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19 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 – Submission on behalf of the Government of Indonesia

I refer to the submission on behalf of the Government of Indonesia ("GOI") undated (uploaded to the EPR on 16 January 2017) in response to Statement of Essential Facts No. 341 ("SEF 341") published by the Anti-Dumping Commission ("the Commission") on 9 December 2016.

It is argued on behalf of the GOI that the Anti-Dumping Commission's ("the Commission") finding of a particular market situation in Indonesia for A4 copy paper is based upon "mere conjecture and speculation". It is asserted that no evidence has been advanced in support of the Commission's findings that timber input prices are artificially low and what constitutes 'artificially low prices'.

Australian Paper Pty Ltd ("AP") rejects the claims that the Commission has based its findings on mere conjecture and speculation. It is not denied by the GOI that it provides land for timber plantations at a fee. The fees are at prices that are considered artificially low and do not represent a typical commercial arrangement between unrelated parties. Rather, the fees charged by the GOI are at substantially reduced rates that enable the harvesters to sell timber at lower than comparable timber prices in comparable markets.

The submission contends that harvested timber is supplied by privately owned harvesting *companies "in competitive market conditions unregulated and uninfluenced by the Government of Indonesia".* AP would highlight that it is the price of the royalties charged for the right to harvest the timber on government-owned land that triggers the artificially low raw materials input consideration. It is not whether the pricing by the domestic timber harvesters in Indonesia are competitive.

It is further contended that as there is no price discrimination between domestic and export markets by Indonesian exporters, there can be no finding of dumping. However, the WTO Agreement and the the Customs Act permit consideration of a 'particular market situation' where the domestic selling prices are considered unreliable.

It is stated on behalf of the GOI that the benchmark prices used by the Commission are not benchmark prices as the selected prices are subject to "*entirely different regulatory regimes and requirements, different costs and cost structures, different environments, and so on..*". The Commission has articulated the basis for its selection of an appropriate benchmark price for pulp in Indonesia at Section 6.9.1 of SEF 341. AP has previously submitted that it

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considers Asian-region pulp prices to be heavily influenced by Indonesian export prices and that it is appropriate to consider alternate domestic market prices (e.g. Latin American domestic prices). Nevertheless, AP submits that it is appropriate to use an 'external' benchmark in which to contrast artificially low Indonesian domestic pulp prices.

AP submits that the submission on behalf of the GOI is aimed at disputing the findings of the Commission as detailed in SEF 341. The submission outlines what it considers are the deficiencies in the Commission's preliminary findings, without acknowledging the impact of the GOI's policies on harvested timber prices. The submission has not evidenced an appropriate benchmark for the Commission to compare Indonesian pulp prices; nor has it indicated how the royalty prices enforced by the GOI have been determined. In this regard, the GOI submission fails to demonstrate that the Commission's approach in benchmarking Indonesian domestic pulp prices is flawed.

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