



INVESTIGATION 225

**ALLEGED DUMPING OF WHITE UNCOATED A4 AND A3 CUT
SHEET PAPER**

EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

VISIT REPORT - AUSTRALIAN INDUSTRY

AUSTRALIAN PAPER PTY LTD

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ABBREVIATIONS

\$	Australian dollars
The Act	<i>Customs Act 1901</i>
The applicant	Paper Australia Pty Ltd (Australian Paper or AP)
COGS	Cost of goods sold
the Commission	Anti-Dumping Commission
CTMS	Cost to make & sell
Like goods	Goods manufactured by Australian Paper that are like to the imported goods the subject of the application.
PAD	Preliminary Affirmative Determination
SEF	Statement of Essential Facts
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC) – white uncoated A4 and A3 cut sheet paper (copy paper).
the Minister	the Minister for Industry
USP	Unsuppressed Selling Price

1 BACKGROUND AND PURPOSE

1.1 Background

On 17 September 2013, an application was lodged by Paper Australia Pty Ltd (Australian Paper) requesting that the relevant Minister publish a dumping duty notice in relation to white uncoated A4 and A3 cut sheet paper (copy paper) exported to Australia from the People's Republic of China (China).

Australian Paper alleges that the Australian industry has suffered material injury caused by copy paper exported to Australia from China at dumped prices.

Australian Paper claims that, although imports of copy paper from China have been present (and their export prices steadily declining) since 2009, in 2011 the volume of these imports began to rapidly escalate and injury to Australian Paper has occurred as a result (estimated to have begun in mid-2011).

The application identified the injurious effects from dumping as including:

- loss of sales volumes;
- loss of market share;
- price depression;
- reduced revenue;
- reduced return on investment; and
- reduced employment

Public notification of the initiation of the investigation was made on 10 October 2013 in *The Australian* newspaper and Anti-Dumping Notice No. 2013/79.

1.2 Purpose of visit

The purpose of the visit was to:

- obtain general information about the Australian market for copy paper;
- gain a greater understanding of Australian Paper's manufacturing, marketing, sales and distribution processes;
- verify information provided in the application;
- obtain additional financial data about claimed injury to the Australian industry;
- gather information relevant to assessing whether the allegedly dumped imports had caused material injury to the Australian industry;
- give the company the opportunity to provide any further comments or raise any further issues it believes relevant to the investigation; and
- discuss and gather data relevant to establishing an unsuppressed selling price.

1.3 Meeting details

Company	Paper Australia Pty Ltd (Australian Paper or AP)
Dates of visit	21 – 23 October 2013

The following were present at various stages of the meetings.

Australian Paper	Rob Graham – Group General Manager
	Dr Garry Jones – Planning & Development Manager
	Steven Zyhajlo – Commercial Accountant
	Michael Jackson – General Manager Commercial
	Giulio Incani – Group Business Services Manager
The Commission	Joanne Reid – Director Operations 2
	Michelle Gibson – Case Manager Operations 2
	Candy Caballero – Director Operations 3

1.4 Investigation process and timeframes

We advised the company of the investigation process and timeframes as follows.

- The investigation period 1 July 2012 to 30 June 2013.
- The injury analysis period is from 1 January 2010 for the purpose of analysing the condition of the Australian industry.
- A preliminary affirmative determination (PAD) may be made no earlier than 60 days after the date of initiation - 9 December 2013 - and provisional measures may be imposed at the time of the PAD or at any time after the PAD has been made. The Commission will not make a PAD until (and if) it becomes satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of a dumping duty notice. This was distinguished from the 'reasonable grounds' threshold for initiation of the investigation.
- The Statement of Essential Facts (SEF) for the investigation is due to be placed on the public record by 28 January 2013, or such later date as the relevant Minister allows under s.269ZHI of the *Customs Act 1901* (the Act). The SEF will set out the material findings of fact on which the Commission intends to base its recommendations to the Minister, and will invite interested parties to respond, within 20 days, to the issues raised therein.
- The Commission's final report to the Minister is due no later than 14 March 2014, unless an extension to the SEF is approved by the Minister.

1.5 Visit report

We explained to Australian Paper that we would prepare a report of our visit. The report would be provided to the company to review its factual accuracy and to identify those parts of the report it considered confidential. Following consultation about confidentiality, we would prepare a non-confidential version of the report for placement on the public record.

2 THE GOODS

2.1 Description

The goods the subject of the application (the goods) are:

Uncoated white paper of a type used for writing, printing or other graphic purposes, in the nominal basis weight range of 70 to 100 gsm and cut to sheets of metric sizes A4 (210mm x 297mm) and A3 (297mm x 420mm) (also commonly referred to as cut sheet paper, copy paper, office paper or laser paper).

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

2.2 Tariff classification

The goods are currently classified to the following tariff subheadings:

- tariff subheading 4802.56.10, statistical codes 03 and 09; and
- tariff subheading 4802.56.90, statistical code 19.

The application observes that tariff subheading 4802.56.10 refers to A4 copy paper, while 4802.56.90 relates to A3 copy paper.

The Australian Customs and Border Protection Service (ACBPS) has provided tariff advice that in order for the goods to be correctly classified to the above tariff subheadings, they also must comply with the requirements of Note 5 of tariff Chapter 48 (which relates to paper and paperboard; articles of paper pulp, of paper or of paperboard).

The Australian industry is aware of this advice, and has advised that the goods that are the subject of its application should be effectively targeted by the nominated tariff classifications.

3 THE AUSTRALIAN INDUSTRY

3.1 Corporate, organisational and ownership structure

Paper Australia Pty. Ltd. is a wholly owned subsidiary of Nippon Paper Industries Co. Ltd. which is registered in Japan (prior to 1 April 2013 was called Nippon Paper Group Inc.).

Australian Paper Pty. Ltd. is a wholly owned subsidiary company of Paper Australia Pty. Ltd. and is effectively dormant. The name 'Australian Paper' is used as a business name for Paper Australia Pty. Ltd. and is the usual way in which Paper Australia Pty. Ltd. is referred to in common use. The internal divisions of Australian Paper that are relevant to copy paper are discussed below.

'Australian Office' is the business name of the division of Paper Australia Pty. Ltd. which sells copy paper in Australia and in New Zealand. Australian Office also manufactures, imports and sells envelopes and stationery. Australian Office has approximately [REDACTED] employees and annual net revenue of approximately [REDACTED] million.

Exports of goods manufactured by Australian Paper (including copy paper) (other than to New Zealand) are generally undertaken by 'Paper Products Marketing' (PPM), a collection of 5 subsidiary companies of Paper Australia Pty. Ltd. which undertake paper trading worldwide.

[REDACTED]
[Confidential details of PPM's activities]

We were provided with **Confidential Attachment GEN 2**, a handout which contained further general information on Australian Paper including its company structure and an overview of its operations.

3.2 Accounting structure and details of accounting systems

Australian Paper changed from a July-June financial year to a January-December financial year in 2009, with a half-year report July-December 2009 being produced, then annual reports for calendar years 2010-2012.

Australia Paper uses SAP for financial reporting and MES for production data. MES has testing information, statistical data and is used for quality assurance and measurement of production volumes and efficiencies.

Australian Paper utilises a reporting program called Crystal to capture data from MES and SAP.

3.3 Relationship with suppliers and customers

Australian Paper advised that it is not related to any of its suppliers or customers.

3.4 Manufacturing facilities and product range

3.4.1 Range

Australian Paper sell copy paper under several of its own brand names as well as customer's own brand names:

- REFLEX® – is the premium product sold by Australian Paper on the Australian market;
- Australian [REDACTED]
- Brilliant and Tudor [REDACTED]; and
- Customer brands [REDACTED].

[Confidential details about Australian Paper's perception of brand placement in the market]

We were provided with a brochure on Australian Paper's product range, at **confidential attachment GEN 3**.

