

30 January 2015

Mr Geoff Gleeson
Director
Anti-Dumping Commission
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Dear Mr Gleeson

Investigation No. 242 – Newsprint exported from France and Korea – Comments on submission by UPM France SAS

Introduction

I refer to the submission dated 21 January 2015 on behalf of UPM France SAS ("UPM France") asserting that exports by UPM France did not cause material injury to the Australian industry manufacturing newsprint.

Norske Skog Industries (Australia) Limited ("NSIA") does not consider that the assertions made on behalf of UPM France concerning exports by Jeonju of Korea as "non-dumped" can be considered definitive. NSIA refers to its submission to the Anti-Dumping Commission ("the Commission") which identifies certain adjustments required to Jeonju's normal values that are anticipated to increase the preliminary dumping margins determined to above negligible levels.

Further, NSIA rejects the comments by UPM France suggesting NSIA has not experienced injury prior to 2013/14 from the dumped exports (from France and Korea). NSIA stated that the dumped exports impacted NSIA's volumes of imported newsprint, however, NSIA did not exclude price-effect injury to locally produced newsprint prior to 2013/14.

UPM France correctly states that for NSIA to substantiate a claim of material injury during the investigation period, it would be necessary for the Australian industry to demonstrate it has experienced price-effect injury from the exports at dumped prices. NSIA has evidenced the impact of the dumped exports on its pricing of locally produced newsprint. NSIA considers that contrary to UPM France's claims, the volumes exported to Australia by UPM France were not representative of an insignificant proportion of the Australian market.

NSIA welcomes UPM France's admission that it has also bid for other newsprint volumes on the Australian market. NSIA does not consider that the Commission's initiation of an investigation into newsprint exported from France and Korea was "flawed", rather, the confirmation of the dumping margins applicable to exports by UPM France and Bowater Korea confirm NSIA's concerns that it has been competing with unfairly priced exports to Australia.

Injury Indicators

NSIA rejects UPM France's attempt to present an industry that is unaffected from the injurious impact of dumping throughout the investigation period. The stark reality is that UPM France has not altered its

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pricing in 2013/14 to ensure its exports were not dumped, with the end result being injury to an industry experiencing a contraction in volumes and reduced pricing.

Causation

There is a further attempt by UPM France to diminish the impact of the dumping – i.e. the exports by UPM France “*at prices allegedly slightly below the normal value*”. The Commission has determined that all UPM France’s exports of newsprint in the investigation were dumped with a weighted average margin of 5.1 per cent. The level of dumping margin is above the 2 per cent negligible level warranting the imposition of measures.

NSIA agrees with UPM France that the Minister can impose anti-dumping measures to eliminate or reduce material injury from the dumping. The anti-dumping measures are warranted to remove the injurious impact of “dumped” prices has on current and future contracts negotiated in the newsprint market. In the event the Minister were not to impose measures, future contracts would be awarded based upon recent and contemporary prices that are injurious to the Australian industry.

NSIA urges the Commission to be fully appraised of the likely impact of future material injury to the Australian industry in the absence of measures. It is NSIA’s position that only the impost of anti-dumping measures will remove the injurious effects of dumping.

Other factors causing injury

NSIA recognizes that the Minister must be satisfied that the exports at dumped prices have caused material injury to the Australian industry. NSIA has evidenced to the Commission a material contraction in prices and profit and profitability in the investigation period, when compared with earlier periods. It is NSIA’s position that in a contracting market the impact of injurious dumping is of greater influence than it otherwise would be in a static (or stable) market. For this reason it is critical that the Commission recommend to the Minister the imposition of anti-dumping measures.

Closing remarks

Exports of newsprint to Australia by UPM France have been determined by the Commission to have been at dumped prices. The weighted average dumping margins are well-above negligible levels. The newsprint volumes supplied by UPM France cannot be considered negligible. The impact of dumped UPM France newsprint prices on the broader Australian market is such that future contracts are influenced by the “dumped” benchmark. As a consequence it is imperative that the Commission recommend anti-dumping measures apply to all exports of newsprint at dumped prices (including exports by Jeonju of Korea which NSIA maintains are at dumped prices) to eliminate the impact of future injury from dumping.

If you have any further questions, please do not hesitate to contact me on (02) 8268 2037, or Norske Skog’s consultant John O’Connor on (07) 3342 1921.

Yours sincerely



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