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16 June 2020

Mr Justin Wickes  
Director  
Investigations 2  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

Email: [Justin.Wickes@adcommission.gov.au](mailto:Justin.Wickes@adcommission.gov.au)

### Public File

Dear Mr Wickes

#### **Re: Indonesian Pulp Exports, Review 547 and A4 copy paper exported from the Republic of Indonesia by Pt Indah Kiat Pulp & Paper Tbk and Pt Pindo Deli Pulp & Paper Mills.**

The Anti-Dumping Commission (the Commission) requested that Opal Australian Paper (Australian Paper or AP) make a submission on the public record relating to data and information submitted during the Australian Industry verification visit in relation to this review.

For the purpose of clarity AP provides the following overview of the follow-up questions, including AP's responses;

- The Commission asked AP whether it has purchased pulp from any Indonesian suppliers in either 2015 or 2019 and Australian Paper confirmed that it had not done so.
- The Commission sought clarification and general commentary around the species of trees grown in Australian and Indonesian forests and plantations, as well as the types of pulp and fibre that can be produced from these species. The Commission also sought confirmation of the types of pulp produced on site at AP's Maryvale manufacturing facility. AP responded with commentary to the effect of:
  - Australian plantations, particularly in Victoria produce mainly softwood species (long fibre wood, mostly pine), and AP purchases a significant volume of softwood/long fibre wood for production into various packaging grades.
  - AP does not currently have the ability to bleach the long fibre pulp at Maryvale, therefore, any small amount of bleached long fibre pulp which goes into our white communications paper grades must be purchased.
  - AP purchases its hardwood from [supplier] and this short fibre wood is pulped/bleached on site, although AP does produce de-inked pulp (DIP) on site from recovered paper. Since 2014 AP's DIP plant has reduced the volume of imported bleached long fibre pulp used in communications grades slightly since it usually contains some long fibres (although again mostly short fibre).
  - Indonesia produces a vast amount of both hardwoods and softwoods species.
  - Much of the hardwood is value added in Indonesian mills to produce communications grades including copy paper.
- AP responded to the Commission's follow up questions confirming that:
  - Softwood is used to produce long fibre pulp and some species of softwood include pine, spruce and other conifers.

- Hardwood is used to produce short fibre pulp and some species include Eucalyptus and Acacia.
  - Bleached short fibre pulp is ordinarily used to produce white communications papers ideal for printing (including the like goods), however these grades can also include a small amount of bleached long fibre pulp (from softwood), as well as de-inked pulp (DIP) made from recovered/recycled white papers.
  - AP produces both long and short fibre pulp on site at Maryvale, but only the short fibre pulp is bleached. i.e. long fibre pulp is unbleached and used in brown packaging grades.
  - AP purchases a small amount of bleached long fibre pulp for use in white communications grades, although the DIP reduces the reliance on imported bleached long fibre pulp somewhat.
  - AP confirmed that BHK usually stands for bleached hardwood kraft and refers to bleached short fibre pulp, although AP refers to this pulp as BEK or BE90 which stands for bleached eucalypt kraft.
- Australian Paper submitted a confidential document titled: *Mill Overview Presentation 2016.pdf* which included a detailed summary of the Maryvale mill's operations and pulp production onsite.
  - Australian Paper submitted a confidential document titled: *Confidential\_Indo pulp exports data to 2020.xlsx* which was obtained from Tradedata International and showed exports of coniferous and non-coniferous bleached pulp from Indonesia from 2015 to 2019. The data is sourced from Indonesian Customs and the is raw data before any adjustments are made by the Statistics Bureau.
    - The data shows that Indonesia exported negligible volumes of bleached long fibre (softwood) pulp since 2015, and exported a significant volumes of bleached short fibre (hardwood) pulp in all years, ranging from 3.3 million tonnes in 2015 to 4.5 million tonnes in 2019.
    - The data showed that the primary export destination country was China, with between 61.5% and 70.8% of the volume exported to China over the period.
    - The data showed that exports of BHK to Australia in 2019 represented only 0.4% of Indonesia's total exports of the grade. AP notes that it is likely that imports to Australia of BHK from Indonesia are likely to be for the tissue industry.
    - The annual weighted average export prices to all countries was reported as being between US\$507.58 and US\$615.44 per metric tonne over the period.
  - Australian Paper submitted a confidential document titled: *Confidential\_RISI\_Global\_Hardwood\_Pulp.xlsx* which was obtained from Fastmarkets RISI and shows regional and international bleached hardwood kraft pulp prices over the same period. AP extracted average annual pricing from this data set and compared with TradeData export prices for this commodity.
    - The RISI data showed that the global annual average price of BHK over the period ranged between US\$614.64 and US\$891.54 per metric tonne over the period. However it should be noted that this data is likely to include the Indonesian export prices which are likely to have reduced the average price somewhat given that the Indonesian export prices obtained from TradeData at their highest, are still below the low end of the global average.
    - The Asian annual average prices over the same period ranged from US\$543.85 and US\$777.95 per metric tonne. However it should be noted that this data is likely to include the Indonesian export prices which are likely to have reduced the average price significantly given that the Indonesian export prices obtained from TradeData, fall below or at the low end of the scale for the Asian region.
    - The data showed that Indonesian weighted average annual export prices for BHK were between -24% and -31% below the global average annual price over the period.



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The Indonesian exports were also between -8% and -23% below regional Asian prices.

In summary it is clear that Indonesian BHK export prices since 2015 have been considerably lower than global and even Asian region average prices. The data supports the Commission's determination made in Investigation 341 that a particular market situation existed and continues to exist in respect of pulp used in the production of the like goods.

Please confirm receipt of this submission. If you have any questions please feel free to contact me directly on 0425 619 677.

Yours sincerely

A handwritten signature in black ink that reads "M Decarne".

Matt Decarne  
Trade Affairs Manager