3.4.2 Manufacturing facilities

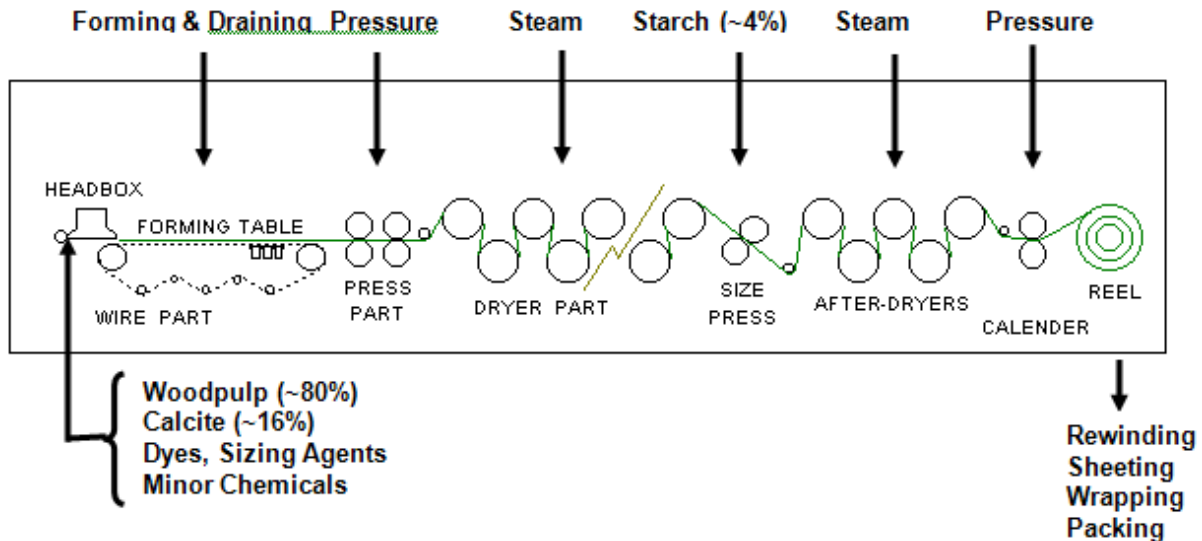
Australian Paper's copy paper is manufactured at the Maryvale Mill in Gippsland, Victoria. The mill has 5 machines (M1 – M5). M5 is the main machine where copy paper is manufactured (approximately [REDACTED]% of copy paper is manufactured on this machine), with a small amount of copy paper produced on M3. M5 is the newest machine.

The mill also manufactures printing & converting papers and packaging & industrial papers

Australian Paper provided further information on the production process, mill production range and capacity in a handout at **Confidential Attachment GEN 4**.

3.5 Production process

During the verification meetings, we conducted an inspection of the production facilities at Maryvale Mill. We observed the production process which is summarised in the following diagram.



Manufacturing process

Australian Paper submits that it undertakes more than one substantial process of manufacture in the production of the goods.

Australian Paper's manufacturing process is described in the application, and is summarised below.

- Wood pulp (either made on site or purchased (imported)) is blended with filler, starch, sizing agents, dyes and minor chemicals which are then, in very dilute form (less than 1% solids), pumped to a 'headbox'.
- The headbox's horizontal nozzle forms the paper sheet through spraying the mixture on a horizontal rapidly moving mesh belt or 'wire' from which some of the water is drained by gravity and by suction. The width of the headbox's nozzle determines the grammage of the paper and speed of the process. At the end of the wire, the paper sheet is still only around 20% solids (80% water).
- The sheet then passes through a series of felt-lined press rolls and more water is removed by pressure, leaving the sheet about 40% solids (60% water).
- The remainder of the water is removed by evaporation as the sheet passes around a series of steam heated drying cylinders.
- The sheet then has a layer of starch applied to each surface at the 'size press' and is again dried using steam heated cylinders and calendered between smooth rolls at high pressures to give a smooth surface.
- The sheet is then rolled into parent rolls or 'Jumbos' several metres long and over 2 meters in diameter, weighing several tonnes.
- The Jumbos are then rewound into smaller reels, generally 1.5 metres in diameter and around 2.5 metres long for use in the sheeting process.
- These smaller reels are cut directly into A4, A3 or other cut sheet sizes, usually but not always wrapped as reams (generally, but not exclusively of 500 sheets), packed into boxes and the boxes palletised on highly automated 'finishing' equipment (the 'Cut Size Lines'). At this point the cut sheet paper is ready for loading for shipment.

The investigation team undertook an inspection of the manufacturing facility and is satisfied that at least one substantial process in the manufacture of the goods is carried out in Australia.

Raw materials

The major raw material used in papermaking is wood pulp, including recycled wood pulp. The majority of wood pulp used at the mill is produced on site and supplemented by 5-10% imported pulps.

The other two key materials used are Calcite and Starch, which are sourced within Australia.

Two different types of woodpulp are utilised in the paper making process:

- short fibre, hardwood or eucalypt pulp which constitutes 90-95% of total pulp quantity; and
- long fibre or pine pulp which constitutes 5-10% of total pulp quantity.

Long fibre pulp is included for its ability to add strength to the paper however short fibre pulp dominates the pulp makeup in order to provide the necessary surface characteristics for printing and copying.

There are three sources of material for pulp:

- wood fibres from certified forest products;
- recycled material (waste paper); and
- offcuts from other manufacturing processes, such as saw mills and furniture making.

Most wood fibres are sourced within a 150km radius of the Maryvale Mill. The two main suppliers are:

- VicForest – state owned forest that supplies regrowth eucalypt. [REDACTED];
- Hancock Victoria Plantation (HVP) – a privately owned forest that supplies eucalypt and pine. [REDACTED]

[Confidential wood contract information]

The fibre source of the wood affects the cost of production as some wood requires more bleaching chemical use to achieve the required brightness of the pulp for use in manufacturing the paper.

By products

Sawdust and bark are by products of the production process which are sold by the mill. [REDACTED]. *[Confidential details of mill operation]*

The mill produces more than 60% of its energy requirements from burning lignins, which are by-products from the wood pulping process.

The mill utilises the water content in the trees in the production process and continually recycle water throughout the mill. The mill purchases water from Gippsland water. Up to 15% of the daily water used by the mill is purchased recycled water.

Any reject paper is returned to slush and re-used in the produced process as pulp.

Production scheduling

M5 makes one particular model of paper at a time and when a new model is to be made a change over process takes place. The production of different models is scheduled to try and run similar models after each other. The aim is to minimise the different in grammage, tint and recycled content from one paper produced on the machine to the next to minimise unproductive time and reject paper.

Australian Paper advised that when it has spare days where the machine is not required to run to meet domestic demand, it runs export orders, not necessarily of like goods to fill capacity of the machine. It has the ability to interrupt the production of these export orders if it gets an urgent request from a domestic customer.

3.6 Like goods

Australian Paper provided the following information to explain how the imported goods are like to the goods produced by Australian paper:

a. Physical Likeness:

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

In the Australian market, the predominant sheet size and basis weight is A4, 80 gsm but with some A3 and a very small quantity of US sizes. The old imperial sheet sizes have fallen out of use. As well as the 80gsm weight which dominates the Australian market, some 70gsm, 75 gsm, 90 gsm and 100gsm is used together with small amounts of heavier weights used for special purposes.

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

b. Commercial Likeness:

The imported goods and the goods produced by the Australian industry compete for the same market. In particular, a significant portion of the Australian market is goods

wrapped and sold as the purchaser's own brand e.g. *Fuji Xerox*. In this portion of the market, together with the 'plain wrap' and generic products, there is direct head-to-head competition between imported goods and the goods produced by the Australian industry. At different times in the past, Australian Paper has provided several of the purchaser's brand products now sourced from China.

