A level of trade adjustment claim is made to account for the different types and degree of selling activities undertaken by IPEX and IP Brasil on its export and domestic sales respectively. Each of these activities are considered to impact selling prices and, as such, price comparability.

A description of the selling activities for each level of trade follows.

Australian exports to a trader intermediary (Aust. Channels 1 and 2)

IPEX performed the following selling activities for exports to Australia (both Channels 1 and 2) during the investigation period:

- [REDACTED]
- [REDACTED]
- [REDACTED]

IP Brasil performed the highest level of service for [REDACTED]. The differences in the selling activities performed for [REDACTED] are described below and are identified in the table provided in **Confidential Exhibit D-2**. In other respects, the selling activities performed for [REDACTED] are similar to those performed for [REDACTED]. A description of those activities is provided above and is not repeated below.

- [REDACTED]

[Confidential domestic selling arrangements]

4. Credit

The cost of extending credit on domestic sales is not included in the amounts quantified at question D-4. However, the Commission will examine whether a credit adjustment is warranted and determine the amount. An adjustment for credit is to be made even if funds are not borrowed to finance the accounts receivable.

The interest rate on domestic sales in order of preference is:

- the rate, or average of rates, applying on actual short term borrowing's by the company; or
- the prime interest rate prevailing for commercial loans in the country for credit terms that most closely approximate the credit terms on which the sales were made; or
- such other rate considered appropriate in the circumstances.

Provide the applicable interest rate over each month of the investigation period.

If your accounts receivable shows that the average number of collection days differs from the payment terms shown in the sales listing, and if domestic prices are influenced by this longer or shorter period, calculate the average number of collection days.

Where there is no fixed credit period agreed at the time of sale the period of credit is determined on the facts available. For example, where payment is made using an open account system¹, the average credit period may be determined as follows:

1. *Calculate an accounts receivable turnover ratio*

This ratio equals the total credit sales divided by average accounts receivable. (It is a measure of how many times the average receivables balance is converted into cash during the year).

In calculating the accounts receivable turnover ratio, credit sales should be used in the numerator whenever the amount is available from the financial statements. Otherwise net sales revenue may be used in the numerator.

An average accounts receivable over the year is used in the denominator. This may be calculated by:

- using opening accounts receivable at beginning of period plus closing accounts receivable at end of period divided by 2, or
- total monthly receivables divided by 12.

2. *Calculate the average credit period*

The average credit period equals 365 divided by the accounts receivable turnover ratio determined above at 1.

The resulting average credit period should be tested against randomly selected transactions to support the approximation.

IP Brasil has reported the individual payment terms for each domestic customer. Please refer to **“Confidential Exhibit E-2.4 – Payment terms”** for descriptions of payment term coding.

5. **Transportation**

Explain how you have quantified the amount of inland transportation associated with the domestic sales (**“Inland transportation Costs”**). Identify the general ledger account where the expense is located. If the amount has been determined from contractual arrangements, not from an account item, provide details and evidence of payment.

IP Brasil had two distribution channels in the home market:

1. Direct shipments from the mill to the customer (“Channel 1”); and
2. Shipments from a [REDACTED] to the customer (“Channel 2”).

See response at D-3 for further details.

¹ Under an open account system, following payment the balance of the amount owing is carried into the next period. Payment amounts may vary from one period to the next, with the result that the amount owing varies.

Channel 1

Shipments to the customer's place of delivery from IP Brasil's mill or [REDACTED] were made by [REDACTED], an unaffiliated carrier, via truck or railcar. IP Brasil is able to relate invoices from [REDACTED] for these services to its invoices to the customer. Therefore, these expenses have been reported on a transaction-specific basis.

The unit cost of inland freight to the customer's place of delivery reported in Exhibit D-4 is the actual expense incurred by IP Brasil, [REDACTED]. IP Brasil has separately reported the unit amount of inland freight charged to the customer, which appears as a separate line on the invoice.

Channel 2

Inland freight expenses to transport uncoated paper from the mill [REDACTED] have been reported only for Channel 2 sales. A4 copy paper was shipped from the mills to [REDACTED], an unaffiliated carrier, via truck or railcar. [REDACTED] charged IP Brasil a fixed amount per ton between each mill and [REDACTED].

IP Brasil has reported inland freight expenses from IP Brasil's mill [REDACTED]

[REDACTED]
[Confidential domestic selling arrangements]

6. Handling, loading and ancillary expenses

List all charges that are included in the domestic price and explain how they have been quantified ("**Handling, loading and ancillary Expenses**"). Identify the general ledger account where the expense is located. If the amounts have been determined using actual observations, not from a relevant account item, provide details.

