



Australian Government  
Department of Industry, Science,  
Energy and Resources

Anti-Dumping  
Commission

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## Consideration report number: 548

Application for a dumping duty notice

Submitted by: Visy Glama Pty Ltd

In relation to certain kraft paperboard exported to Australia  
from the United States of America

25 March 2020

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## Abbreviations

Abbreviation	Full reference
ABF	the Australian Border Force
ABS	the Australian Bureau of Statistics
the Act	<i>Customs Act 1901</i>
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
EXW	ex-works
FOB	free on board
the goods	kraft paperboard
GSM	grams per square metre
injury period	from 1 January 2015
the Manual	<i>Dumping and Subsidy Manual – November 2019</i>
the Minister	the Minister for Industry, Science and Technology
investigation period	1 January 2018 to 31 December 2019
ROI	return on investment
the USA	the United States of America
Visy Board	Visy Board Pty Ltd
Visy Glama	Visy Glama Pty Ltd

# 1 Findings and recommendations

This report provides the result of the consideration by the Anti-Dumping Commission (the Commission) of an application under section 269TB(1)<sup>1</sup> of the *Customs Act 1901* (the Act) by Visy Glama Pty Ltd (Visy Glama, the applicant) for the publication of a dumping duty notice in respect of certain kraft paperboard (the goods) that have been imported into Australia from the United States of America (USA).

Visy Glama alleges that the Australian industry for like goods has suffered material injury caused by the goods exported to Australia from the USA at dumped prices.

The legislative framework that underpins the making of an application and the consideration of an application is contained in Divisions 1 and 2 of Part XVB.

## 1.1 Findings

In accordance with section 269TC(1), the Commission has examined the application and is satisfied that:

- the application complies with the requirements of section 269TB(4) (as set out in section 2.3 of this report);
- there is an Australian industry in respect of like goods (as set out in section 2.2 of this report);
- there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application (as set out in sections 3, 4, and 5 of this report).

## 1.2 Recommendations

### 1.2.1 The application not be rejected

Based on the above findings, the Commission recommends that the Commissioner of the Anti-Dumping Commission (Commissioner) decide not to reject the application and initiate an investigation to determine whether a dumping duty notice should be published.

### 1.2.2 Investigation period

At the commencement of an investigation, the Commissioner must specify an investigation period in a public notice under section 269TC(4). As outlined in the Commission's *Dumping and Subsidy Manual* (the Manual), the investigation period is generally the 12 months preceding the initiation date and ending on the most recently completed quarter.<sup>2</sup>

However, the investigation period may cover a longer period than 12 months in certain circumstances to properly assess the causal link between dumping and the claimed injury.

The Commission notes that the applicant's like goods are an intermediate input into a final product (multipack beverage packaging) which is sold into the Australian market. The Commission understands the multipack beverage packaging sales to be negotiated with customers under contractual arrangements. The Commission also notes the applicant's claims that the injury it has experienced is linked to particular

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<sup>1</sup> All legislative references in this report are to the *Customs Act 1901* unless otherwise specified.

<sup>2</sup> See Chapter 3 of the Manual, available at [www.adcommission.gov.au](http://www.adcommission.gov.au).

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contracts. To allow the Commission to properly assess the relevant contracts, and to assess the alleged link between dumping and the claimed injury, the Commission recommends that the Commissioner nominate a two year investigation period in relation to this investigation.

The Commission further recommends that:

- exports to Australia during the investigation period 1 January 2018 to 31 December 2019 be examined for dumping, and
- details of the Australian market from 1 January 2015 be examined for injury analysis purposes.

If the Commissioner agrees with these recommendations, the Commissioner must give public notice of the decision (**Non-Confidential Attachment 1**) in accordance with the requirements set out in section 269TC(4).

## 2 The application and the Australian industry

### 2.1 Lodgement of the application

#### 2.1.1 Legislative framework

The procedures for lodging an application are set out in section 269TB.

The procedures and timeframes for the Commissioner's consideration of the application are set out in section 269TC.

#### 2.1.2 The application timeframe

Event	Date	Details
Application lodged and receipted by the Commissioner under sections 269TB(1) and (5)	5 March 2020	The Commission received an application from Visy Glama which alleges that the Australian industry for like goods has experienced material injury caused by dumped goods imported into Australia from the USA.
Consideration decision due under section 269TC(1)	25 March 2020	The Commissioner shall decide whether to reject or not reject the application within 20 days after the application was lodged.

### 2.2 Compliance with section 269TB(4)

#### 2.2.1 Finding

Based on the information submitted by the applicant, the Commission considers that the application complies with section 269TB(4).

#### 2.2.2 Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that the application complies with section 269TB(4).

#### 2.2.3 The Commission's assessment

The table below summarises the Commission's assessment of compliance with section **Error! Reference source not found.**(4).

Requirement for the application	Details
Lodged in writing under section 269TB(4)(a)	The applicant lodged in writing confidential and non-confidential versions of the application. The non-confidential version of the application can be found on the electronic public record on the Commission's website at: <a href="http://www.adcommission.gov.au">www.adcommission.gov.au</a> .
Lodged in an approved form under section 269TB(4)(b)	The application is in the approved form (Form B108) for the purpose of making an application under section 269TB(1).

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Requirement for the application	Details
Contains such information as the form requires under section 269TB(4)(c)	<p>The applicant provided:</p> <ul style="list-style-type: none"> <li>• a completed declaration;</li> <li>• answers to all questions that were required to be answered by the applicant;</li> <li>• completed appendices; and</li> <li>• sufficient detail in the non-confidential version of the application to enable a reasonable understanding of the substance of the information submitted in confidence.</li> </ul>
Signed in the manner indicated in the form under section 269TB(4)(d)	The application was signed in the manner indicated in Form B108 by a representative of the applicant.
Supported by a sufficient part of the Australian industry under section 269TB(4)(e) and determined in accordance with section 269TB(6)	<p>Visy Glama states that it is the sole producer of goods that have similar characteristics and are therefore like to the goods exported to Australia from the USA. Having examined available sources such as the internet and <i>IbisWorld</i> market reports, at this time, there is no information before the Commission contrary to Visy Glama's claims.</p> <p>The Commission considers that the application is supported by a sufficient part of the Australian industry under section 269TB(4)(e) and complies with the requirements of sections 269TB(6)(a) and (b).</p>
Lodged in the manner approved under section 269SMS for the purposes section 269TB(4)(f)	The application was lodged in a manner approved in the Commissioner's instrument made under section 269SMS, being by email to the Commission's nominated e-mail address provided in that instrument. The application was therefore lodged in a manner approved under section 269SMS(2).

### 2.3 The goods the subject of the application

The table below outlines the goods as described in the application and their corresponding tariff classification.

Full description of the goods, as subject of the application
Kraft paperboard, coated on one side with clay or other inorganic substances, grammage 360-430 grams per square metre (GSM), <sup>3</sup> wet strength treated.

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<sup>3</sup> Grammage refers to the mass per unit area of all types of paper and paperboard.

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### Further information

The goods have an end use for packaging 12 or more beverage can multipacks. The goods are an intermediate product that is converted into a final product in Australia. The conversion process will generally involve printing, cutting and gluing the imported products to create individual packaging known as beverage can multipacks. The goods do not include finished ready for sale beverage can multipacks.

Paperboard is usually imported in large rolls and is a solid paper-based product, consisting of one or more layers. Kraft paperboard primarily uses virgin softwoods in the initial pulping process, rather than a substantive use of recycled material.