Where the goods are wrapped and sold in the manufacturer's brand and are heavily promoted, e.g. Australian Paper's '*REFLEX*[®]' brand, there is some short term decoupling of price, but ultimately the end consumer will switch based on the trade off between price, service and reputation.

c. Functional Likeness:

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

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

In the Chinese domestic market, as well as 'export grade' goods which are generally comparable with the goods sold in the Australian domestic market, there are also lower priced goods which have significantly inferior appearance (e.g. lower brightness, lower whiteness, poor surface finish, specks, inconsistency etc.) and, at times, functionality (e.g. unsuited to high speed duplex copying or printing) when compared with the 'export grade' goods.

d. Production Likeness:

The paper production and finishing processes are substantially identical across the large scale industry. Some mills, such as UPM-Kymmene China, use paper pulp purchased from bleached pulp mills located elsewhere while others, such as Australian Paper, have their own bleached pulp mills on site.

The imported goods and the goods produced by the Australian industry are manufactured using equipment and processes which are alike in all significant practical aspects.

Australian Paper submitted that paper is a commoditised product which is generally made by the same process and variables in the product such whiteness and brightness do not significantly impact the cost to manufacture.

3.7 Employment numbers

Australian Paper advised that it employs approximately 850 workers at Maryvale Mill. It advised that approximately [REDACTED] employees were allocated to the production of copy paper.

3.8 Annual turnover

The total net sales revenue for Australian Paper in the period 1 July 2012 to 30 June 2013 was [REDACTED]. Of this, domestic sales of copy paper amounted to [REDACTED] and export sales generated [REDACTED].

3.9 Capacity

The M5 paper machine was installed in 1997 and has a capacity [REDACTED]. The M3 which manufactures a small quantity of copy per has a capacity of [REDACTED].

The 'converting' room containing the sheeting and packing equipment has two production lines with a capacity of [REDACTED].

4 AUSTRALIAN MARKET

4.1 Background

Australian Paper described the Australian copy paper market as consisting predominantly of A4 size, 80 gsm paper, with a smaller quantity of A3 copy paper and a 'miniscule' amount of A5 product. In addition to 80 gsm paper, small quantities of 70, 75, 90 and 100 gsm paper are also sold in Australia.

Australian Office is the second largest supplier of office products (a category which includes stationery, envelopes, copy paper, photocopiers and printers) to the Australian market and the largest supplier of office products when sales of printers and photocopiers are excluded.

Australian Paper has positioned its business on its brand name products, environmental credentials, logistics service and the fact that its products are Australian made. Australian Paper's REFLEX[®] brand has been regularly promoted via mass media since 1984.

4.1.1 End use

Australian Paper submitted that there are three basic categories of end user:

- Home and home office/small office [REDACTED]
- Medium and large business, Government and education [REDACTED]
- Industrial users including instant print and in-plant printing operations (served predominantly by wholesale paper merchants [REDACTED])

[Details of Australian market]

Australian Paper submitted (as part of the description of the goods and its own like goods) that the end uses for copy paper are 'writing, printing or other graphic purposes'.

Australian Paper further submitted that:

The product, both locally produced and imported, is described variously as white 'cut sheet', 'cut ream', 'cut size', 'office paper', 'copy paper' or 'laser paper' is used in both dry toner and ink jet copying, faxing and printing in offices and in instant printing outlets. It is also used in smaller quantities for offset printing and for general printing, business, educational and home office uses.

4.2 Market segmentation

Australian Paper submitted that there are three categories of product (all interchangeable in a functional sense):

- Manufacturers brands (eg REFLEX[®], Australian[®], AA, Paper One)

- Private label products [REDACTED]
- Plain label copy papers or generic products (targeted largely at the industrial market)

[Details of Australian market]

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

Australian Paper segregates the market for its own products into two separate markets – REFLEX® and other brands. In terms of its own branded products Australian Paper outlined the following pricing tiers, from highest to lowest:

[REDACTED]

[Details of Australian Paper pricing structure]

Australian Paper explained that recycled paper is always more expensive to produce than non-recycled paper. [REDACTED]

[REDACTED]

[Confidential details of manufacturing costs]

4.3 Marketing and distribution

4.3.1 General

Copy paper is primarily sold through a number of key contract resellers and retailers

[REDACTED]

[Details of Australian market] Australian Paper and importers seek to gain market share by targeting direct supply contracts with these organisations.

Australian Paper provided a handout showing the breakdown of the market into various categories, **confidential attachment GEN 1**.

The difference between contract dealers and commercial dealers is the size of their customers – contract dealers sell mainly to government and large corporate customers whereas commercial dealers sell to smaller businesses in their own area.

Specialist office paper retailers sell to smaller end users such as households and small businesses.

[REDACTED]

[REDACTED]

[Redacted]

[Confidential market information]

4.4 Imports by applicant

The 'Australian Office' business imports small volumes of cut sheet paper from Europe as a compliment to its range where demand does not justify local production. In total, these imports are around [Redacted].

4.5 Demand

Australian Paper characterised the Australian market for copy paper [Redacted].
[Australian Paper view of the Australian market]

It described how the copy paper market in Australia is [Redacted].
[Redacted] [Australian Paper perception of market growth]

4.6 Market trends

Australian Paper explained how Australia had an advantage in copy paper production in the 1990s because eucalypt is the best tree for wood fibre. Eucalypt is now widely grown in China and Brazil.

[Redacted]

[Confidential market information and Australian Paper business processes]

Chinese production of copy paper is growing ahead of anticipated increases in Chinese domestic demand creating over-capacity in the Asian region. As a result manufacturers are seeking markets outside their home market to sell excess capacity which is serving to drive down prices of copy paper in the Australian market.

We asked Australian Paper about imports of copy paper from other countries. Australian Paper submitted that [Redacted]

[Market Information]

5 DOMESTIC SALES

5.1 General

Australian Paper has a sales team of around [REDACTED]

[REDACTED] . *[Confidential information about Australian Paper's customers and customer arrangements]*

5.2 Ordering, invoicing and delivery arrangements

Recently Australian Paper has established an online purchase facility through its website.

[REDACTED] *[Information on customer ordering process]*

Australian Paper has a standard monthly production program for its cut sizes so customers will know when their required product is scheduled for manufacture.

Around [REDACTED] of Australian Paper's copy paper sales [REDACTED] are shipped direct from the mill to the customer. The remainder are shipped from the mill to the customer via Australian Paper's distribution centres, with a small volume shipped via the Australian Office offices in Preston. Australian Paper has distribution centres in each of the main states in Australia. Australian Paper's distribution centres occasionally conduct envelope overprinting services on Australian Paper product prior to delivery to the customer. The minimum order quantity from distribution centres is a carton.

Delivery times with an order placed before a set cut-off time are dispatched within a set time period. Delivery generally takes between one and three days depending on the customer location. Smaller orders are generally ex-stock with the order sent to the closest distribution centre for dispatch. [REDACTED]

[REDACTED] *[customer delivery information]*

Indent orders direct to the customer from the mill are available for customers who order full truckloads of product. Indent orders for large customers could take between two and three weeks from order to delivery, although Australian Paper holds stock of its main brands and private labels for regular customers. [REDACTED]

[Redacted]

[Confidential logistics information]

5.3 Pricing

5.3.1 Pricing system

[Redacted]

[Confidential pricing information]

5.3.2 Discounts and rebates

[Redacted]

[Confidential details of discount and rebate policy]

5.4 Level of trade and related vs unrelated customers

Australian Paper does not have any related customers. Its sales are made to contract dealers, commercial dealers, small and large retailers and specialist office paper retailers. Price is not differentiated by level of trade (e.g. retailers, wholesalers).

5.5 Verification of sales data to audited financial statements

We requested Australian Paper demonstrate how they arrived at the figures for sales volume and revenue for the like goods.

We were provided with a print out of a pivot table from the spread sheet 'OP Sales History Jan 2010-June 2013', (**confidential attachment COST DOM1**) as well as an electronic copy of the full spread sheet. It contained sales volume and revenue data for copy paper sold into the Australian market and exported to New Zealand and other countries, for goods manufactured by Australian paper and the now closed Tasmanian mill as well as goods imported by Australian Paper.