Not applicable.

7. Packing

List material and labour costs associated with packing the domestically sold product. Describe how the packing method differs from sales on the domestic market, for each model. Report the amount in the listing in the column headed "**Packing**".

IP Brasil packs A4 copy paper the same way for sale in the domestic and export markets. Reams of cut-size products are wrapped, the reams are placed in boxes, and the boxes are loaded onto pallets and shrink wrapped.

The packaging costs include pallets, shrink wrap, direct labour and depreciation of the finish goods department. The costs reported were based on 2015 accounting information.

Please refer to “**Confidential Exhibit E-1.4 – Packing**” for worksheet calculations of packing costs.

8. Commissions

For any commissions paid in relation to the domestic sales:

- provide a description
- explain the terms and conditions that must be met.

Report the amount in the sales listing under the column headed “**Commissions**”. Identify the general ledger account where the expense is located.

Not applicable.

9. Warranties, guarantees, and after sales services

List the costs incurred. Show relevant sales contracts. Show how you calculated the expenses (“**Warranty & Guarantee expenses**” and “**Technical assistance & other services**”), including the basis of any allocations. Include a record of expenses incurred. Technical services include costs for the service, repair, or consultation. Where these expenses are closely related to the sales in question, an adjustment will be considered. Identify the ledger account where the expense is located.

Not applicable.

10. Other factors

There may be other factors for which an adjustment is required if the costs affect price comparability – these are identified in the column headed “**Other factors**”. List the factors and show how each has been quantified in per unit terms. For example:

- *inventory carrying cost*: describe how the products are stored prior to sale and show data relating to the average length of time in inventory. Indicate the interest rate used;
- *warehousing expense*: an expense incurred at the distribution point;
- *royalty and patent fees*: describe each payment as a result of production or sale, including the key terms of the agreement;
- *advertising*; and
- *bad debt*.

11. [REDACTED] expenses

[REDACTED] have been reported only for Channel 2 sales. A list of the mills and [REDACTED] is provided in “**Confidential Exhibit E-2.11 – [REDACTED]**”.

An unaffiliated company, [REDACTED] by IP Brasil. [REDACTED] which is reported in Exhibit D-4, as well as [REDACTED].

12. Advertising expenses

IP Brasil incurs advertising expenses on behalf of its customers. These expenses are not transaction-specific. To calculate a customer-specific per-unit advertising expense, IP Brasil divided the total advertising expense for the customer in 2015 by the total quantity sold to the customer in 2015.

13. [REDACTED]

[REDACTED]

[REDACTED]

[Confidential selling arrangement]

14. Bank charges

IP Brasil incurred various types of bank charges, including for account maintenance, payment document issuance, and money transfers. Because IP Brasil is unable to relate bank charges to specific invoices, it has calculated the per-unit bank charges by dividing the monthly bank charges incurred in 2015 on domestic sales by the monthly quantity of such sales in 2015.

15. [REDACTED] costs

As explained above, domestic sales made through Channel 2 involve goods transported from the mill [REDACTED]. IP Brasil has reported per-unit inventory carrying costs using the following formula:

Average Inventory Turnover Days * Total cost of manufacture * (Short-Term Interest Rate/365)

Please refer to “**Confidential Exhibit E-2.15 – Inventory Turnover**”.

E-3 Duplication

In calculating the amount of the adjustments you must ensure that there is no duplication.

For example:

- adjustments for level of trade, quantity or other discounts may overlap, or
- calculation of the amount of the difference for level of trade may be based upon selling expenses such as salesperson's salaries, promotion expenses, commissions, and travel expenses.

Separate adjustment items must avoid duplication.

An adjustment for quantities may not be granted unless the effect on prices for quantity differences is identified and separated from the effect on prices for level of trade differences.

SECTION F
EXPORT SALES TO COUNTRIES OTHER THAN AUSTRALIA (THIRD COUNTRY SALES)

Your response to this part of the questionnaire may be used by the Commission to select sales to a third country that may be suitable for comparison with exports to Australia.

Sales to third countries may be used as the basis for normal value in certain circumstances. The Commission may seek more detailed information on particular third country sales where such sales are likely to be used as the basis for determining normal value.

F-1 Using the column names and column descriptions below provide a summary of your export sales to countries other than Australia.

Column heading	Explanation
Country	Name of the country that you exported like goods to over the investigation period.
Number of customers	The number of different customers that your company has sold like goods to in the third country over the investigation period.
Level of trade	The level of trade that you export like goods to in the third country.
Quantity	Indicate quantity, in units, exported to the third country over the investigation period.
Unit of quantity	Show unit of quantity eg kg
Value of sales	Show net sales value to all customers in third country over the investigation period
Currency	Currency in which you have expressed data in column SALES
Payment terms	Typical payment terms with customer(s) in the country eg. 60 days=60 etc
Shipment terms	Typical shipment terms to customers in the third country eg CIF, FOB, ex-factory, DDP etc.