Clay or other inorganic substances refers to the application of kaolin clay, calcium carbonate or other inorganic substance, to the top layer of the paperboard, allowing for high quality printing on the goods.

The grammage range of 360-430 GSM distinguishes the goods from other imported goods that may have applications in food and beverage can multipacks (e.g. packaging designed for lightweight or heavy food or beverages).

Wet strength treatment distinguishes the goods from paperboard varieties used for non-beverage can multipacks. As beverages are frequently stored in refrigerated environments additional moisture resistant properties are required for shape retention and to minimise the tear and collapse of packaging. These properties are achieved by the addition of certain chemicals.

### 2.3.1 Tariff classification (Schedule 3 of the *Customs Tariff Act 1995*)

In its application, Visy Glama indicated that the goods are being imported to Australia under the following tariff code.

Tariff code	Statistical code	Unit	Description
4810.39.00	83	Tonnes	Kraft paper and paperboard, other than that of a kind used for writing, printing or other graphic purposes: Other.

On advice obtained from the Australian Border Force (ABF), the Commission will consider, during the investigation, if other tariff codes are applicable to the goods being exported to Australia from the USA. In particular, the ABF highlighted that the following may be relevant:

Tariff code	Description
4810.1	Paper and paperboard of a kind used for writing, printing or other graphic purposes, not containing fibres obtained by a mechanical or chemi-mechanical process or of which not more than 10% by weight of the total fibre content consists of such fibres.
4810.2	Paper and paperboard of a kind used for writing, printing or other graphic purposes, of which more than 10% by weight of the total fibre content consists of fibres obtained by a mechanical or chemi-mechanical process.

The Commission will collect information regarding the manufacturing processes, fibre content and how the goods arrive in Australia (i.e. in rolls, sheets and what sizes) to assist in determining the tariff classification(s) that the goods are being imported under.

## **2.4 Like goods and the Australian industry**

### **2.4.1 Finding**

The Commission is satisfied that there is an Australian industry producing like goods to the goods the subject of the application on the basis that:

- Visy Glama produces goods that have characteristics that closely resemble the goods the subject of the application; and
- the goods are wholly manufactured in Australia.

### **2.4.2 Legislative framework**

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

Like goods are defined under section 269T(1). Sections 269T(2), 269T(3), 269T(4), and 269T(4A) are used to determine whether the like goods are produced in Australia and whether there is an Australian industry.

### **2.4.3 Locally produced like goods**

The table below summarises the Commission’s assessment of whether the locally produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods.

<b>Factor</b>	<b>The Applicant’s claims</b>	<b>The Commission’s assessment</b>
Physical likeness	The imported goods and like goods are both forms of fibre packaging used for multipack beverage packaging, holding 12 or more beverage cans.	<p>The Commission has examined information in the application and information available on the webpages of the applicant, importers and exporters.</p> <p>The Commission considers that the imported goods and the locally produced goods are physically alike. This is on the basis that the imported goods and the locally produced goods look similar and have similar attributes such as fibre content, grammage and coating.</p> <p>Refer to Attachment 2.</p> <p>The Commission’s assessment is for the intermediate products. The Commission has not made an assessment as to whether the final products, e.g. multipack beverage packaging are similar.</p>

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<b>Factor</b>	<b>The Applicant's claims</b>	<b>The Commission's assessment</b>
Commercial likeness	The imported goods and like goods are both sold, upon conversion, to the same market, being beverage companies selling multipack cans to Australian retailers.	<p>The Commission notes that:</p> <ul style="list-style-type: none"> <li>• the imported goods are an intermediate product, which is converted to a final product (multipack beverage packaging) in Australia; and</li> <li>• the locally produced goods are consumed internally by the applicant before conversion to a final product (multipack beverage packaging) in Australia.</li> </ul> <p>As such the imported goods and the locally produced goods are not sold into the same market.</p> <p>However, the Commission considers that, once the imported goods and locally produced goods are converted to a final product, they compete directly downstream for the same customers in the multipack beverage packaging market (such as soft drink, beer and alcohol beverage can multipacks).</p> <p>Within this market, there appears to be a competitive process involving the awarding of contracts. There also appears to be substitutability of the products.</p> <p>Therefore, the Commission considers that there is commercial likeness in the way the imported goods and locally produced goods are consumed.</p>
Functional likeness	The imported goods and like goods have the same end use, being multipack beverage packaging, and are functionally substitutable.	<p>The Commission is satisfied that the locally produced goods are used for the same end use, i.e. beverage can multipacks, and are therefore functionally alike to the imported goods.</p> <p>The Commission was provided with sample beverage can multipacks by the applicant which demonstrated this.</p>

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Factor	The Applicant's claims	The Commission's assessment
Production likeness	<p>The materials required to construct the like goods and the imported goods are similar, however differentiated by:</p> <ul style="list-style-type: none"> <li>• the locally produced like good is made of three layers comprising of a corrugated centre layer, where the imported good is a solid form of paperboard, with at least one layer, both with a top coating; and</li> <li>• the locally produced good is further produced by printing in a reel to reel flexography rotary process where, in contrast, the imported product is likely printed in a sheet fed lithographic process.</li> </ul>	<p>The Commission recognises that there are some differences in the manufacturing processes of the locally produced goods and the imported goods, e.g. the locally produced goods consist of three layers, whereas the imported goods are a solid form of paperboard.</p> <p>Notwithstanding this, based on the information contained in the application and the Commission's broad understanding of the manufacturing inputs and processes for kraft paperboard, the Commission considers that locally produced goods and imported goods share a production likeness.</p> <p>The Commission does not consider that the different post-production printing methods used to convert the imported goods to a finished product, or other unique customer requirements, substantially alter the production process or primary material inputs for locally produced and imported goods.</p>
<b>Commission's assessment</b>		
<p>The Commission's considers that the locally produced goods closely resemble the goods the subject of the application and are like goods, having regard to the physical, commercial functional and production similarities described above.</p>		

**2.4.4 Manufacture in Australia**

The table below summarises the Commission's assessment of whether the goods are wholly or partially manufactured in Australia and whether the like goods are therefore considered to have been manufactured in Australia.

<b>The Applicant's claims</b>
<p>Visy Glama claims that its product is wholly manufactured in Australia, although notes that some inputs, such as inks and glues, are imported. However, these imported components represent an immaterial proportion of the total manufacturing cost of its product.</p> <p>Visy Glama calls its product Microflute. The top layer and liner of Microflute is manufactured from wood chips that undergo a physical pulping process in a paper mill, yielding paper reels. The corrugated centre layer made from other paper materials. The three layers are then joined and cut to the required shape.</p> <p>The Microflute is then used in the further manufacturing of a finished good, being multipack beverage packaging containers.</p>
<b>The Commission's assessment</b>
<p>Based on the description of the manufacturing process provided by Visy Glama, and the fact that these process take place at manufacturing facilities in Australia, the Commission is satisfied that the like goods are wholly manufactured in Australia and therefore like goods considered to have been manufactured in Australia.</p>

