Subject: FW: A4 copy paper - dumping margins of Indonesian exports [SEC=UNCLASSIFIED]

NON-CONFIDENTIAL

From: Roger Simpson
Sent: Wednesday, 14 December 2016 11:24 AM
To: 'Wickes, Justin' <Justin.Wickes@adcommission.gov.au>
Cc: King, Tim <tim.king@adcommission.gov.au>; Maevsky, Roman <Roman.Maevsky@adcommission.gov.au>; [redacted]
Subject: RE: A4 copy paper - dumping margins of Indonesian exports [SEC=UNCLASSIFIED]

Hi Justin,

The said sections of the SEF do not explain why there is such a huge difference in the margins determined for RAK (APRIL) and SMG exporters Indah Kiat, Pindo Deli and Tjiwi Kimia.

The revised dumping margins per the SEF for A4 copy paper produced from virgin fibre are as follows:

RAK (APRIL)	12.6%
Indah Kiat	72.8%
Pindo Deli	57.6%
Tjiwi Kimia	[Confidential]

According to section 6.9.2 of the SEF, Indah Kiat's, Pindo Deli's and Tjiwi Kimia's normal values were constructed using benchmark pulp costs, while RAK's normal values were constructed using the cost of pulp recorded in its records, which the Commission found to be **"consistent with" the benchmark costs** used in the construction of Indah Kiat's, Pindo Deli's and Tjiwi Kimia's normal values. As pulp costs represent about 70% of the cost to make A4 copy paper, and other production costs (labour and overhead) and SG&A expenses and profit would be similar for these Indonesian producers, it is not possible that constructed normal value differences could make a substantial contribution to the huge differences in dumping margins determined for RAK and Indah Kiat/Pindo Deli/Tjiwi Kimia. There cannot be a substantial difference in constructed normal values.

Section 6.9.7 of the SEF explains the methodology of calculating RAK's export prices, which is not such that they should be substantially higher than those of Indah Kiat, Pindo Deli and Tjiwi Kimia for the same product (virgin pulp paper). Virgin pulp A4 copy paper supplied by RAK and Indah Kiat/Pindo Deli/Tjiwi Kimia enter the Australian market a similar prices. As all is sold to Australian customers through intermediaries, their FOB export prices to be used in dumping margin calculations should be similar. It is not possible that export price differences could make a substantial contribution to the huge differences in the dumping margins determined for RAK and Indah Kiat/Pindo Deli/Tjiwi Kimia. There cannot be a substantial difference in export prices.

As it is impossible for the dumping margins of Indonesian producers competing in the same domestic and export markets, having essentially the same pulp cost and having the same export process to Australia and similar market prices in Australia to be so hugely different, we consider it a reasonable request that you arrange early correction of them and advise the reasons as to why there were such huge differences.

Thanks and regards,
Roger