We manipulated the pivot table in the electronic copy of this spread sheet and arrived at the same total figure for domestic sales of copy paper (from all sources), which reconciled with the figure in the A6 tab "CTMS domestic Total Hyp".

We manipulated the filter on the pivot table to remove sales of goods outside the goods description and were able to agree the sales volume and revenue figures for domestic sales of like goods to the figure in the Appendix A6 tab 'A6.1 CTMS domestic total'. During this exercise we noticed that the sales of imported and Tasmanian goods had not been excluded from the like goods total populated in the A6. We considered the magnitude of sales from these sources - less than [REDACTED] of total domestic sales - and were satisfied that they did not need to be removed.

We were able to calculate from the data in this spread sheet that for the investigation period (FY 2013), total domestic sales of like goods comprised [REDACTED] of total domestic sales of all copy paper. This figure was utilised during the allocation of selling, distribution and administration expenses, discussed in the next chapter.

We were provided with the A6 data for all domestic sales of copy paper including the like goods. We were able to reconcile the domestic sales revenue for all copy paper for 2012 to the total net sales figure for copy paper in the 2012 Hyperion consolidation grid. We were able to reconcile the net sales revenue for copy paper to the 2012 total net sales revenue for the Australian Office. We were able to reconcile the 2012 total net sales revenue for the Australian Office to the audited grid from the Hyperion system, up to the group level total net sales revenue. We were able to reconcile the total net sales for the consolidated Australian Paper Management Group up to the 2012 audited income statements for Paper Australia Pty Ltd with an adjustment for commissions earned by the PPM arm of the business. The verification package containing print outs of the above steps is at (**confidential attachment DOM 2**).

5.5.1 Completeness and relevance of sales data - conclusion

Having regard to the above, we consider that the Appendix A4 and Appendix A6 data provided by Australian Paper represents reasonably complete and relevant accounts of its sales of copy paper during the period from 1 January 2010 to 30 June 2013.

5.6 Verification of sales data to source documents

To assess sales data for accuracy, verification to source documents was undertaken. The Commission selected the 8 sales from the originally submitted Appendix A4 – detailed sales listing for verification to source documents.

In respect of the selected sales Australian Paper provided:

- Purchase order from customer;
- tax invoice;
- SAP order confirmation extract;
- Order confirmation from Australian Paper to customer;
- customer dispatch advice; and
- evidence of payment.

These documents form **confidential attachment DOM 3**.

The A4-detailed sales listing included date of sale, customer name, product size, code and description, quantity purchased, net invoice price.

We found that some of the columns in the A4 had been incorrectly labelled, specifically:

- the rebate column actually contained the GST amount'
- the Gross invoice value column actually contained the invoice amount including GST; and
- the net invoice value column actually contained the invoice amount excluding GST.

We rectified the names of the relevant columns and were able to verify with the source documentation that these columns were now correctly identified.

We were able to reconcile the date of sale, customer name, quantity purchased, net invoice price, payment evidence, product size and description on the source documentation with the A4 detailed sales listing.

5.6.1 Accuracy of sales data - conclusion

We are satisfied that:

- the invoiced amounts and details in the A4 are accurate;
- the invoiced amounts were paid by Australian Paper's customers; and
- the net transaction amounts within the A4 are accurate.

On this basis, we consider the detailed sales data provided in the application is reasonably accurate.

5.7 Sales – conclusion

We consider that Australian Paper's sales data in its Appendix A4 and Appendix A6 are a reasonably complete, relevant and accurate reflection of its sales of copy paper during the period from 1 January 2010 to 30 June 2013.

Accordingly, we consider the Australian Paper sales data in Appendix A4 and Appendix A6 suitable for analysing the economic performance of its copy paper operations from 1 July 2012 to 30 June 2013.

6 COST TO MAKE AND SELL

6.1 Cost to make

To assess production cost data for accuracy, verification to source documents was undertaken.

The three main materials other than pulp used in the production of copy paper are:

- Native starch [REDACTED]
- Cationic starch [REDACTED] sourced from [REDACTED]
- Filler [REDACTED] sourced from [REDACTED]

[Confidential details of raw materials sources and supply arrangements]

6.1.1 Raw materials

The raw material components in the Appendix A6 are broken down into imported raw materials and locally produced raw materials. Australian Paper advised that the elements of these raw materials are pulp (either imported or produced by Australian Paper), de-inked pulp, chemicals and variable packaging. We sought to verify the cost of raw materials provided by Australian Paper in its Appendix A6.

Australian Paper provided us with the spread sheet 'Dumping Case Cal Final' (*Appendix 1*) which contained the calculations they had used to derive the figures for the A6.

The first tab 'rOverall Sum' contained unit costs for raw materials on a quarterly basis for each category (A4/A3 and recycled content) of copy paper, separated for domestic and export sales.

We selected the December 2012 quarter and the A4 0-20% recycled content product grouping for further verification. We could see that the unit costs of imported and local raw materials in the 'rOverall Sum' tab reconciled to the unit cost figures in the appendix A6.

We selected the imported raw materials figure for this model for the December 2012 quarter for further verification. We could see that the 'rOverall Sum' contained a table of the unit costs per model, per quarter of all the cost elements including several varieties of pulp, chemicals, utilities, labour, and packaging costs.

We could see that the unit cost of imported raw materials that was feeding into the A6 was derived from the individual unit costs for IBK long fibre M90 pulp, IBK short fibre E90 pulp and a percentage of the unit cost for De-inked pulp (DIP). The percentage of the total DIP unit cost represented the total cost of DIP for the December 2012 quarter (which was

comprised of imported and Australian DIP) multiplied by the percentage of DIP that was purchased from imported sources.

We selected the cost element IBK long fibre M90 pulp for further verification and could see that this figure was derived from the tab 'rSummary'. This tab contained the monthly and quarterly unit costs for each raw material, for each model of copy paper (size, grammage, brand name etc). We could see that the unit cost for the December 2012 quarter for IBK long fibre M90 pulp was the sum of the cost for each individual product model (unit cost multiplied by production quantity) divided by the total production quantity for machines 3 and 5, to provide a weighted average unit cost for the quarter.

We selected the unit cost of IBK long fibre M90 pulp for the month of December 2012 for the product model 5815075 for further verification. We could reconcile the figure in the 'rsummary tab' to the figure in the dM5 tab, which showed the budgeted and actual usage of each raw material, by product model, by month.

We were provided with a print out of the relevant spreadsheets from Australian Paper, refer **confidential attachment COST 1**. This attachment contained a number of sheets for each step in the cost verification process. Page 1 of costs step 4 from this attachment contained a table showing the actual volumes of each raw material used for each model, for the month of December 2012. The total production quantity was multiplied by the actual volume of each material used to arrive at the total volume usage of each raw material, based on standard unit costs.

We were able to reconcile the total production quantity for the selected product model 5815075 on this print out to the figure in the 'rSummary' tab of the 'Dumping Case Cal Final' spreadsheet. Page 2 of costs step 4 showed the actual total volume of each material for each model, for the month of December 2012. Australian Paper explained that this was calculated by taking the actual usage (volume) of each material, per model and dividing it by the total usage of the specific material for all models to arrive at a percentage allocation for each model. This allocation was then multiplied by the actual total cost of each material utilised for all models in that period to arrive at a total actual volume of each material for each model.

Costs step 6 continues on from costs step 4 and demonstrates the calculation of the unit actual cost for raw materials. For the selected model, we were able to see that the actual unit cost for each raw material was derived from the following calculation: total volume (kg) usage of each material divided by the total production volume of the model, multiplied by the unit cost per kg. The actual unit cost for IBK long fibre M90 pulp on the provided print out reconciled with the unit cost in the 'dM5' tab of the 'dumping case cal' spreadsheet and fed into the costs in the 'rSummary' tab, which fed into the A6.