Supply this information in spreadsheet file named "Third country"

Please refer to "**Confidential Exhibit F-1 – Third country**".

F-2 Please identify any differences in sales to third countries which may affect their comparison to export sales to Australia.

SECTION G

COSTING INFORMATION AND CONSTRUCTED VALUE

The information that you supply in response to this section of the questionnaire will be used for various purposes including:

- testing the profitability of sales of like goods on the domestic market;*
- determining a constructed normal value of the goods under consideration (the goods) - ie of the goods exported to Australia; and*
- making certain adjustments to the normal value.*

You will need to provide the cost of production of both the exported goods (the goods) and for the like goods sold on the domestic market. You will also need to provide the selling, general, and administration costs relating to goods sold on the domestic market; the finance expenses; and any other expenses (eg. non-operating expenses not included elsewhere) associated with the goods.

In your response please include a worksheet showing how the selling, general, and administration expenses; the finance expenses; and any other expenses have been calculated.

If, in response to question B4 (Sales to Australia, Export Price) you:

- reported that the date of sale is not the invoice date and consider that this alternative date should be used when comparing domestic and export prices, and*
- provided information on domestic selling prices for a matching period as required in the introduction to Section D (Domestic Sales)*

you must provide cost data over the same period as these sales even if doing so means that such cost data predates the commencement of the investigation period.

At any verification meeting you must be prepared to reconcile the costs shown to the accounting records used to prepare the financial statements.

G-1. Production process and capacity

1. Describe the production process for the goods. Provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

IP Brasil is a fully integrated manufacturer of A4 copy paper. IP Brasil manufactures pulp and uncoated paper at the Mogi Guaçu and Luiz Antonio mills, and manufactures uncoated paper at the Tres Lagoas mill. For its paper-making production at the Tres Lagoas mill, IP Brasil uses pulp supplied by an unaffiliated third-party. IP Brasil has four paper machines at the Mogi Guaçu mill, two paper machines at the Luiz Antonio mill, and one paper machine at the Tres Lagoas mill. IP Brasil also

At the beginning of the process, bark is removed from logs in a debarking machine. IP Brasil uses hardwood logs cut from eucalyptus trees, most of which are harvested internally in IP Brasil forests. The debarked logs are then fed into a chipper machine, which cuts the logs into small chips. Next, the wood chips are cooked with water and chemicals in a digester cooking vessel to separate cellulose fibers (the plant tissue from which paper is made) from lignin (a three-dimensional polymer that binds the cellulose fibers together).

The cooking process results in two materials:

(1) brown pulp, which is used to make white pulp and ultimately paper, and
(2) a black liquor concentrate of the removed lignin and caustic soda (sodium hydroxide, NaOH), which is recycled for re-use in the production process. The black liquor passes through a recovery boiler (generating steam that the company re-uses to create energy) and subsequently to a kiln in order to be converted into a white liquor solution (consisting of caustic soda). The white liquor is reused in the wood-chip cooking process to remove lignin. The conversion to white liquor in the kiln also generates carbon dioxide, which is used to make calcium carbonate. Calcium carbonate, in turn, is used later in the paper making process.

The brown pulp is washed to remove more lignin from the cellulose fibers, and then bleached to make white pulp. Various chemicals (including chlorine dioxide and hydrogen peroxide) are added during the washing and bleaching processes, which occur in separate tanks.

Next, the white pulp is converted to paper in the paper machine. Chemicals such as calcium carbonate and a large volume of water is added to the pulp as it is conveyed through piping. At this point, the pulp mixture is more than 99% water. The pulp slush passes to a forming table, where the mixture is distributed over a wire web. As the wire web moves along, water drains from it and the fibers begin to bond, forming a sheet ("web") of paper that consists of approximately [REDACTED] % fiber.

The web of paper then proceeds to a press section, where rollers squeeze more water from the web, increasing the fiber content to approximately [REDACTED] % fiber. Next the web proceeds to the dryer section of the paper machine, where it passes through cylinders that use steam to evaporate most of the remaining water. During the drying process, a layer of starch is added to control ink penetration and, if colored paper is being produced, dyes are added. After drying is completed, the work-in-process consists of large reels of paper known as "parent rolls" or "jumbo rolls."