## 2.5 Australian industry information

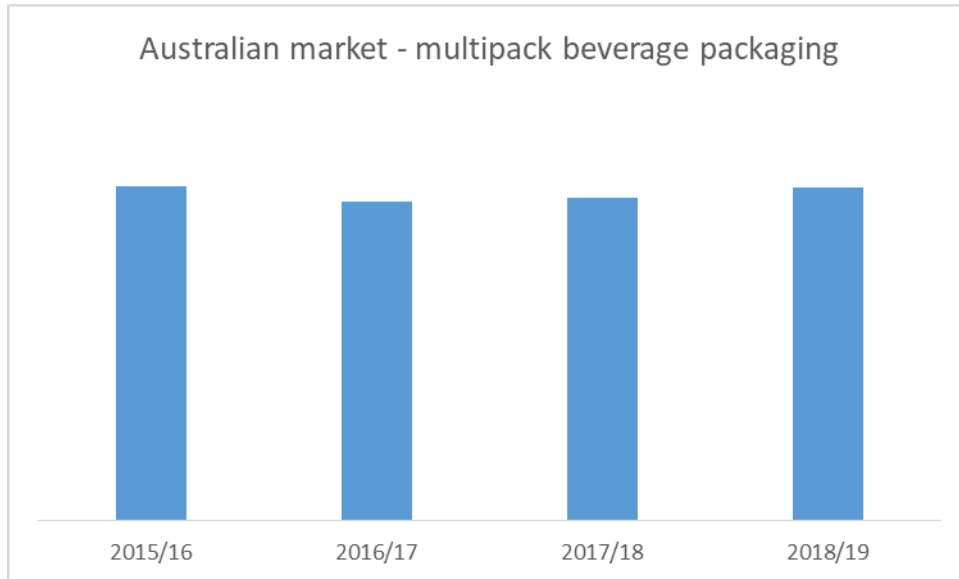
The table below summarises the Commission’s assessment of whether the applicant has provided sufficient information in the application to analyse the performance of the Australian industry.

<b>Have the relevant appendices to the application been completed?</b>		
A1	Australian production	Yes
A2	Australian market	Yes
A3	Sales turnover	Yes
A4	Domestic sales	Yes
A5	Sales of other production	Not applicable
A6.1	Cost to make and sell (& profit) – Domestic sales	Yes
A6.2	Cost to make and sell (& profit) – Export sales	Not applicable
A7	Other injury factors	Yes
<b>General administration and accounting information – Visy Glama</b>		
History	Visy Glama was established in 1997 and trades under the names Visy Glama, Glama Pak and Visy Glama Solutions.	
Ownership	Visy Glama is a wholly owned private company and subsidiary of Visy Board Pty Ltd (Visy Board). Visy Board is a wholly owned subsidiary of Visy Industries Australia Pty Ltd, which in turn, is a wholly owned subsidiary of Visy Industries Holdings Pty Ltd.	
Operations	Visy Glama designs and manufactures its finished products in its factories, located in Kilsyth and Wodonga, Victoria, and Revesby, New South Wales.	
Financial year	1 July to 30 June.	
Audited accounts	Visy Glama is a private company and, as such, is not required to have its financial accounts audited. In its application, Visy Glama provided financial data from its management accounts for the period 1 July 2018 to 30 June 2019.	
Annual reports	Visy Glama does not prepare annual reports. Visy Glama provided management reports for the 2017 and 2018 financial years.	
<b>Production and sales information</b>	<b>Cost to make and sell information</b>	<b>Other injury factors</b>
The Commission has no significant concerns in respect of the production and sales information provided by the applicant for the purposes of the application.	The Commission has no significant concerns in respect of the cost information provided by the applicant for the purposes of the application.	The Commission has no significant concerns regarding the data provided in <i>Appendix A7</i> of the application.
<b>The Commission’s assessment</b>		
<p>Based on the information in the application, the Commission is satisfied that there is sufficient data on which to analyse the performance of the Australian industry between 1 January 2015 and 30 June 2019. This information is considered sufficient to examine the reasonableness of the applicant’s claims.</p> <p>However, noting the proposed investigation period at section 1.2.2, the Commission will require the applicant to provide updated data for certain appendices.</p>		

**2.5.1 Market size**

In its application, Visy Glama states that it produces like goods, however, rather than selling the like goods into the Australian market, it consumes its production of like goods as an intermediate product in the production of its multipack beverage packaging.

Visy Glama has provided an estimate of the size of the Australian kraft paperboard market, based on data available to Visy Glama relating to the downstream market for the finished multipack beverage packaging.



*Figure 1 - Australian market size: multipack beverage packaging*

The relative size of the Australian market for the finished multipack beverage packaging over the previous four financial years (years ending 30 June) is depicted in Figure 1 above. The Commission considers that the applicant’s estimate is the best available information available to it.

The Commission estimates that the total Australian market size in the 2019 financial year was approximately 95,000 tonnes.

The Commission’s assessment of the Australian market size for the downstream multipack beverage packaging market, in which the goods is considered an intermediate input, is in **Confidential Attachment 4**.

### 3 Reasonable Grounds – dumping

#### 3.1 Findings

Pursuant to section 269TC(1)(c), the Commission considers that there appear to be reasonable grounds to support the claims that:

- the goods have been exported to Australia from the USA at dumped prices
- the estimated dumping margin for exports from the USA is greater than 2 per cent and therefore is not negligible, and
- the estimated volume of goods the USA that appear to have been dumped is greater than 3 per cent of the total Australian import volume of goods and therefore is not negligible.

#### 3.2 Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice.

Under section 269TG, one of the matters that the Minister for Industry, Science and Technology (the Minister) must be satisfied of in order to publish a dumping duty notice is that the export price of goods that have been exported to Australia is less than the normal value of those goods, i.e. that dumping has taken place (to an extent that is not negligible). This issue is considered in the following sections.

#### 3.3 Export price

##### 3.3.1 Legislative framework

Export price is determined by applying the requirements in section **Error! Reference source not found.** taking into account whether the purchase or sale of goods was an arms length transaction under section 269TAA.

##### 3.3.2 The Applicant's estimate

The table below summarises the approach taken by the applicant to estimate export prices and the evidence relied upon.

Basis of estimate	Details
<ul style="list-style-type: none"> <li>• ABS data</li> </ul>	<p>Visy Glama has used import data from the Australian Bureau of Statistics (ABS) to determine export prices for the goods classified under the tariff and statistical code 4810.39.00 – 83 (discussed further in chapter 2 above), exported to Australia from the USA.</p> <p>An average monthly free on board (FOB) export price was calculated for the period of May 2018 to April 2019, with reference to a specific port in the USA.</p> <p>Visy Glama considers the selected port to be appropriate on the basis that the two major exporters of the goods are located within the vicinity of this port and a considerable proportion of exports to Australia originate from this port.</p>

##### 3.3.3 The Commission's assessment

The Commission has examined the export price calculations and supporting evidence provided by Visy Glama and considered the limitations of the information available to the applicant. In its estimate for an export price, Visy Glama relied on

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data from the ABS for goods exported to Australia from the USA under the tariff code 4810.39.00 and statistical code 83.

To evaluate the reliability of the export price estimated by Visy Glama, the Commission cross checked the ABS data with the ABF import data and found that the FOB export price calculated by Visy Glama was within the range of export prices observed in the ABF import data.

However, the tariff code 4810.39.00 and statistical code 83 may include non-subject goods. The ABS data is unable to be manipulated to filter out non-subject goods. The ABF data on the other hand, is able to be filtered by fields including supplier name and goods description.

For the purposes of this report, the Commission considers it appropriate to place more reliance on the ABF import data, after undertaking the following:

- broadening the search parameters to include potential tariff codes identified by ABF, being 4810.1, 4810.2 and 4810.9 as discussed above at section 2.3.2;
- applying filters to limit the available data to goods that appear to meet the goods description; and
- calculating a weighted average FOB export price for the period which corresponds with the normal value information provided by the applicant.