We were provided with a profit centre report for raw materials from machine 5 (costs step 7 of confidential attachment COST 1).

We were able to reconcile the actual unit cost of material bleached eucalypt 90 slush (cell DM244 of tab 'dM5', spreadsheet 'Dumping Case Cal Final') with the moving average cost in the profit centre report at costs step 7. We were also provided with a print out of the bill of materials for this product model for 2012 (costs step 5) and could see that the standard rate in the bill of materials also reconciled with the above figures.

After performing this exercise we were satisfied that we were able to verify the raw materials costs provided by Australian Paper in its Appendix A6 back to company cost and production records. Given the fact that we were provided with print outs and electronic versions of production and costing reports and were able to trace the high level raw material costs in the appendix A6 back through these source documents, we are satisfied that the raw material costs are accurate and complete. Considering the allocation method and the fact that the products do not change from month to month, the mix of products manufactured on the machines does not change and the monthly reconciliation of the variances, we are satisfied that the allocation method is appropriate.

6.1.2 Labour

We sought to verify the figures for direct labour in the appendix A6. Australian Paper provided us with the spread sheet 'Dumping Case Cal Final' which contained the calculations they had used to derive the figures for the A6.

The first tab 'rOverall Sum' contained unit costs for direct labour and packaging labour on a quarterly basis for each category (A4/A3 and recycled content) of copy paper, separated for domestic and export sales.

We selected the December 2012 quarter and the A4 0-20% recycled content product grouping for further verification. We could see that the unit cost for direct labour in the 'rOverall Sum' tab reconciled to the corresponding unit cost figure in the appendix A6. We sought to further verify this figure and could see that it was comprised of direct labour and packaging labour.

We traced the packaging labour cost to the 'dPackaging Standard' tab which contained a table of packaging costs by year, for each category and major grade of copy paper (separate tables for A4 and A3). We could see that the labour rate was the same for all grades and categories of A4 paper.

There were multiple packaging options for each grade of paper. We could see that the unit rate for each grade was calculated from the combination of the unit rates for each specific packaging type for that grade. We selected the grade '145 office paper' and could see that it was packaged in two different types of packaging. The volume of paper that was packaged in each packaging type was multiplied by the unit cost of that packaging type and this figure divided by the total volume for the grade to arrive at a single unit cost.

Australian Paper provided a cost centre report from the general ledger for the packaging room (columns BC-BU, 'dPackaging Standard' tab of 'Dumping Case Cal Final's spread sheet) and showed how it had calculated packaging labour costs as a percentage of total costs (for the packaging room). This percentage was then applied to the total packing costs for each packaging type to provide a unit cost for packaging labour.

6.2 Production volumes

We sought to verify the production volume data provided by Australian Paper in its Appendix A6. Australian Paper provided us with the spread sheet 'Dumping Case Cal Final' which contained the calculations they had used to derive the figures for the A6. The first tab 'rOverall Sum' contained production volumes and fixed and variable manufacturing costs, on a quarterly basis for each category (recycled content) of copy

paper, separated for domestic and export sales. We selected the December 2012 quarter for further verification and could see that the total production quantity in the A6 (for all like goods) reconciled with the total production quantity in the 'rOverall Sum' tab for all categories of the like goods.

We selected the category 'A4 0-20% recycled' for further verification. We could trace the production volume figure in the 'rOverall Sum' tab to the 'rSummary' tab which contained a breakdown of production volumes, by quarter, by intended market (domestic or export), for all product codes made on machines 3 and 5 at the Maryvale Mill. This tab also showed the total cost of production and the cost breakdown. We could see that the individual production volumes for each model reconciled to the total production volume in this tab, for the selected quarter.

We selected the model 58150 (REFLEX®) for further verification. We could see that the domestic production figure for the December 2012 quarter, for this model, was derived from a percentage of the total 3 month production volume of this model for the domestic and export market. We could see that the percentage was calculated from tab 'Prod Split'. This tab contained a table of the different product codes that comprise the like goods and detailed the annual sales of each product code, broken down via sales on the domestic and export market. We could see that the domestic sales volume of that code for 2012 had been calculated as a percentage of total domestic and export sales of that code for the year. This percentage was then fed into the 'rSummmmary' tab.

We were satisfied that we were able to verify Australian Paper's production volumes of copy paper for the investigation period.

6.3 Selling, Distribution and Administration expenses

To assess selling, distribution and administration cost data for accuracy, verification to source documents was undertaken.

We were provided with spread sheet 'CTMS domestic Total Hyp' tab of the Appendix A6. This tab showed the production quantity, manufacturing costs, selling, distribution & administration expenses, sales volumes and sales revenue, on a quarterly basis, for all copy paper. This tab was the starting point for our verification of selling, distribution and administration expenses.

Australian Paper provided us with packages contained print outs of key documents for the verification of the SGA elements. The packages allowed us to reconcile the total SGA for Australian Office to the figure in the Profit and Loss statement. We were then able to see how the breakdown was done for envelopes, stationary and paper (through the build worksheet) and then for individual items (labour, overheads and marketing).

As discussed at chapter 5 above, we were able to verify that for the investigation period (FY2013) the total domestic sales of like goods comprised ■■■ of total domestic sales of all copy paper. This percentage allocation was considered by us in our verification of SGA expenses.

6.3.1 Administration /other /central overheads; and Total labour and related

[REDACTED]
[REDACTED]. *[Cost allocation policies]*

6.3.2 Promotional and marketing spend

We sought to verify the amounts in the Appendix A6 for promotional and marketing; administration/other/central overheads and total labour and related expenses. We were provided with verification pack **confidential attachment COST 2**.

Australian Paper advised that it took the total Australian Office promotional and marketing expenditure then calculated the percentage attributable to all copy paper. It then allocated [REDACTED] % of the promotional and marketing spend for copy paper to the like goods. We queried why the allocation was [REDACTED]

Australian Paper advised [REDACTED]

[REDACTED] We sighted the ledger with the breakdown of marketing spend on copy paper. We were able to see [REDACTED]

[REDACTED] We were satisfied with the allocation method for promotional and marketing spend and considered it appropriate. *[Cost allocation policies]*

6.3.3 Distribution

We sought to verify the distribution expenses in Australian Paper's appendix A6 and were provided with verification pack, **confidential attachment COST 3** The A6 tab "CTMS domestic Total Hyp" contained the distribution costs for all copy paper sold on the domestic market (including like goods and goods outside the goods description).

We could see that [REDACTED] of the total distribution expenses for all copy paper had been allocated to the like goods, with a small discrepancy, likely due to rounding.

It was explained that distribution expenses for copy paper were captured in the 1010 company and the 1000 company.

Company 1000

Australian Paper provided an extract from the company 1000 ledger (a print out from Hyperion Consolidation Grid for December 2012 –page 3 of confidential attachment COST 3) showing the breakdown of the distribution charges into fixed and variable delivery for CY2012. Certain line items were attributed to the like goods and totalled [REDACTED].

We were provided with a print out of the P&L from the Hyperion Consolidation Grid for company 1000 for CY2012, showing the total variable delivery for Australian Paper. We could see that the figure in the P&L reconciled with the total variable delivery expenses on page 3 (Hyperion Consolidation Grid) with a minor variance (<0.5%).

Company 1010

We were provided with a print out from the Hyperion Consolidation Grid with distribution expenses from company 1010 for CY2012 (page 9 of confidential attachment COST 3). We could see the total fixed delivery expenses and total variable delivery expenses for company 1010 and the breakdown by paper, envelopes and stationary.

For variable delivery (company 1010) we could see that 100% of merchant logistics was allocated to copy paper. Australian Paper explained that this merchant logistics expense was for the delivery of copy paper to distribution centres around the countries that only stock copy paper (no envelopes or stationary).