The parent rolls are next cut to narrower "sheeter rolls" in a rewinding machine. On the sheeting line, the sheeter rolls are cut to the desired widths and lengths of the paper to be produced. IP Brasil makes commercial sales of sheeter rolls to publishers and printing companies in the home market, but consumes most of the sheeter rolls internally to produce uncoated paper in cut-size and folio-size sheets.

Lastly, the paper is packaged on the packaging line. Folio products are divided into quantities of 250 or 500 sheets, wrapped in paper, and placed on pallets and shrink wrapped. In some cases, folio sheets are placed directly onto the pallet and shrink wrapped. Cut-size sheets are organized into reams (consisting of 500 or 100 sheets); the reams are wrapped in labelled packaging on a wrapping machine; the packaged reams are stacked by a stacking machine and placed into cartons in a box machine; and, finally, the cartons are stacked onto a pallet and wrapped in clear plastic for shipment.

A flowchart of the production process is contained at “**Confidential Exhibit G-1 – Production flowchart**”.

G-2. Provide information about your company's total production in the following table:

	PREVIOUS FINANCIAL YEAR	MOST RECENT FINANCIAL YEAR	Investigation Period
A – Production capacity (eg kg, tonnes)*			
B – Actual production in volume (eg kg, tonnes)			
C – Capacity utilisation (%) (B/A x 100)			

* rather than showing a 'name-plate' optimal capacity it is more meaningful to show the maximum level of production that may reasonably be attained under normal operating conditions. For example assuming: normal levels of maintenance and repair; a number of shifts and hours of operation that is not abnormally high; and a typical production mix.

Provide this information on a spreadsheet named "**Production**".

Please refer to “**Confidential Exhibit G-2 – Production**”.

G-3. Cost accounting practices

1. Outline the management accounting system that you maintain and explain how that cost accounting information is reconciled to your audited financial statements.

IP Brasil employs a process cost accounting system. [REDACTED]

[Financial accounting practices]

The cost accounting system reconciles directly to the financial accounting system because both use the actual costs recorded in [REDACTED].

Please refer to “**Confidential Exhibit G-3.1 – Accounting overview**” and “**Confidential Exhibit G-3.1 – Manufacturing cost allocation**”

- 2 Is your company’s cost accounting system based on standard (budgeted) costs? State whether standard costs were used in your responses to this questionnaire. If they were state whether all variances (ie differences between standard and actual production costs) have been allocated to the goods - and describe how those variances have been allocated.

IP Brasil's cost accounting system is not based on standard or budgeted costs. As discussed in response to question G-3.6, however, [REDACTED]

[REDACTED]

[Financial accounting practices]

- 3 Provide details of any significant or unusual cost variances that occurred during the investigation period.

Not applicable.

- 4 Describe the profit/cost centres in your company’s cost accounting system.

Each mill uses different cost center numbers. In IP Brasil's [REDACTED] accounting system, [REDACTED]

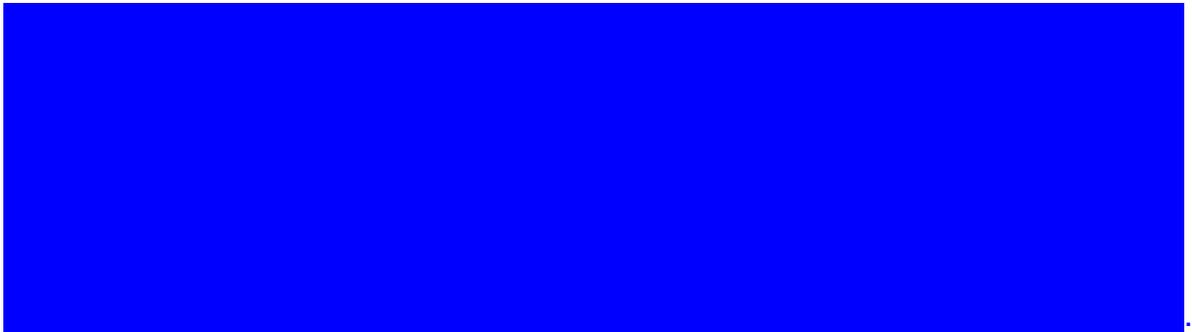
[REDACTED]

[REDACTED]

[Financial accounting practices]