Visy Glama's estimate of the export price and the Commission's assessment are contained in **Confidential Attachment 3** to this report.

### 3.4 Normal value

#### 3.4.1 Legislative framework

Normal value is determined by applying the requirements in section 269TAC taking into account whether:

- the purchase or sale of the goods was an arms length transaction under section 269TAA;
- the goods were sold in the ordinary course of trade under section 269TAAD;
- there has been an absence or low volume of sales of like goods in the country of export; and
- whether the situation in the market of the country of export is such that sales in that country are not suitable for determining normal value under section 269TAC(1).

#### 3.4.2 The Applicant's estimate

The table below summarises the approach taken by the applicant to estimate normal values and the evidence relied upon.

Basis of estimate	Details
<ul style="list-style-type: none"><li>• Paper and Price Index (PPI)</li></ul>	<p>Visy Glama has estimated a delivered normal value based on monthly PPI Markets and Prices data.</p> <p>Visy Glama has selected the product description <i>Coated Unbleached Kraft 20-pt Folding Carton C1S, Series B, US East [2]</i> and calculated an average monthly domestic price between the high and low values for the period from May 2018 to April 2019.</p>

### 3.4.3 The Commission's assessment

The Commission considers that the data used by Visy Glama to estimate a normal value is relevant and a reasonable starting point for comparison to the goods exported to Australia.

The Commission notes that Visy Glama's estimate of export price is based on FOB delivery terms. In contrast, Visy Glama's estimated normal value is based on delivered into store terms. As Visy Glama's comparison of export price and normal value is based on different terms, the Commission considers that the resulting dumping margin calculated by Visy Glama may be overstated.

The Commission's general practice is to compare export prices and normal values at a FOB level. Comparing an export price and normal value on equal delivery terms will provide a more accurate estimate of a dumping margin. However, at this point, there is insufficient information available to the Commission (from the application and other sources such as the ABF import database) to allow such a comparison at FOB terms.

As a result, the Commission has preferred an alternative approach in this instance. In its application, Visy Glama provided an estimated US delivery expense it obtained in relation to the delivery of a full container of like goods up to 200 miles in the USA. The Commission has adopted a conservative approach for the purposes of this report by reducing the delivered normal value provided by Visy Glama by the domestic delivery charges in the USA, as provided by Visy Glama in its application. This means that the normal value is EXW terms. The Commission compared the estimate FOB export price with the EXW normal value.

The Commission recognises that the alternative approach, being a comparison of an FOB export price to an EXW normal value, may underestimate the dumping margin. Notwithstanding this, the Commission's revised dumping assessment resulted in a dumping margin that was above 2 per cent, which provides further support for the reasonableness of Visy Glama's claims.

Visy Glama's calculation of normal value, the Commission's assessment and revised normal value calculation is at **Confidence Attachment 3**.

## 3.5 Dumping margins

### 3.5.1 Legislative framework

Dumping margins are determined in accordance with the requirements of section 269TACB.

Dumping margins and dumping volumes cannot be negligible, otherwise the investigation is terminated. Whether the dumping margins and dumping volumes are negligible is assessed under section 269TDA.

### 3.5.2 The Commission's assessment

The table below summarises the dumping margin estimated by the applicant and dumping margin calculated by the Commission based on revised estimates of export prices and normal values. Dumping margins are expressed as a percentage of the export price. The table also indicates whether the Commission is satisfied that the dumping margin and volume of dumped goods are above negligible levels.

The Applicant's estimate May 2018 to Apr 2019	The Commission's estimate Jan 2018 to Jun 2019
46.1%	27%

### **3.5.3 Volume of dumped goods**

Sections 269TDA(3) and (4) provide that an investigation into dumping must be terminated if the total volume of goods exported to Australia over the relevant investigation period that may be dumped is negligible. A negligible volume is less than three per cent of the total Australian import volume.

Using data from the ABF import database, the Commission has estimated the volume of the goods exported by subject exporters from the USA and other countries. Based on the Commission's assessment, the Commission is satisfied that there appear to be reasonable grounds for concluding that the volume of dumped goods is not negligible.

The Commission's assessment of the dumping margin is at **Confidential Attachment 3**.

## 4 Reasonable grounds – injury to the Australian industry

### 4.1 Findings

Pursuant to section 269TC(1)(c), having regard to the matters contained in the application, and to other information considered relevant, the Commission considers that there appear to be reasonable grounds to support the claims that the Australian industry has experienced injury in the form of:

- loss of sales volume
- reduced market share
- loss of profits
- reduced profitability
- reduced employment
- reduced wages
- reduced capacity utilisation
- reduced return on investment

and that the injury is material.

Details of the injury assessment can be found below as well as in **Confidential Attachment 4**.

### 4.2 Legislative framework

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that the Australian industry has experienced material injury. This issue is considered in the following sections.

### 4.3 The Applicant's claims

Visy Glama claims that the Australian industry has been injured through:

- loss of sales volume
- reduced market share
- price suppression
- price depression
- loss of profits
- reduced profitability
- loss of revenue
- reduced employment
- reduced wages
- reduced capacity utilisation
- reduced return on investment

Visy Glama claims that the injury began on 1 July 2018.

### 4.4 Approach to injury analysis

#### 4.4.1 Legislative framework

The matters that may be considered in determining whether the industry has suffered material injury are set out in section 269TAE.

#### 4.4.2 The Commission's approach

Based on the information provided in the application, Visy Glama produces like goods but does not sell like goods into the Australian market. Rather it utilises its production of like goods as an intermediate product in the production of its multipack beverage packaging which is sold into the Australian market to compete with multipack beverage packaging sold by its competitors.

During the course of the investigation, as part of its injury analysis, the Commission will therefore need to examine the condition of the multipack beverage packaging market as a downstream market to inform its assessment of the impact that any dumped goods is having on the Australian industry producing like goods as a whole.

Much of the discussion in this and the following chapter is based on data provided on the multipack beverage packaging market.

Visy Glama's injury claims are based on the loss of a major long term supply contract with one of its large customers. As part of the investigation, the Commission will examine the reasons behind the loss of this contract, including whether there are factors other than dumping.

The analysis in this chapter is based on information up until 30 June 2019. Noting the proposed investigation period at section 1.2, during the course of the investigation, the injury assessment in this chapter may change.

#### 4.5 Volume effects

Visy Glama claims that the Australian industry has experienced injury in the forms of reduced sales volume and market share. Consistent with that noted in section 4.4.2 above, the Commission's approach to analysing the volume effects has been carried out by an analysis of the sales volume and market share of the finished goods produced by the Australian industry, being the multipack beverage packaging.

##### 4.5.1 Sales volume

Figure 1 below demonstrates Visy Glama's sales volumes of multipack beverage packaging has declined since the 2016 financial year, particularly after 1 July 2018.