We could see that [REDACTED] % of Australian Office (AO) variable logistics expenses were allocated to copy paper. Australian Paper explained that this expense related to the warehouse associated with the Preston facility where the majority of envelopes and stationary were stocked. Only a small volume of copy paper goes through the Preston facility.

We queried if the delivery expenses for envelopes and stationary were captured in the AO logistics or merchant logistics items on the Hyperion Consolidation Grid. It was explained that [REDACTED]

For fixed delivery [REDACTED] we could see that [REDACTED] % of fixed delivery expenses had been allocated to paper, [REDACTED] % to envelopes and [REDACTED] % to stationary. [REDACTED] % of merchant fixed logistics was allocated to copy paper. Similar to variable delivery [REDACTED] % of AO related fixed logistics costs were allocated to copy paper, [REDACTED]

[Cost allocation policies]

Page 9 of confidential attachment COST 3 outlined the fixed and variable delivery charges for paper from company 1010 and the fixed and variable delivery charges for company 1000. We could see that the sum of these amounts agreed to the total distribution expense for CY2012 in the A6 CTMS domestic Total Hyp. We could see that the distribution expense for like goods for CY2012 was [REDACTED] of distribution expense for total paper.

We were provided with a print out of all warehouse cost centres in company 1010 (page 5, confidential attachment COST 3) and could see the elements comprising the total variable delivery expense for merchant logistics and variable delivery excluding merchant logistics.

We were provided with a print out of the P&L from the Hyperion Consolidation Grid for company 1010 for CY2012, showing the total variable delivery and total fixed delivery for Australian Paper. We could see that the figures in the P&L reconciled to the total variable and total fixed delivery figures on page 9 of the verification pack.

We were satisfied that we were able to verify the fixed and variable expenses in the Appendix A6 back to the P&L statements for company 1000 and company 1010.

6.3.4 Stock Valuation Adjustment

We sought to verify the amounts in the Appendix A6 for stock valuation adjustment (SVA) and were provided with verification pack **confidential attachment COST 4**.

Australian Paper explained that [REDACTED] % of SVA for copy paper was allocated to like goods. Australian Paper provided a print out from its Hyperion consolidation grid at page 3 of the SVA verification pack. Australian Paper advised that SVA was included in GL code [REDACTED]. Australian Paper explained that entries go into this GL code and are then reallocated into other cost centres. We could see that SVA was [REDACTED] of this total amount. Australian Paper advised that they [REDACTED]. We could see the line item for SVA and the workings done [REDACTED]. We were able to reconcile the final SVA figure back to the A6.

The majority of SVA costs relate to [REDACTED]. Costs are determined and allocated [REDACTED]. [REDACTED] [Stock valuation policy]

6.3.5 Accuracy of selling, distribution and administration expenses - conclusion

Having regard to all of the above we consider the selling, distribution and administration cost data provided is a reasonably accurate account of the actual costs to sell copy paper during the period from 1 July 2012 to 30 June 2013.

6.4 Costs to make and sell – conclusion

We were able to verify Australian Paper's production volumes and selling, distribution and administration costs. We were also able to verify Australian Paper's costs of production downwards to source documents for selected inputs.

Due to the complexity of Australian Paper's accounting system, we were unable to verify the costs of production upwards to the audited financial statements.

We consider that Australian Paper's cost to make and sell data in Appendix A6, is a reasonably complete, relevant and accurate reflection of the actual costs to manufacture and sell copy paper during the period from 1 January 2010 to 30 June 2013.

Accordingly, we consider the Australian Paper cost to make and sell data in Appendix A6 are suitable for analysing the economic performance of its copy paper operations from 1 January 2010 to 30 June 2013.

7 ECONOMIC CONDITION

7.1 Applicant's injury claims

In respect of copy paper, Australian Paper claimed that the Australian industry has been injured through:

- loss of sales volumes;
- loss of market share;
- price depression;
- reduced revenue;
- reduced return on investment; and
- reduced employment.

7.2 Commencement of injury

Australian Paper submitted that material injury caused by importation of copy paper has occurred from mid-2011, though imports of Chinese copy paper have been present before this time at decreasing export prices.

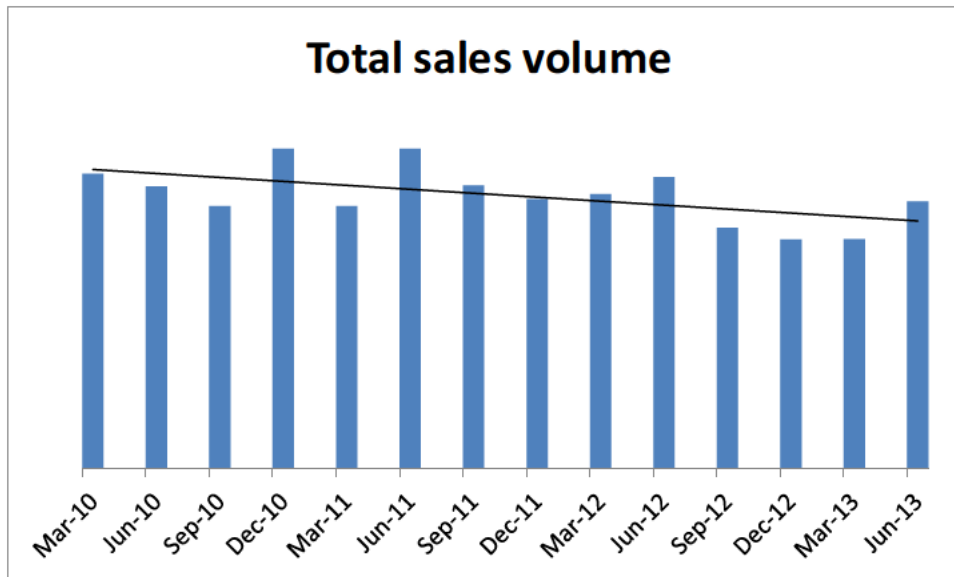
7.3 Volume trends

Australian Paper provided charts it had prepared showing its sales volume of copy paper at both the total level and individually for certain customers (**confidential attachment Injury 1**). The charts showed:

- A decline in sales volume of all copy paper between May 2011 and July 2013;
- A reduction of around [REDACTED] T ([REDACTED]%) between July 2012 and July 2013;
- A reduction in sales to [REDACTED] of just under [REDACTED] T ([REDACTED]%) between July 2012 and July 2013;
- A reduction in sales to [REDACTED] of around [REDACTED] T ([REDACTED]%) between July 2012 and July 2013;
- A reduction in sales to [REDACTED] of around [REDACTED] T ([REDACTED]%) between July 2012 and July 2013;
- A [REDACTED]% reduction in sales to [REDACTED] between July 2012 and July 2013; and
- A slight increase in sales to [REDACTED] between July 2012 and July 2013, although these customers represent a small proportion of the overall sales volume.

[Customer names and sales volume information]

The following graph shows Australian Paper's quarterly domestic sales volumes for copy paper (all product aggregate) from 1 January 2010 to 30 June 2013.

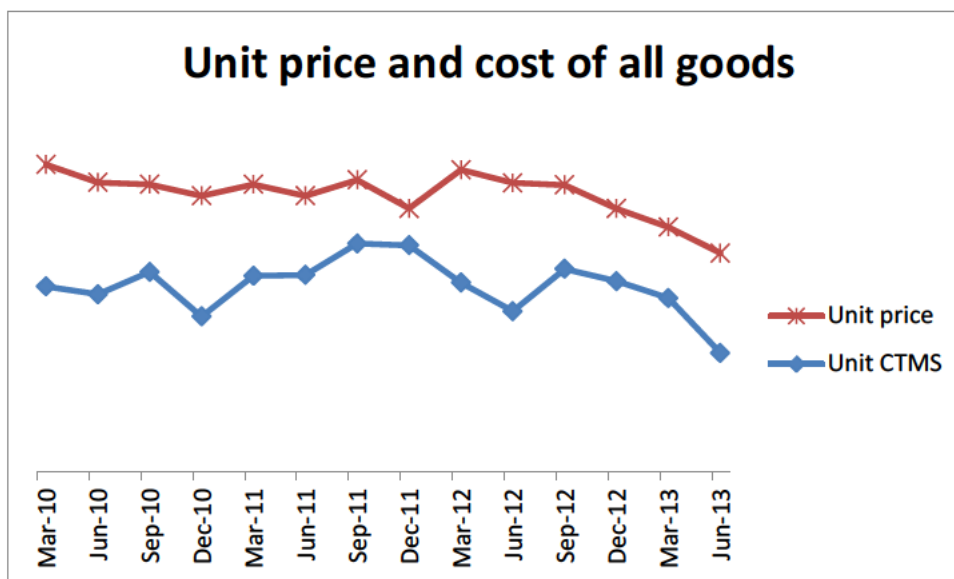


This graph shows that Australian Paper's domestic sales volumes of copy paper have fluctuated over the period based on the data provided, but have generally trended downwards and ended lower than the levels seen towards the beginning of the period.