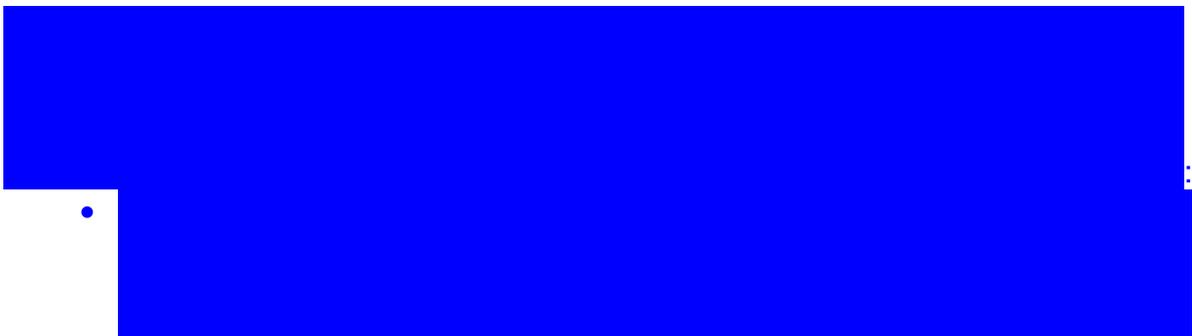
- 5 For each profit/cost centre describe in detail the methods that your company normally uses to allocate costs to the goods under consideration. In particular specify how, and over what period, expenses are amortised or depreciated, and how allowances are made for capital expenditures and other development costs.

Each mill (Mogi Guaçu, Luiz Antonio, and Tres Lagoas) uses the same cost accounting method, with some variation based on cost center (each mill has its own cost centers) and production stages (i.e., pulp is not manufactured at Tres Lagoas). For each mill, costs are tracked by production stage (such as woodyard pulp/woodyard fuel, causticizing/dioxide, washing, bleaching, cutting, and finishing).

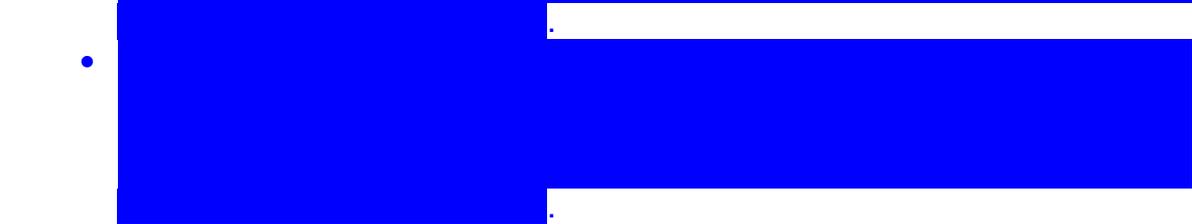


[Financial accounting practices]

- 6 Describe the level of product specificity (models, grades etc) that your company's cost accounting system records production costs.



-



-

- [REDACTED]

[Financial accounting practices]

As further explained below, IP Brasil calculated weighted-average model specific costs in this case using the following methodology:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[Financial accounting practices]

The costs reported in Exhibits G-4 and G-5 account for product-specific differences arising from the following characteristics:

- COLOR (colored or white),
- BSWGT (basis weight),
- BRIGHT (brightness), and
- RECLWG (percentage of post-consumer fiber).

7 List and explain all production costs incurred by your company which are valued differently for cost accounting purposes than for financial accounting purposes.

There are no production costs included in the cost of goods sold that are valued differently for cost accounting than for financial accounting purposes. IP Brasil's cost accounting and financial accounting systems both use the actual costs recorded [REDACTED].

8 State whether your company engaged in any start-up operations in relation to the goods under consideration. Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.

Not applicable.

- 9 State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

Not applicable.

G-4 Cost to make and sell on domestic market

This information is relevant to testing whether domestic sales are in the ordinary course of trade.²

1. Please provide (in the format shown in the table below) the actual unit cost to make and sell each model/type* (identified in section C) of the like goods sold on the domestic market. Provide this cost data for each quarter over the investigation period. If your company calculates costs monthly, provide monthly costs.
2. Indicate the source of cost information (account numbers etc) and/or methods used to allocate cost to the goods. Provide documentation and worksheets supporting your calculations.

Please refer to response at G-3.6 for understanding of course and method of cost allocations.

Please refer to “**Confidential Exhibit G-4 – Domestic CTMS**”.

Please also note the following:

Tolling and subcontractor services performed by third parties for IP Brasil.

During the investigation period, IP Brasil:

1. [Redacted]

2. [Redacted]
[Confidential trading relationships]

The reported costs include the [Redacted], respectively.

Recycled paper purchased from a third party.

² The Commission applies the tests set out in s.269TAAD of the Customs Act 1901 to determine whether goods are in ordinary course of trade. These provisions reflect the WTO anti-dumping agreement – see Article 2.2.1.

