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31 October 2016

Mr T King
Assistant Director
Anti-Dumping Commission
55 Collins Street
Melbourne
Victoria 3000

By email

Dear Tim

APRIL Fine Paper Trading
Paper Australia submission of 10 October 2016

1 As you know, we act on behalf of APRIL Fine Paper Trading Pte Ltd ("AFPT") and PT Riau Andalan Kertas ("RAK") (collectively, "APRIL") in this matter. On 10 October 2016, a submission from Paper Australia Pty Ltd ("the Applicant") was placed on the public record. That submission makes a number of unfounded allegations regarding APRIL. We will now respond to those allegations.

Like goods

2 The Applicant criticises the Commission's model matching methodology. The purpose of model matching is to ensure that export price and normal value are comparable. In its exporter questionnaire response and during the verification APRIL explained to the various matters that it considers in its pricing determinations, and the effect of those considerations on price, to the Commission. The Commission's model matching methodology is appropriate.

3 The Applicant requests information regarding APRIL's "*Prodigi technology*". Such information is publicly available.

Exporter and basis for normal value

4 The Applicant is concerned about the identification of the exporter. As the verification report reveals *"Riau Andalan Kertas provides a manufacturing service for paper products exported by April Fine Paper and is also a seller of paper products in the domestic market in its own right*." **[CONFIDENTIAL INFORMATION DELETED – details of export sales process]**.

5 The Applicant requests that RAK's domestic sales be used to determine normal values. This has occurred.

APRIL's costs

6 The Applicant is concerned that the cost of pulp in APRIL's books be cost recoverable. We understand that this is a reference to the information at page 11 of the verification report. We can confirm that the cost of the relevant raw material in APRIL's books is priced at a level that is significantly more than cost recoverable. This was the case even without the uplift adopted

by the Commission. APRIL maintains that the price uplift is wrong and unnecessary in the circumstances.

Adjustments

7 The Applicant reminds the Commission that any adjustments for advertising must relate specifically to A4 copy paper and to the domestic/export market. That is the position in the case of APRIL's normal value calculations, as has been verified by the Commission.

8 The Applicant wants to ensure that export prices and normal values are properly comparable. Again, this is the case, and has been verified by the Commission. [CONFIDENTIAL INFORMATION DELETED – details of domestic and export sales process].

Particular market situation and subsidy allegations

9 The Applicant considers that the no-dumping margin applicable to APRIL is evidence that supports the Applicant's particular market situation ("PMS") allegation. It is not. APRIL notes, firstly, that the Applicant has not provided any evidence to support its PMS allegation, beyond its subsidy allegations. APRIL addressed those allegations, showing them to be false, in its submission of 18 August 2016. To reiterate those points:

a. The Applicant has not explained how wood that is grown at the fully incurred cost of a concession holder, indeed which is owned by the concession holder, and then purchased from that concession holder (rather than any form of government or public body), can be said to have been provided by the GOI for less than adequate remuneration; and

b. The Applicant has not explained how an export prohibition that does not relate to the pulpwood used to produce pulp could be said to fit into the legal definition of a subsidy.

10 These alleged subsidies simply do not exist.[1] The only bases that the Applicant put forward for these subsidies – namely, previous findings by the US Department of Commerce – were made in a different jurisdiction under vastly different conditions of law and administrative policy, and are currently being reviewed by a WTO dispute settlement panel.[2]

11 Secondly, APRIL notes that other Indonesian exporters have a range of dumping outcomes. Even if it were permissible to infer a PMS from dumping margins, which it absolutely is not, one would expect that the "situation" would be the same across all exporters. It is not.

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[1] APRIL also notes the Applicant's submission of 12 October 2016, where it tries to convince the Commission to adopt benchmarks it Frankenstein-ed together in order, presumably, to determine the "adequacy of remuneration" for pulpwood. The accuracy of these chimerical numbers is dubious at best. Any conclusions inferred from this data cannot be said to be based on positive, objective evidence. They are not a reliable basis for comparison with [CONFIDENTIAL INFORMATION DELETED – entity's] pulpwood prices. Additionally, the benchmarks themselves are not relevant to subsidy allegations. The Applicant suggests the use of Malaysian woodchip prices, yet wood chips do not form the basis of a subsidy allegation by the Applicant. Similarly, MHW is not used in the production of the goods under consideration and is therefore irrelevant to this investigation. APRIL notes that the Commission has verified the costs incurred by [CONFIDENTIAL INFORMATION DELETED – entity] in establishing a plantation, in growing trees to maturity and in harvesting those trees. Compared to that metric, the price that [CONFIDENTIAL INFORMATION DELETED – entity] pays suppliers (none of whom can be defined to be the government, or a public body, or an entity entrusted or directed by the government) for pulpwood is more than adequate to remunerate those suppliers, assuming they bear similar costs.

[2] *United States — Anti-Dumping and Countervailing Measures on Certain Coated Paper from Indonesia* (see https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds491_e.htm)

APRIL's margin is indicative of its efficiency and scale, and its fair pricing into a market which APRIL finds to be highly profitable.[3]

12 Finally, we note that the Commission has sought information from both RISI and Hawking Wright Pty Ltd to assist with its consideration of the PMS allegations. APRIL is disappointed by the lack of transparency around this decision. It is not clear exactly what the Commission purchased and with what intent. In any regard, APRIL reminds the Commission that **[CONFIDENTIAL INFORMATION DELETED – details of APRIL's raw materials]**. Different costs in different markets do not render the cheaper costs as being evidence of a PMS, or not "competitive". There is no basis for the surrogation of a different market cost.

Conclusion

13 The Commission has correctly determined that APRIL has not dumped the goods on the Australian market.

14 The Applicant's subsidy allegations are false. APRIL has not received any subsidies from the Government of Indonesia.

15 The Applicant's particular market situation allegation is false.

16 Accordingly, we respectfully request that this investigation be terminated, insofar as it relates to APRIL, at the soonest possible opportunity.

Yours sincerely

Daniel Moulis
Principal Partner

[3] APRIL has become aware, from the placement of the BJ Ball visit report on the public record, of the Commission's findings in relation to the sales of APRIL's A4 paper by BJ Ball. APRIL is concerned as to the accuracy of those findings. However, quite apart from that, APRIL would emphasise that over the full course of the POI it had an entirely independent commercial trading relationship with BJ Ball, and that it has nothing to do with BJ Ball's selling practices in the Australian market. APRIL rejects any contention that losses incurred by BJ Ball by reason of BJ Ball's own *domestic* sales behaviour can provide any evidence or inference that APRIL's *export* sales to BJ Ball are not at arm's length. We intend to address this matter separately.