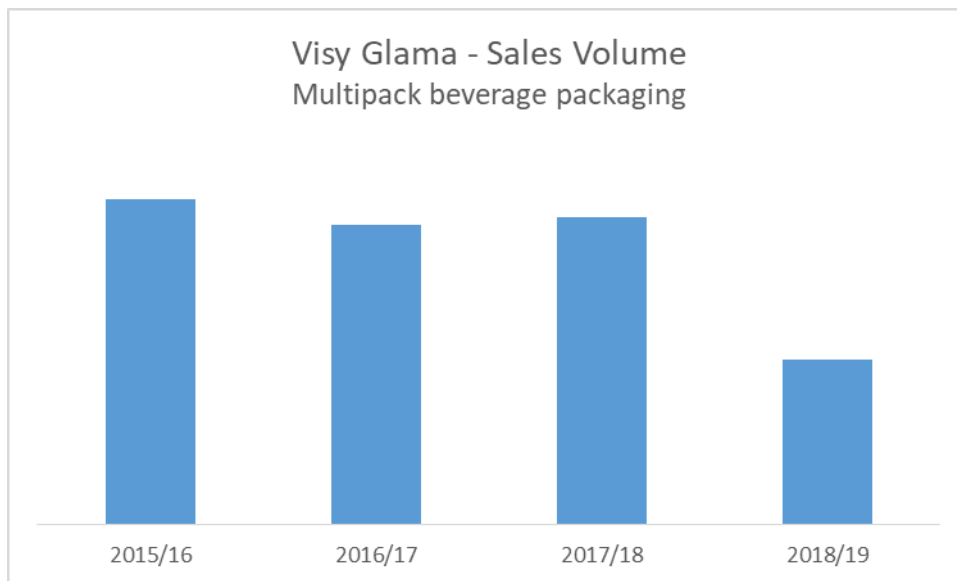


Figure 2 – Visy Glama's sales volume of multipack beverage packaging

#### 4.5.2 Market share

Figure 3 below shows the change in the Australian market shares for the finished goods. It illustrates that the market share held by Visy Glama has declined in the 2019 financial year.

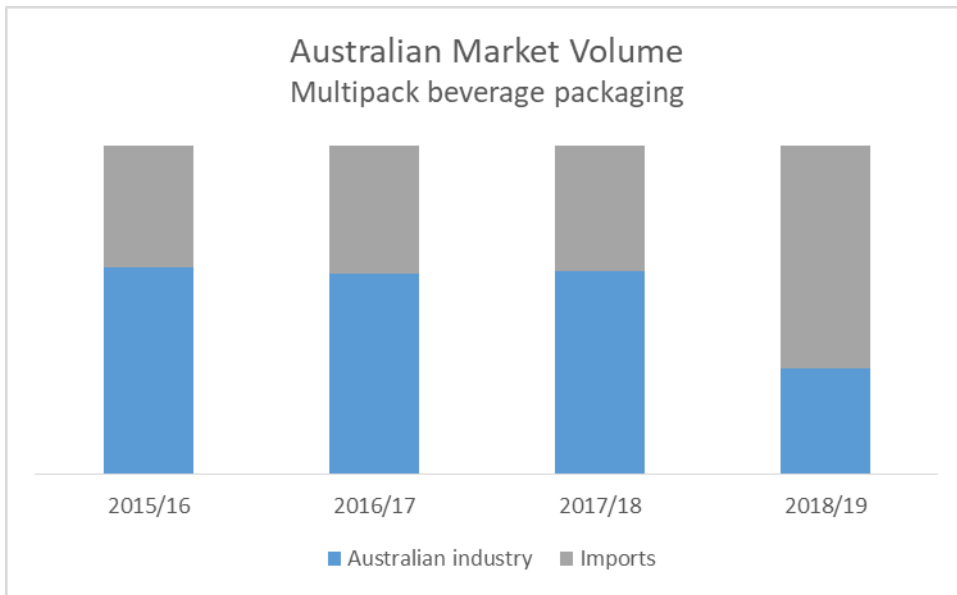


Figure 3 - Australia's market volume: multipack beverage packaging

#### 4.5.3 Conclusion – volume effects

The Commission considers that there appear to be reasonable grounds to support Visy Glama’s claim that the Australian industry has experienced a loss of sales and a reduction in market share in the Australian market in the downstream market for multipack beverage packaging.

Consequently, the Commission considers that there are reasonable grounds to support a claim that the Australian industry has experienced a reduction in the volume of consumption of like goods, as an input into the production of its multipack beverage packaging.

### 4.6 Price effects

#### 4.6.1 Background

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

In its application, Visy Glama claims it has experienced material injury in the forms of price depression and price suppression during the 2019 financial year.

The following figure shows the trends in Visy Glama’s weighted average unit price and weighted average per unit cost to make and sell (CTMS) for multipack beverage packaging.

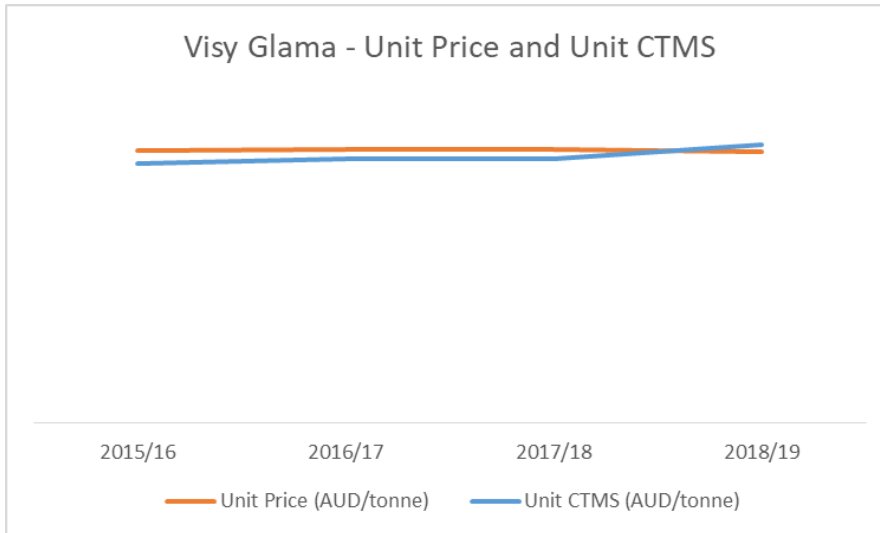


Figure 4 – Applicant Unit CTMS and Unit Sales Revenue

As shown in figure 4, the unit price has not changed significantly over the previous four financial years. Based on the information contained in Visy Glama’s application, the Commission understands that pricing for individual customers is fixed, as per the supply contracts, which are typically long term.

In contrast, the unit CTMS has increased in the 2019 financial year, such that sales were unprofitable.

#### 4.6.2 Conclusion – price effects

Based on the information available, the Commission considers that it does not have sufficient evidence to support the applicant’s claim that the Australian industry has experienced injury of the form of price suppression. The Commission understands that the unit CTMS has increased as a result of a reduction in the total sales volume of multipack beverage packaging it produces while manufacturing overhead costs remained stable. However, the Commission will seek to understand Visy Glama’s pricing in its supply contracts throughout the course of the investigation.

Additionally, the Commission considers that, as prices have remained relatively stable, there does not appear to reasonable grounds that the Australian industry has experienced injury in the form of price depression.

## 4.7 Profit and profitability effects

### 4.7.1 Background

Visy Glama claims that it has experienced loss of profits and loss of profitability since the loss of a long term contract for the supply of multipack beverage packaging, on 1 July 2018.

Figure 5 below shows a significant decrease in Visy Glama’s total profit, particularly between the 2018 and 2019 financial years, and a decline in its profitability as a proportion of sales revenue over the last four financial years.