During the investigation period, IP Brasil sold recycled paper manufactured by [REDACTED]. The recycled paper purchased from [REDACTED] represents approximately [REDACTED]% of the total volume of all uncoated paper manufactured by IP Brasil during the investigation period. The reported costs include IP Brasil's costs to acquire recycled paper from [REDACTED].

G-5 Cost to make and sell goods under consideration (goods exported to Australia)

The information is relevant to calculating the normal values based on costs. It is also relevant to calculating certain adjustments to the normal value.

	Quarter X	Quarter X	Quarter X	Quarter X
Model/Type exported to Australia – from spreadsheet LIKEGOOD				
Material Costs ¹				
Direct Labour				
Manufacturing Overheads				
Other Costs ²				
Total Cost to Make				
Selling Costs				
Administration Costs				
Financial Costs				
Delivery Expenses ³				
Other Costs ³				
Unit Cost to Make and Sell				

Prepare this information in a spreadsheet named "**Australian CTMS**".

¹ Identify each cost separately. Include indirect material costs as a separate item only if not included in manufacturing overheads.

² Relating to costs of production only; identify each cost separately.

³ Identify each cost separately. Please ensure non-operating expenses **that relate to the goods** are included. Where gains/losses due to foreign currency exchange are incurred, please provide detail of the amounts separately for transaction and translation gains/losses.

Provide this information for each quarter (or month if your company calculates costs on a monthly basis) over the period of the investigation.

Provide the information broken down into fixed and variable costs, and indicate the % total cost represented by fixed costs.

If you are unable to supply this information in this format, please contact the case officer for this investigation at the address shown on the cover of this questionnaire.

Please specify unit of currency.

- 1 Where there are cost differences between goods sold to the domestic market and those sold for export, give reasons and supporting evidence for these differences.
- 2 Give details and an explanation of any significant differences between the costs shown, and the costs as normally determined in accordance with your general accounting system. Reference should be made to any differences arising from movements in inventory levels and variances arising under standard costing methods.

Please refer to “**Confidential Exhibit G-5 – Export CTMS**”. Please also note the following:

IP Brasil's [REDACTED] IPEX.

As explained earlier, IP Brasil manufactures A4 copy paper for IPEX XXXXXXXXX.

[REDACTED]

[Confidential trading relationships]

The reported costs in this response include [REDACTED]

[REDACTED].

[REDACTED] for IP Brasil.

During the investigation period, IP Brasil:

1. [REDACTED]

2. [REDACTED]
[Confidential trading relationships]

The reported costs include the [REDACTED]

[REDACTED].

- 3 In calculating the unit cost to make and sell, provide an explanation if the allocation method used (eg number, or weight etc) to determine the unit cost differs from the prior practice of your company.

Not applicable.

G-6 Major raw material costs

List major raw material costs, which individually account for 10% or more of the total production cost.

For these major inputs:

- identify materials sourced in-house and from associated entities;
- identify the supplier; and
- show the basis of valuing the major raw materials in the costs of production you have shown for the goods (eg market prices, transfer prices, or actual cost of production).

IP Brasil's production operations are integrated, manufacturing pulp, sheeter rolls, and uncoated freesheet paper. The major raw material inputs in IP Brasil's production of A4 copy paper (including production of pulp in the previous stage) are: wood fiber, chemicals and energy, and the slush pulp for Tres Lagoas Mill. Wood fiber, chemicals, and energy account for approximately [REDACTED] [REDACTED] respectively, of the total cost of manufacturing uncoated paper. IP Brasil did not purchase any major inputs from affiliated parties during the investigation period.

With respect to other minor inputs sourced from associated entities, IP Brasil [REDACTED] for IP Brazil's forestry and wood harvesting operations. [REDACTED] is co-owned by [REDACTED], and a third party. [REDACTED] is a [REDACTED]. [REDACTED]. IP Brasil sources a [REDACTED].

[Confidential trading relationships]

In addition, during the investigation period, IP Brasil purchased [REDACTED] [REDACTED] account for approximately [REDACTED] % of IP Brasil's total cost of manufacturing of all uncoated paper in cut-size sheets. [REDACTED].

Please refer to the following exhibits for supporting documentation:

- “**Confidential Exhibit G-6.1 – Materials sourced in-house**”;
- “**Confidential Exhibit G-6.2 – Major raw materials**”; and
- “**Confidential Exhibit G-6.3 – Purchased pulp**”.

**SECTION H
EXPORTER'S DECLARATION**

I hereby declare that.....(company) did, during the period of investigation export the goods under consideration and have completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

I hereby declare that.....(company) did not, during the period of investigation, export the goods under consideration and therefore have not completed the attached questionnaire.

Name :.....

Signature :.....