7.4 Price suppression and depression

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between revenues and costs.

The following graph shows the movements and relationships of Australian Paper's unit price and unit CTMS for copy paper (aggregate level) from January 1 2010 to 30 June 2013.

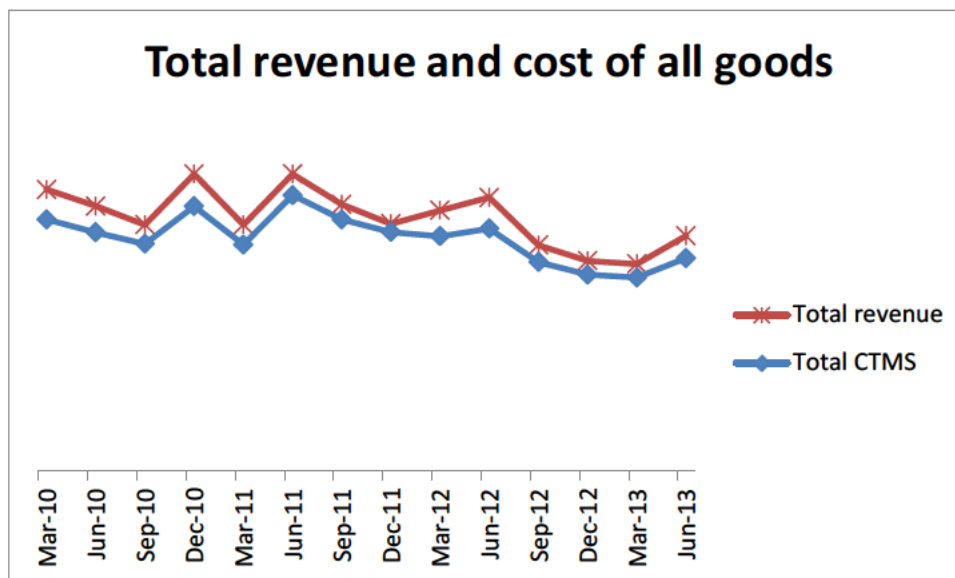


The above graph shows that unit prices have fallen over the three-and-a-half year period, while unit costs have also decreased but at a slower rate than costs. An increase in unit costs in Q3 2012 coupled by a less pronounced decrease in selling prices (i.e. a narrowing of Australian Paper's margin between price and CTMS) is observed. The gap between Australian Paper's unit price and unit CTMS narrowed over the period with a reduced margin between price and costs at the end of the period.

One of the charts at confidential attachment Injury 1 shows a reduction of \$[REDACTED] per tonne in net revenue on all domestic sales of copy paper between July 2012 and July 2013. The decline is most evident in the [REDACTED] brand (\$[REDACTED]/tonne) and other customer brands (\$[REDACTED]/tonne).

7.5 Revenue

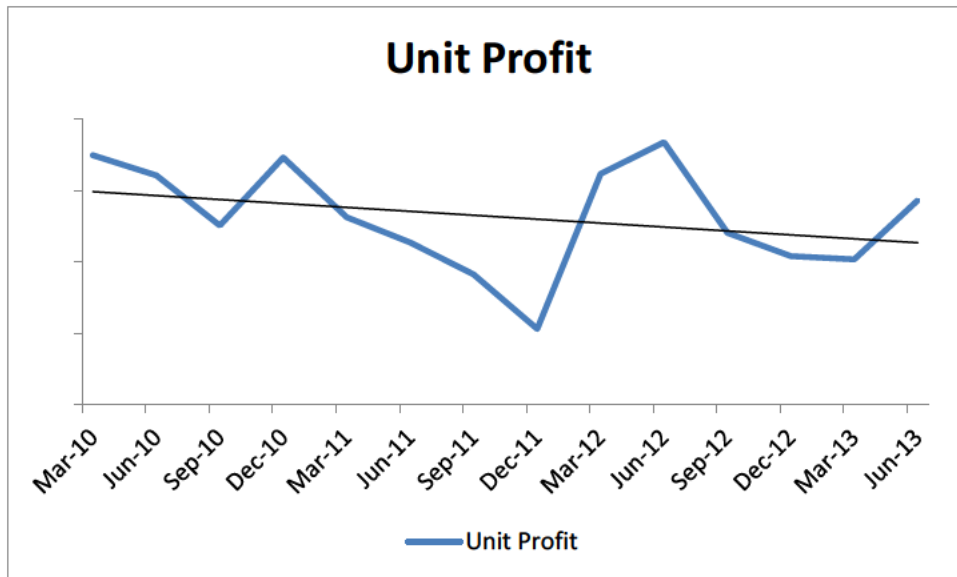
The following graph shows the movements and relationships of Australian Paper's total revenue and total CTMS for copy paper (aggregate level) from 1 January 2010 to 30 June 2013.



The above graph shows that total CTMS and total revenue have fluctuated over the three and a half year period, but have both experienced a downward trend. Total revenue has experienced a greater reduction than total CTMS.

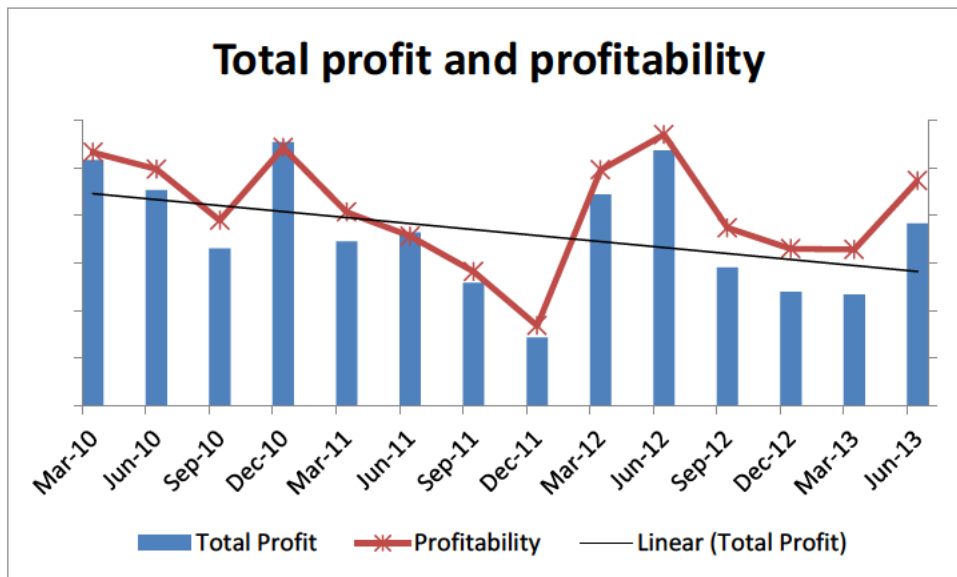
7.6 Profits and profitability

The following graph show movements in Australian Paper's unit profits for copy paper from 1 January 2010 to 30 June 2013, at the aggregate product level.