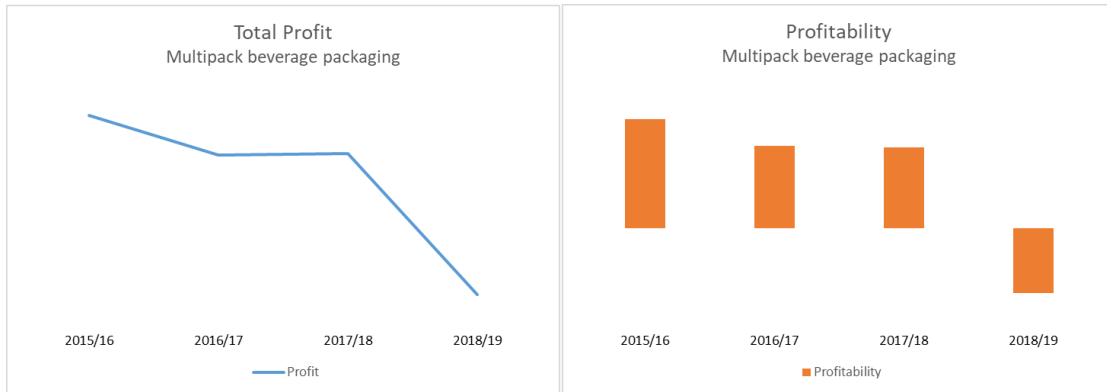


Figure 5 – Total profit and profitability: Multipack beverage packaging

### 4.7.2 Conclusion – profit and profitability effects

The Commission considers that there appear to be reasonable grounds to support Visy Glama’s claim that it has suffered injury in the form of lost profits and profitability.

## 4.8 Other injury factors

### 4.8.1 Background

Visy Glama claims that the Australian industry has also experienced injury in the forms of reduced return on investment (ROI), lower capacity utilisation and reduced levels of employment.

Based on the information provided by Visy Glama in its application, the Commission observes that, since the 2018 financial year, Visy Glama’s:

- ROI has been decreasing;
- capacity utilisation has been decreasing; and
- employment has been decreasing.

### 4.8.2 Conclusion – other injury factors

The Commission has considered the other injury factors outlined above and considers that there appears to be reasonable grounds to support the claim that the Australian industry has experienced injury in the forms of reduced ROI, lower capacity utilisation and reduced employment. The Commission will further assess these factors, as they specifically relate to like goods, during the course of this investigation.

## 4.9 Threat of material injury

Visy Glama provided a response in section C-2 of its application, stating that it is not relying solely on the threat of material injury. Visy Glama also asserts, at

section A-9.7 of its application, that it would be at considerable risk of losing future supply contracts, should the goods continue to be imported at dumped prices.

The Commission does not interpret Visy Glama's response to section C-2 of the application form, or its assertion in section A-9, as relating to a threat of material injury.

Furthermore, the Commission does not consider that Visy Glama established reasonable grounds in section C-2 of the application form to substantiate a claim for threat of material injury having regard to the requirements of the form. If further evidence is provided as part of the investigation, the Commission may revisit this issue.

Noting the above, the Commission has not drawn any conclusions regarding a threat of material injury in this report.

#### **4.10 The Commission's assessment**

The Commission considers that there appear to be reasonable grounds to support Visy Glama's claim that the Australian industry, producing like goods, has experienced injury in the forms of:

- reduced sales volumes of its multipack beverage packaging;
- reduced market share for multipack beverage packaging;
- reduced profit and profitability;
- reduced ROI;
- reduced capacity utilisation; and
- reduced employment

and that the injury is material.

The Commission's assessment of the economic condition of the Australian industry, including for the downstream product, being multipack beverage packaging, forms **Confidential Appendix 4**.

## 5 Reasonable grounds – causation factors

### 5.1 Findings

Having regard to the matters contained in the application, and to other information considered relevant, the Commission considers that there appear to be reasonable grounds to support the claims that the Australian industry has suffered injury caused by dumping, and that the injury is material.

### 5.2 Cause of injury to the Australian industry

#### 5.2.1 Legislative framework

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that the material injury suffered by the Australian industry was caused by dumping. This issue is considered in the following sections.

Matters that may be considered in determining whether the Australian industry has suffered material injury caused by dumped goods are set out in section 269TAE.

### 5.3 The Applicant's claims

The table below summarises the causation claims of the applicant.

<b>Injury caused by dumping</b>
<p>Visy Glama claim that dumped imports have caused a considerable reduction in its sales volume, market share, production and profitability. The data provided in its application demonstrates consistent sales, production and market share of the finished goods, in which the like goods are consumed in the production of, up until the point at which Visy Glama lost a long term supply contract on 1 July 2018.</p> <p>According to Visy Glama, its declining performance is the direct result of the loss of a major long term supply contract with a large beverage customer. Visy Glama's former customer awarded the supply contract to a company who imports the goods, of which Visy Glama assert are at dumped prices.</p> <p>The lost supply contract had previously generated substantial revenue for Visy Glama.</p>
<b>Injury caused by other factors</b>
<p>Visy Glama consider that there are no other factors that contributed to the injury it has experienced.</p>

### 5.4 The Commission's assessment

#### 5.4.1 Volume effects

In its application, Visy Glama states that the Australian industry suffered injury from 1 July 2018, in the form of a dramatic decrease in the volume of sales for multipack beverage packaging, the manufacture of which consumes the like goods produced by the Australian industry. Visy Glama considers that this reduction in volume is a direct consequence of the loss of a major long term supply contract, a supply contract which was won by an importer of the goods from the USA at dumped prices. Refer to section 4.5 of this report.

The share of total imports of the intermediate product, that is the goods under consideration and like goods from other countries, is seen in figure 6, to be predominantly from the USA.

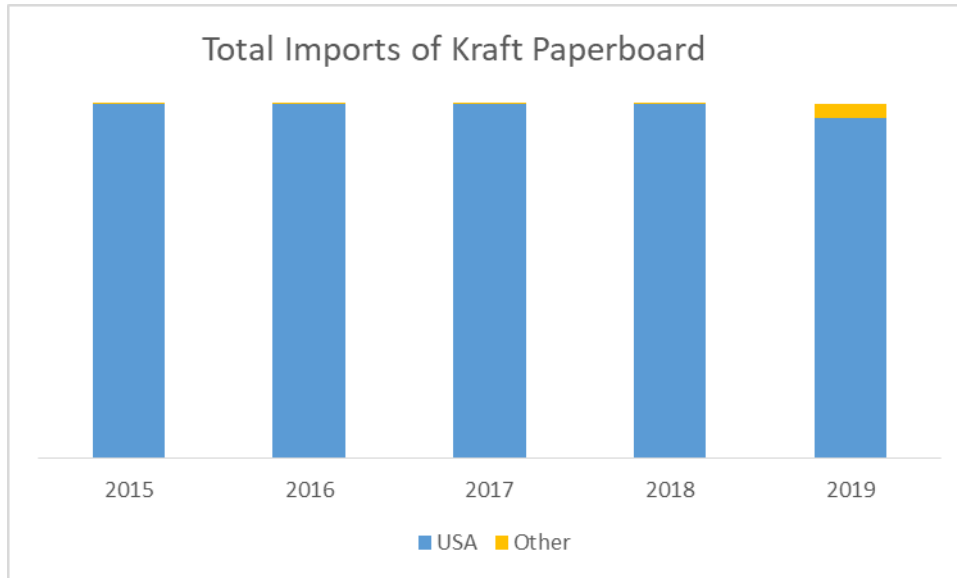


Figure 6 - Composition of imports of kraft paperboard to Australia

Based on the information provided by Visy Glama in its application, the Commission considers that there appear to be reasonable grounds to support its claim that imports of allegedly dumped goods from the USA have impacted the volumes of the Australian industry.