**Position in
Company** :.....

Date :.....

SECTION I CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A – general information	<input type="checkbox"/>
Section B – export price	<input type="checkbox"/>
Section C – like goods	<input type="checkbox"/>
Section D – domestic price	<input type="checkbox"/>
Section E – fair comparison	<input type="checkbox"/>
Section F – exports to third countries	<input type="checkbox"/>
Section G – costing information	<input type="checkbox"/>
Section H – declaration	<input type="checkbox"/>

Electronic Data	Please tick if you have provided spreadsheet
INCOME STATEMENT	<input type="checkbox"/>
TURNOVER – sales summary	<input type="checkbox"/>
AUSTRALIAN SALES – list of sales to Australia	<input type="checkbox"/>
DOMESTIC SALES – list of all domestic sales of like goods	<input type="checkbox"/>
THIRD COUNTRY – third country sales	<input type="checkbox"/>
PRODUCTION – production figures	<input type="checkbox"/>
DOMESTIC COSTS – costs of goods sold domestically	<input type="checkbox"/>
AUSTRALIAN COSTS – costs of goods sold to Australia	<input type="checkbox"/>

APPENDIX

GLOSSARY OF TERMS

This glossary is intended to provide you with a basic understanding of technical terms that appear in the questionnaire.

Adjustments

To enable a fair comparison between the export price and the normal value Australian legislation provides for the adjustment of the domestic price paid for like goods. Adjustments are made to account for sales occurring at different times, specification differences, and differences in the terms or circumstances of the sales. The adjustment to the normal value may be upward or downward. Areas where you believe an adjustment is necessary should be identified. Section E of the questionnaire refers.

Examples of adjustments that may be made include: *sales occurring at different times* (it is sometimes necessary to compare domestic and export sales made at different times - in these circumstances an adjustment may be made to reflect price movements during that time); *specification differences*; *packaging*; *taxes*; *level of trade*; *advertising*; *servicing/warranty*; *inland freight*; *warehousing*; *export charges*; *credit terms*; *duty drawback*; *commissions*.

Adjustments may also be required where the normal value is based upon costs to make and sell.

Arms length

Sales are not considered to be at "arms length" on your domestic market if there is any consideration payable for the goods other than their price, or there is an association between the buyer and the seller which affects the price, or there will be a reimbursement, compensation or benefit for, or in respect of, the price.

Constructed value

In cases where domestic prices paid for the goods under consideration in the country of export cannot be used for the determination of normal value, ie. when there are no or insufficient sales or where such sales were not made in the ordinary course of trade, normal value may be based on a constructed value. Constructed value is calculated on the basis of the cost of production of the goods under consideration plus a reasonable amount for selling, general and administration costs, and for profits, that are associated with sales on the domestic market of the country of export.

Cost of production/manufacturing

The cost of production or manufacture consists of all manufacturing costs associated with the goods. It is the sum of direct materials, direct labour and factory overheads.

Cost to make and sell

The cost to make and sell is the sum of the cost of production or manufacture, and the selling, general and administration costs associated with the sale of those goods.

Country of origin

The country in which the last significant process in the manufacture or production of the goods was performed.

Date of sale

The Commission will normally use the invoice date as recorded in the exporter or producer's records. Another date may be used if this better reflects the material terms of sale. The questionnaire directs attention to matching data sets of domestic and export sales where some other date is used, as well as matching cost information.

Direct labour cost

Direct labour is categorised as a variable cost, ie. the value varies with the level of production.

Dumping

Dumping occurs when the products of one country are exported to another country at a price less than their normal value.

Dumping margin

Where the export price is less than the normal value the dumping margin is the amount of the difference. It can be expressed as a value or as a percentage of the export price.

Export price

The export price of the goods is usually the price paid or payable to the exporter in arms length transactions, in most instances calculated at the Free on Board (FOB) level.

Exporting country

The country of export is normally the country of origin from which the goods are shipped. The country of export may be an intermediate country, except where the products are merely transhipped through that country, or the products concerned are not produced in that country, and there is no comparable price in that country.

Factory overheads

Factory overheads consist of variable costs eg. power, supplies, indirect labour and fixed costs eg. factory rent, factory insurance, factory depreciation etc.

Goods under consideration (the goods)

The goods to which the application for anti-dumping action relates. That is, the goods that you have exported to Australia allegedly at dumped prices.

