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11 January 2017

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 from Brazil, P R China, Indonesia and Thailand – Comments re IP Brasil submission of 3 January 2017

Australian Paper Pty Ltd ("AP") has reviewed the submission made on behalf of International Paper do Brasil Ltda ("IP Brasil') dated 3 January 2017. AP makes the following observations in relation to the IP Brasil submission.

The submission references an earlier submission dated 30 November 2016 which the Anti-Dumping Commission ("the Commission") indicated it had not considered prior to the publication of Statement of Essential Facts No. 341 ("SEF 341"). In that earlier submission, IP Brasil in seeking to reduce its assessed normal value had raised with the Commission certain adjustments that it considered were warranted. These include:

- Due allowance for branded products;
- Adjustment for export credit; and
- Adjustment for cost of production between mills.

In the 3 January 2017 submission, IP Brasil has provided further commentary on the proposed adjustment for export credit, including specifically, the interest rate to be used in credit adjustments.

From the outset, AP would highlight that the IP Brasil verification was the first completed exporter verification visit that occurred in July 2016, with the Verification Report loaded onto the EPR on 11 August 2016. AP understands the motivations for challenging the Commission's assessment of normal value. However, the information required to correctly analyse each of the claimed due allowances sought by IP Brasil would have been validated at the time of the verification visit by the Commission. The Commission cannot accept unverified information upon which it is being asked to make favourable adjustments to IP Brasil's normal value – to do so would undermine the integrity of the verification process.

As indicated, AP noted the Commission's comments in SEF 341 that it had not taken account of IP Brasil's 30 November submission prior to the publication of SEF 341. IP Brasil has sought an adjustment for pricing differences between branded products on its domestic market. Whilst acknowledging there exists no cost differential between the the differing branded products, IP Brasil submits that price differentials can be quantified. The

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Commission, however, was not satisfied that this could be achieved accurately and did not allow an adjustment for branding.

For the claimed export credit adjustment, IP Brasil is urging the Commission (in both its 30 November 2016 and 3 January 2017 submissions) to use an interest rate obtainable for export transactions (that is significantly less than the interest rate charged on domestic transactions). It is not clear to AP whether the rate of interest being sought by IP Brasil is one that was actually achieved involving sales in foreign transactions, or whether it is a rate that IP Brasil could have achieved. The IP Brasil Verification Report indicates that the Commission has used a daily interest rate that *"is the annual rate of return that the exporter receives on its cash investments, which are in banks in Brazil, divided by 365"*. Additionally, the Commission has used the credit terms on the export invoice for calculating amounts for export credit.

The Commission's methodology is reasonable and does not appear to have been challenged at the time of the verification.

In relation to the production adjustment, IP Brasil has sought an adjustment for production at one of its three mills that was not involved in the export of goods to Australia. It is not clear on what basis an adjustment can be made for differing costs across the three production facilities that manufacture A4 copy paper. It would seem that IP Brasil is seeking an "efficiency" adjustment to exclude the higher costs of one of its mills in normal value calculations. However, sub-section 269TAC(1) refers to *"the price paid for like goods sold in the ordinary course of trade for home consumption"* and does not allow for exclusions based upon efficiencies. IP Brasil's due allowance request based upon production costs appears to be an ambit claim and must be rejected.

AP does not consider that grounds exist for the Commission to alter its normal values preliminarily determined for IP Brasil. The Commission has adequately assessed the claimed adjustments and afforded these to IP Brasil where it is warranted (i.e. adjustment for export credit). The two remaining due allowance claims, whilst appearing novel, cannot be substantiated.

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