The Commission will further assess the causal relation between the volume effects and allegedly dumped imports during the course of the investigation, including a more detailed assessment of lost long term supply contract.

**5.4.2 Price effects**

Visy Glama claims that, as a result of the low price of dumped imports of the goods, a competitor has been able to negotiate a new long term supply contract as it was able to undercut Visy Glama’s price offer for the long term supply of multipack beverage packaging.

Further, in order to provide a competitive offer, Visy Glama claims it would have had to sustain losses across its total production of the downstream product it produces, being the multipack beverage packaging.

The Commission discusses the price effects in section 4.6 of this report. Its analysis shows that while there has been minimal change in the applicant’s weighted average unit price over the four year period for its multipack beverage packaging, it did show a sharp increase in the weighted average unit CTMS after 1 July 2018.

During the course of the investigation, the Commission anticipates that it will obtain additional detailed information that will allow for a more precise comparison of the export prices of the goods, the like goods manufactured by the Australian industry and the downstream prices of the multipack beverage packaging.

Based on the information provided by Visy Glama in its application, the Commission does not consider that there appear to be reasonable grounds to support its claim that imports of dumped goods from the USA have caused injury to the Australian industry in the form of price suppression.

#### **5.4.3 Profit and profitability effects**

Analysis of the profit and profitability of Visy Glama's multipack beverage packaging in section 4.7 of this report shows that, although profits had declined marginally in the 2017 financial year, there was a sharp decrease in profits and a reduction in profitability from 1 July 2018, coinciding with the loss of a supply contract. The Commission observed that this reduction resulted in Visy Glama incurring losses in respect of its multipack beverage packaging business in the 2019 financial year.

Further, the Commission observes unit CTMS increasing in the period from 1 July 2018 and this corresponding to a reduction in sales volumes and considers that this has contributed to reduced profits.

The Commission, therefore, considers that there appear to be reasonable grounds to conclude that the estimated dumping margin in relation to imported goods from the USA, reduced sales of its multipack beverage packaging, reduced production volumes and rising unit production costs has contributed to lower profits and profitability.

#### **5.4.4 Injury caused by factors other than dumping**

In its application, Visy Glama claims that there are no other factors that may have contributed to the material injury it has experienced since 1 July 2018. The Commission will review the market for the downstream goods, being the multipack beverage packaging, during the injury analysis period and investigate any other factors that may have impacted the Australian industry.

#### **5.4.5 Conclusion – material injury caused by dumping**

The Commission considers that, based on:

- the magnitude of the dumping indicated in the application and in the Commission's revised calculation;
- the loss of a high value major supply contract to an importer of the goods;
- the preliminary assessment of reduced sales and production volumes;
- the preliminary assessment of price suppression; and
- the preliminary assessment of reduced profits and profitability

there appear to be reasonable grounds to support the applicant's claims that exports of the goods from the USA, at dumped prices, has caused material injury to the Australian industry.

## **6 Appendices and attachments**

<b>Attachments</b>	<b>Confidentiality</b>	<b>Title</b>
Attachment 1	Public	Public notice
Attachment 2	Public	Product specifications
Attachment 3	Confidential	Export price, normal value and dumping margin assessment
Attachment 4	Confidential	Injury analysis



*Customs Act 1901 – Part XVB*

## **ANTI-DUMPING NOTICE NO. 2020/032**

### **Public notice under subsection 269TC(4) of the *Customs Act 1901***

#### **Certain kraft paperboard exported to Australia from the United States of America**

#### **Initiation of Investigation No. 548 into alleged dumping**

I, Dale Seymour, the Commissioner of the Anti-Dumping Commission, have initiated an investigation following an application lodged by Visy Glama Pty Ltd, a manufacturer of certain kraft paperboard (the goods) in Australia. The application seeks the publication of a dumping duty notice in respect of the goods exported to Australia from United States of America.

The application alleges that the goods have been exported to Australia at prices less than their normal value and that the dumping has caused material injury to the Australian industry through:

- loss of sales volume;
- reduced market share;
- price depression;
- price suppression;
- loss of profits;
- reduced profitability;
- reduced employment;
- reduced capacity utilisation;
- reduced return on investment; and
- reduced investment.

The non-confidential version of the application, which contains the basis of the alleged dumping and injury, is available on the public record on the Anti-Dumping Commission (Commission) website, [www.adcommission.gov.au](http://www.adcommission.gov.au).

Particulars of the reasons for the decision to initiate this investigation are in *Anti-Dumping Commission Consideration Report No. 548*, which is available on the public record. The date of initiation of this investigation is the date of publication of this notice.

## **Goods Description**

The goods the subject of the application are:

*Kraft paperboard, coated on one side with clay or other inorganic substances, grammage 360-430 grams per square metre (GSM),<sup>1</sup> wet strength treated.*

## **Tariff Classification**

The Commission will consider, during the investigation, the relevant tariff classifications in Schedule 3 to the *Customs Tariff Act 1995* the goods are imported under. The Commission will collect relevant information to assist in its determination.

A preliminary assessment has indicated that the goods may be imported under the following tariff classifications:

- 4810.39.00 (statistical code 83);
- 4810.1; and
- 4810.2.

These tariff classifications and statistical codes may include goods that are both subject and not subject to this investigation. The listing of these tariff classifications are statistical codes for convenience or reference only and do not form part of the goods description. Please refer to the goods description for authoritative detail regarding goods, the subject of this investigation.

## **Investigation Process**

The investigation period is 1 January 2018 to 31 December 2019. I will examine exports of the goods to Australia during this period to determine whether dumping has occurred. I will examine details of the Australian market from 1 January 2015 for injury analysis purposes.

Where the Minister for Industry, Science and Technology (the Minister) is satisfied, as to goods of any kind, that:

- (a) the amount of the export price of the goods that have already been exported to Australia is less than the normal value of those goods, and the amount of the export price of like goods that may be exported to Australia in the future may be less than the normal value of the goods; and
- (b) because of that, material injury to an Australian industry producing like goods has been or is being caused or is threatened, or the establishment of an Australian industry producing like goods has been or may be materially hindered;

the Minister may, by public notice, impose interim dumping duties.<sup>2</sup>

Where there are grounds for the Minister to publish a dumping duty notice in respect of the goods, I will examine whether the trade in the dumped goods give rise to retrospective notices being published pursuant to section 269TN of the *Customs Act 1901* (the Act), and make recommendations to the Minister accordingly.

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<sup>1</sup> Grammage refers to the mass per unit area of all types of paper and paperboard.

<sup>2</sup> In accordance with section 269TG of the *Customs Act 1901*.

## **Proposed model control codes**

On 9 August 2018, the Commission advised in Anti-Dumping Notice (ADN) No. 2018/128 that a model control code (MCC) structure would be implemented in new investigations, reviews of exporters generally or continuations for cases initiated after this date.<sup>3</sup>

The Commission does not propose an MCC structure at the outset of this investigation. However, all exporters will be requested to provide information regarding the manufacturing process, fibre content breakdown of the goods and how it is imported (i.e. including but not limited in rolls, sheets and respective sizes). The Commission may implement an MCC structure if considered necessary.

The Commission welcomes submissions with respect to an MCC structure. Submissions should be raised as soon as is practicable, but no later than **6 May 2020**, being the day submissions concerning this investigation are due.

Interested parties are also encouraged to make submissions on whether an MCC structure should be accepted by the Commission in their particular circumstances. All submissions with respect to the proposed MCC structure will be considered by the Commission and reported in verification reports or in the Statement of Essential Facts (SEF).

