Australian Paper
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26 September 2016

Mr Tim King
Case Manager
Dumping Operations
Anti-Dumping Authority
Level 35, 55 Collins Street
Melbourne Victoria 3000

**Public File**

Dear Mr King

**Investigation No. 341 – A4 Copy Paper exported by International Paper, Brazil**

I. Background

I refer to representations made on behalf of Jackaroo Paper Pty Ltd ("Jackaroo") of 20 May 2016 and International Paper do Brasil Ltda ("IP Brasil") of 16 September 2016.

II. Injury from dumped exports by IP Brasil

In the letter on behalf of Jackaroo it is asserted that the application made by Australian Paper Pty Ltd ("AP") is "mainly targeting imports from the largest exporting countries (China, Indonesia & Thailand)". This assertion further suggests that as the imports from China, Indonesia and Thailand account for 89 per cent of total imports during the investigation period, he exports from Brazil by IP "did not and could not have contributed to the injury" sustained by AP.

AP rejects these assertions.

The material injury experienced by AP during 2015 is as a result of the dumped (and subsidized[1]) exports from the four nominated exporting countries Brazil, China, Indonesia and Thailand. The goods under consideration manufactured by AP is copy paper that is sold into all market segments, is wholly substitutable for all branded copy paper (i.e. OEM brand, private brands and generic brands) and competes directly with all imported copy paper. AP's manufactured copy paper is sold into all market segments including retail, wholesale, printers business to business ("B2B"), etc.

AP notes that Jackaroo purchases from IP Brasil and "on sells in various market segments". Jackaroo's sales are not limited to one segment, but to a range of market segments in the copy paper market. AP is familiar with the B2B market tender won by Jackaroo in 2014. Jackaroo claims that AP could not have sustained injury at this tender as AP did not bid for supply for the tender. It is incorrect for Jackaroo to claim that AP was not injured by the

[1] Subsidisation includes exports from P R China and Indonesia.

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tender outcome. As the Anti-Dumping Commission ("the Commission") is aware, AP sells to [customer] that competes directly with Jackaroo's customer Complete Office Supplies ("COS") in the B2B market. AP has provided evidence to the Commission that its sales volumes and prices to [customer] were reduced across 2014 and 2015. The reductions in selling prices at [customer] were a direct response to [customer] indicating it was competing with dumped exports from the nominated countries (including Brazil). AP has therefore encountered 'indirect' injury from the dumped IP Brasil exports to Australia during 2015.

It is further argued on behalf of Jackaroo that as the tender contract at COS was awarded in 2014 that it falls outside the investigation period and cannot be considered to have caused injury to AP in 2015. The argument proffered by Jackaroo is based upon a misinterpretation of the following commentary in the Dumping and Subsidy manual[2]:

> "*In understanding causation there will be a focus on injury indicators in the dumping investigation period. It is the Commission's view that s.269T(2AD) allows the examination of material injury indicators before the investigation period, but it cannot support an inference or presumption that material injury identified as occurring before the investigation period can be attributed to dumped imports.*
>
> *A causal link between dumped imports and material injury may be established only in circumstances where indicators of material injury are identified as being present during an investigation period in which dumped goods are found to have been exported to Australia. There can be no presumption that goods exported to Australia before the commencement of the investigation period are dumped goods.*"

The Dumping and Subsidy manual extract merely highlights that because dumping occurred in the investigation period – and the dumping analysis is limited to the investigation period only – there can be no presumption that dumping was occurring prior to the investigation period. In the current circumstances, IP Brasil has been found to have exported copy paper to Australia at dumped prices during the 2015 investigation period. As indicated above, AP has suffered injury from the dumping by IP Brasil during the investigation period as it has reduced its selling prices to its customer [name] that competes directly in the B2B segment of the copy paper market with Jackaroo at COS.

The argument presented on behalf of Jackaroo that the dumped exports have not caused injury to the Australian industry is incorrect. The copy paper market is highly price sensitive and all copy paper (as per the goods description) is a like good, the impact of the dumped export prices by IP Brasil during 2015 contributes to the broader, pervasive effect of dumped prices on the whole of the Australian copy paper market.

It cannot be considered that IP operates in a vacuum and that its exports at dumped prices have no impact on the Australian copy paper market. This is simply not possible. The availability of dumped copy paper exports in a price sensitive market that undercut the local manufacturer, has a ripple impact across the whole of the copy paper market. The dumped exports of copy paper from IP Brasil have caused injury to the Australian industry and must be cumulated with the injury from the dumped exports from China, Indonesia and Thailand.

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[2] Dumping and Subsidy Manual, November 2015, P.121.

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## III. IP Brasil normal value determination

By its 16 September 2016 submission, IP Brasil is seeking to challenge the Commission's determination of IP Brasil's normal value. It is stated that IP Brasil only exports 80gsm private label copy paper to Australia. A predominate share of IP Brasil's domestic sales during the investigation period were of 75gsm, with some 90gsm copy paper also sold.

The submission on behalf of IP Brasil appears to be challenging the basis for the difference in the costs for the two 'proprietary branded products' from the two production facilities and accepted by the Commission as relating to the like goods produced for domestic sales. AP does not consider that IP Brasil can be afforded any changes to the verified data subsequent to the verification visit when it was provided sufficient opportunity to argue the correct cost codes and allocations during the verification visit. To accept changes that cannot be accurately substantiated subsequent to the visit undermines the verification process.

IP Brasil has also sought to challenge the Commission's approach to contrasting normal values based upon proprietary branded products versus export sales that is principally private label copy paper. This issue is primarily a like goods issue. As indicated above, all copy paper is interchangeable whether it is proprietary branded, private label or generic paper. It cannot be assumed that all copy paper is priced differently according to the 'label' and hence it is therefore necessary for the Commission to include all types of copy paper within the normal value calculation for IP Brasil (in this instance, proprietary branded copy paper).

AP does not consider that the Commission's determination of normal values for IP Brasil which is based upon domestic sales of like goods (including proprietary copy paper and private label copy paper) is fundamentally flawed. AP considers that the Commission has determined IP Brasil's normal values in accordance with the legislative requirements of s.269TAC(1) and considered the grounds for adjustments (under s.269TAC(8)) for differences between domestic and export sales and that these have been adequately addressed. IP Brasil has provided no new information that supports a finding that 75gsm copy paper is not a like good to the goods exported to Australia. There exist no grounds for IP Brasil's domestic sales of 75gsm proprietary labeled copy paper to be excluded from normal value calculations.

## IV. Conclusions

This submission confirms that dumped exports of copy paper to Australia by AP Brasil during 2015 were injurious to the Australian industry manufacturing like goods. Additionally, there can be no grounds for excluding from normal value calculations domestic sales of proprietary copy paper that fall within the specified gsm range as sought by IP Brasil. No evidence has been provided to demonstrate that locally produced 75gsm proprietary copy paper is not alike to the goods exported to Australia (i.e. 80gsm copy paper).

AP requests the Commission affirm its dumping margin finding for IP Brasil as detailed in IP Brasil's Exporter Verification Report.

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If you have any questions concerning this submission please do not hesitate to contact me on (03) 8540 2451 or AP's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely

Matt Decarne
Trade Affairs Manager