This graph shows that Australian Paper's unit profit for all products experienced a downward trend over the period, improving in the first half of 2012 and in the second quarter of 2013. Unit profitability followed the same trend.

The following graph shows movements in Australian Paper's total profit and profitability for copy paper on a quarterly basis from 1 January 2010 to 30 June 2013, at the aggregate product level.



The graph mirrors the trend in unit profit, with profit trending downwards over the period but recovering in the second quarter of 2013.

One of the charts in confidential attachment Injury 1 shows a decline in the net contribution derived from copy paper sales over the period May 2011 to July 2013.

7.7 Other economic factors

Australian Paper claims that it has experienced injury in respect of the following other injury factors:

- reduced revenue;
- reduced return on investment; and
- reduced employment.

Australian Paper completed a Confidential Appendix A7 for copy paper for the period January 2011 to June 2013 to support these claims.

The Commission has reviewed the data contained in Confidential Appendix A7 and identified, in respect of copy paper, the following trends for other injury factors.

- Assets: the value of assets used in the production of copy paper showed a minor decrease over the period (Australian Paper has submitted this is likely due to the changing product mix made on common machines).
- Capital investment: the level of capital investment in relation to the production of copy paper showed a minor decrease over the period.
- Return on investment: the return on investment associated with copy paper fell significantly over the period.
- Capacity: the production capacity in relation to copy paper fell significantly over the period, being displaced by other production capacity.
- Capacity utilisation: capacity utilisation in relation to production of copy paper fell significantly over the period, being displaced by other production capacity utilisation.
- Employment: the numbers of employees used in the production of copy paper showed a significant decrease over the period.

7.7.1 Employment numbers

Although Australian Paper has not forced redundancies due the downturn in the copy paper business, it claims that it has not replaced staff (mainly in [REDACTED]) that have departed via natural attrition.

7.7.2 Conclusion

Based on the information contained in the application and verified at the visit, there appears to be reasonable grounds to support the claim that Australian Paper has experienced injury in the form of:

- reduced capacity and capacity utilisation;
- reduced employment; and
- reduced return on investment.

7.8 Factors other than dumping

Indonesian copy paper has had a presence in the Australian market for some time however its environmental credentials are not as strong as Chinese or Australian produced paper and customers have moved away from it. Australian Paper states that Indonesian copy paper has not caused it injury in markets where reputational risk is high, such as sales to government [REDACTED]

[REDACTED] [Australian Paper's view of market perception of Indonesian copy paper]

7.9 Conclusion

We consider that Australian Paper has experienced injury in the form of:

- loss of sales volume;
- price depression;
- loss of profit;
- reduced profitability;
- reduced revenue;
- reduced return on investment; and
- reduced employment.

A conclusion on market share will be made following analysis of data gathered at visits to the importers of the goods.

8 CAUSAL LINK

We discussed with Australian Paper whether the alleged dumping of imported copy paper can be demonstrated to be causing material injury to the Australian industry.

8.1 Background

Australian Paper advised that as far as it is aware four of its key customers dual source their copy paper needs from both Australian Paper and Chinese imports. These are:

[REDACTED]

Australian Paper claimed that due to the direct relationship between retail price and volume (discussed below) these customers are able to derive a better margin on sales of Chinese copy paper by virtue of the dumped import prices.

8.2 Price effects

[REDACTED] [customer names]

Australian Paper advised that [REDACTED] [details of lost business] It supplied copies of correspondence between it and [REDACTED] [customer name] that confirmed that [REDACTED] (confidential attachment Causal Link 1). The response given by [REDACTED]

[customer noting benefit of lower cost of imported paper]

Australian Paper provided a chart showing its sales volume and price to [REDACTED] [customer name] (confidential attachment Causal Link 2). The period covered by the chart is July 2012 to June 2013. The chart shows that [REDACTED]

[Confidential details of effect on Australian Paper's price due to imported copy paper]

[REDACTED] [Market information]

8.3 Volume effects

[REDACTED] [customer name]

Australian Paper advised that there is a strong correlation between its sales volume at the retail level and price. It provided a chart of [REDACTED] (confidential attachment Causal Link 3) for the REFLEX® product that shows weekly sales volume and price for the twelve month period to September 2013.

PUBLIC FILE

The chart shows that regular promotions were offered [REDACTED] throughout the period that saw the price per ream fluctuate between [REDACTED]. The chart shows clear increases in sales volume as the price is lowered. Australian Paper claims that the ability of retailer's [REDACTED] to purchase copy paper from China at dumped prices enables it to offer that product for sale at regularly lower prices, which has a consequent impact on Australian Paper's sales volume. *[confidential market information]*

[REDACTED] *[customer name]*

Australian Paper claimed that it had lost [REDACTED] to imported Chinese paper. Australian Paper provided us with a timeline of its supply [REDACTED] (confidential attachment Causal Link 4).

[REDACTED] *[Confidential details of supply arrangements between Australian Paper and a customer]*

In support of the above Australian Paper provide a chart showing monthly sales volumes of [REDACTED] (confidential attachment Causal Link 1).

[REDACTED] *[details of lost volumes]*

[REDACTED] *[Market information]*

9 UNSUPPRESSED SELLING PRICE

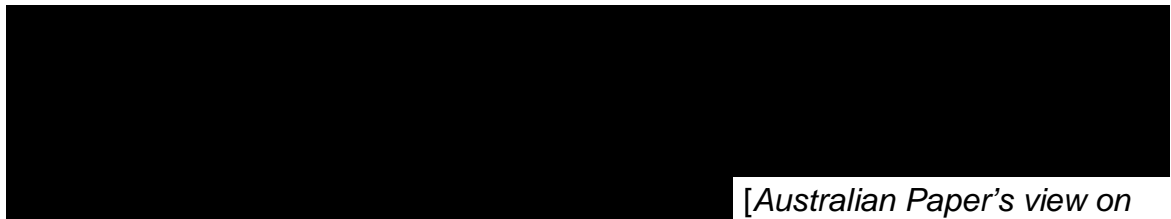
We explained to Australian Paper what the unsuppressed selling price (USP) is and what it is used for in a dumping investigation. We outlined the alternative methods available for determining a USP.

Australian Paper advised that it would provide a submission on USP in due course.

10 GENERAL COMMENTS AND OTHER MATTERS

Other matters of note discussed during the verification are outlined below.

- We asked Australian Paper to comment on whether any of the factors included in the test results of Chinese paper that it provided would have an impact on the cost to manufacture the product. Australian Paper stated that [REDACTED] product may be the only product with different costs because it is of a slightly lower quality.
- For the purposes of assessing normal value in China the model basis probably only needs to go down to the level of paper size and recycled content. Other factors in the production of different paper types do not affect price.



[Australian Paper's view on
certain products]

11 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Spreadsheet containing calculations for A6 data
Confidential Attachment GEN 1	Australian Market chart
Confidential Attachment GEN 2	Australian Paper handout
Confidential Attachment GEN 3	Australian Paper brochure
Confidential Attachment GEN 4	Handout on production process, range and capacity
Confidential Attachment DOM 1	Sales revenue and volume pivot table
Confidential Attachment DOM 2	2012 Hyperion consolidation grid
Confidential Attachment DOM 3	Domestic sales verification packages
Confidential Attachment COST 1	Verification pack for Costs
Confidential Attachment COST 2	Verification pack for promotional and marketing expenses
Confidential Attachment COST 3	Verification pack for Distribution expenses
Confidential Attachment COST 4	Verification pack for Stock Valuation Adjustment expenses
Confidential Attachment INJ 1	Sales volume charts
Confidential Attachment CL 1	Correspondence between Australian Paper and [REDACTED]
Confidential Attachment CL 2	Sales volume and price [REDACTED]
Confidential Attachment CL 3	[REDACTED]

PUBLIC FILE

Confidential Attachment CL 4	<div></div> injury example
Confidential Attachment CL 5	<div></div>