Incoterms

The following abbreviations are commonly used (comment is provided concerning costs that are normally borne by the seller):

EXW	ex works (the seller's minimum obligation as costs relate to goods being made available at the sellers premises)
FCA	free carrier (main carriage not paid by seller. Pay costs until such time that the goods have been delivered at the named point into custody of a carrier named by the seller. Customs formalities, taxes etc paid if required)
FAS	free alongside ship (main carriage not paid by seller. Deliver the goods alongside the ship)
FOB	free on board (main carriage not paid by seller. Deliver the goods on board, provide export clearance if required, pay loading costs to the point the goods have passed the ship's rail, pay customs formalities, taxes etc payable upon exportation)
CFR	cost and freight (main carriage paid by seller. Pay all costs until delivered as well as freight, loading and unloading, pay customs formalities, taxes etc payable upon exportation)
CIF	cost, insurance and freight (main carriage paid by seller. Pay all costs as under CFR as well as marine insurance) the terms CFR and CIF are only used where goods are carried by sea or waterway transport
CPT	carriage paid to
CIP	carriage and insurance paid to the terms CPT and CIP are used as alternatives to CFR and CIF where the goods are carried by air, road, rail etc
DAF	delivered at frontier (goods carried by rail or road and cleared for export at the named place at the frontier. Pay costs until delivered at the frontier plus any discharge costs incurred to place the goods at the customers disposal)
DES	delivered ex ship (goods made available to the buyer on board the ship uncleared for import at the named port of destination. Pay all costs incurred in placed at the disposal of the buyer, pay customs formalities, taxes etc payable upon exportation, and where necessary for transit through another country)
DDU	delivered duty unpaid (Pay all costs for carriage to the agreed point, pay customs formalities, taxes etc payable upon exportation, and where necessary for transit through another country)
DDP	delivered duty paid (goods made available at the named place in the country of importation – all risks and costs being incurred by the seller including duties, taxes etc incurred upon importation)

Investigation period

A period defined by the Commission over which importations of the goods are examined.

Like goods

Like goods are goods sold on the domestic market of the country of export (or to a third country) that are identical in all respects to the goods under consideration or that, although not alike in all respects have characteristics closely resembling those of the goods under consideration. The term 'like goods' also refers to the goods produced by the Australian industry allegedly being injured by dumped imports.

Normal value

Australian legislation sets out several ways to assess "normal value".

The preferred method is to use the price paid for like goods sold for domestic consumption in the country of export. Usually, these sales are made by you, but there may be circumstances where it is appropriate to use sales made by other sellers on the domestic market.

Sale prices must be at arms length and in the ordinary course of trade. In the absence of relevant or suitable domestic sales, the normal value may be determined by constructing a price based upon all costs to make and sell the goods. Profit may also be included if the sales on the domestic market are profitable. Alternatively the normal value may be ascertained using the price paid for like goods sold in the ordinary course of trade at arms length to customers in a country other than Australia, however this option is rarely used.

Finally, when a normal value cannot be ascertained by any of the above methods, or if no information is provided, the Commission will determine the normal value by considering all the relevant information, including the applicant's information. This allows the applicant's information to be used where sufficient information has not been furnished or is not available.

Where domestic price generally, and the trade of the exporting country are determined or substantially influenced by the government of the exporting country, an alternative/surrogate market economy is selected by the Commission and the normal value is determined as if the surrogate country were the export source.

Ordinary course of trade

Testing for "ordinary course of trade" includes a comparison of the selling price and the unit cost to make and sell for the same period. If sales in respect of a substantial quantity of goods over an extended period of time, usually 12 months, do not recover all costs and these losses are not likely to be recovered within a reasonable period of time, (again usually 12 months) then the sales are regarded as being not in the ordinary course of trade.

There may be circumstances where it is appropriate to use a period other than 12 months in assessing whether sales are in the ordinary course of trade.

Unprofitable sales are to be taken to have occurred in substantial quantities during an extended period where the unprofitable sales amount to 20% or more of the total volume of sales of the goods by the exporter over the period. An extended period of time is usually taken to be a period not less than 12 months. Where unprofitable sales are rejected, normal value is based upon remaining profitable sales provided they occur in sufficient number. Where all sales have been made at a loss, or profitable sales are insufficient, the normal value may be constructed from costs to make and sell.

Selling, general and administration expenses (SG&A)

The selling, general and administration expenses includes all selling, distribution, general and administration expenses including finance costs that would be incurred if the goods were sold for domestic consumption in the country of export. The amounts are determined in each case using all the available information and may include expenses incurred in:

- . domestic sales of like goods;
- . sale of goods of the same general category by the exporter; or
- . sales in the industry in the country of export.

The expenses must, however, reflect the selling, general and administration costs of the goods. Administrative and selling expenses include: director's fees, management salaries and benefits, office salaries and benefits, office supplies, insurance, promotion, entertainment, depreciation and corporate overheads.