## **Public Record**

I must maintain a public record of each investigation. Documents included in the public record are available at [www.adcommission.gov.au](http://www.adcommission.gov.au).

The public record will contain, among other things, a copy of the application, *Anti-Dumping Commission Consideration Report No. 548* and copies of all non-confidential submissions from interested parties. Letters and electronic mail are generally regarded as submissions if they contain information relevant to the investigation.

## **Lodgement of Submissions**

Interested parties, as defined by subsection 269T(1) of the Act, are invited to lodge submissions concerning the publication of the dumping duty notice sought in the application, no later than the close of business on **6 May 2020**, addressed to:

The Director, Investigations 3  
GPO Box 2013  
Canberra ACT 2601  
Australia

or by email to [investigations3@adcommission.gov.au](mailto:investigations3@adcommission.gov.au).

Interested parties wishing to participate in the investigation must ensure that submissions are lodged by the due date. Interested parties should note that I am not obliged to have regard to a submission received after the date above if to do so would, in my opinion, prevent the timely placement of the SEF on the public record.

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<sup>3</sup> Full guidance regarding the Commission's application of an MCC structure is provided in ADN No. 2018/128 on the Commission website, [www.adcommission.gov.au](http://www.adcommission.gov.au).

Interested parties should also note that I am directed to consider the matters set out in the *Customs (Extensions of Time and Non-cooperation) Direction 2015* in certain circumstances.<sup>4</sup> This is available at [www.legislation.gov.au](http://www.legislation.gov.au).

Interested parties may reply to matters raised by other parties during the course of the investigation and in response to the SEF.

Interested parties claiming that information contained in their submission is confidential, or that the publication of the information would adversely affect their business or commercial interests, must:

- (i) provide a summary containing sufficient detail to allow a reasonable understanding of the substance of the information that does not breach that confidentiality or adversely affect those interests, or
- (ii) satisfy me that there is no way such a summary can be given to allow a reasonable understanding of the substance of the information.

Submissions containing confidential information must be clearly marked "FOR OFFICIAL USE ONLY". Interested parties must lodge a non-confidential version or a summary of their submission in accordance with the requirement above (clearly marked "PUBLIC RECORD").

### **Lodgement of Exporter Questionnaires**

Exporters of the goods to Australia are invited to participate in this investigation by completing the exporter questionnaire and the associated spreadsheets by **6 May 2020**.

The exporter questionnaire and the associated spreadsheets are available under the case information for case number 548 (which can be found under 'current cases and their electronic public record' on the Commission website, [www.adcommission.gov.au](http://www.adcommission.gov.au)). Alternatively, exporters can email [investigations3@adcommission.gov.au](mailto:investigations3@adcommission.gov.au) and the Commission will forward the exporter questionnaire and spreadsheets for completion.

### **Provisional Measures**

Pursuant to section 269TD of the Act, I will make a preliminary affirmative determination (PAD) provided I am satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice or there appears that there will be sufficient grounds for the publication of a dumping duty notice subsequent to the importation of the goods into Australia. This can occur no earlier than day 60 of an investigation.

In accordance with section 269TD of the Act, the Commonwealth may apply provisional measures, including the taking of securities under section 42 of the Act, in respect of interim dumping duty that may become payable on the goods, where a PAD has been made.

Where a PAD is not made 60 days after initiation of the investigation, the *Customs (Preliminary Affirmative Determinations) Direction 2015* (the PAD Direction) directs me to publish a status report providing reasons why a PAD was not made. The PAD Direction is available on the Federal Register of Legislation website, [www.legislation.gov.au](http://www.legislation.gov.au).

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<sup>4</sup> Certain powers and functions under the *Customs (Extensions of Time and Non-cooperation) Direction 2015* have been delegated to the Anti-Dumping Commission's General Managers (Anti-Dumping Notice No. 2017/10, available at [www.adcommission.gov.au](http://www.adcommission.gov.au), refers).

## **Statement of Essential Facts**

The dates specified in this notice for lodging submissions must be observed to enable me to report to the Minister within the legislative timeframe. In accordance with section 269TDAA of the Act, a SEF will be placed on the public record by **20 July 2020**<sup>5</sup>, or by such later date as allowed in accordance with section 269ZHI of the Act.<sup>6</sup> The SEF will set out the essential facts on which I propose to base my recommendations to the Minister. Interested parties are invited to lodge submissions in response to the SEF within 20 days of the SEF being placed on the public record.

Submissions received in response to the SEF within 20 days of it being placed on the public record will be taken into account in completing the report and recommendation to the Minister.

## **Report to the Minister**

A recommendation to the Minister will be made in a report on or before 1 September 2020 (or such later date as allowed under section 269ZHI of the Act), on the basis of the examination of exportations of the goods to Australia during the investigation period, unless I terminate the investigation.

The Minister must make a declaration within 30 days after receiving the report, or such longer period as the Minister considers appropriate.

## **Anti-Dumping Review Panel**

Certain persons will have the right to seek review with the Anti-Dumping Review Panel in accordance with Division 9 of Part XVB of the Act of either a decision by me to terminate the investigation, or a decision of the Minister to publish or not to publish a dumping duty notice after considering my report.

## **Interested Party List**

Throughout the investigation, the Commission will maintain an internal list of interested parties. Updates on the investigation will be sent to parties on this list. If you would like to be added to the interested party list, please email [investigations3@adcommission.gov.au](mailto:investigations3@adcommission.gov.au).

## **Anti-Dumping Commission Contact**

Enquiries about this notice may be directed to the Case Manager on telephone number +61 2 6276 1404, or [investigations3@adcommission.gov.au](mailto:investigations3@adcommission.gov.au).

Dale Seymour  
Commissioner  
Anti-Dumping Commission

30 March 2020

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<sup>5</sup> As this day is a Saturday, the effective due date for placing the SEF on the public record is the following business day, being 20 July 2020.

<sup>6</sup> On 14 January 2017, certain powers and functions of the Minister under section 269ZHI of the Act were delegated to the Commissioner of the Anti-Dumping Commission. Refer to ADN No. 2017/10 for further information.

# Candesce® TS

## Lamination made easy.

Depend on Candesce® TS for a coated top sheet designed specifically to deliver exceptional performance for offset lithography and flexography. Optimized moisture content and a proprietary fiber mix are designed to give Candesce TS the strength required to perform flawlessly. The smooth print surface provides the foundation for superior graphics, giving you the ability to create a consistent brand image across multiple packaging options – including heavy items and “box” store packaging. Manufactured in 9 pt. (40 lb.), 10 pt. (43 lb.), 12 pt. (47.7 lb.), and 18 pt. (66.3 lb.) with custom calipers available subject to minimum order quantities.

### Product Uses

- Club-store packaging
- Electronics packaging
- Boxed alcohol packaging
- Video and gaming packaging

### Features and Benefits

Scores beautifully	Manufactured to help prevent score cracking. Candesce TS’s moisture has been optimized for lamination to corrugated. Candesce TS is designed to give you that smooth, flat, bill-boarding surface all the way through conversion.
High holdout	High holdout means better print quality all while using less ink. Our proprietary coating delivers a print surface that promotes uniform ink absorption and quick drying, yielding rich, deep printed images that demand a second look.
Superior bonding	Our process control systems provide unmatched uniformity, giving you a flat sheet with exacting predictability. Our unique fiber mix and coating provides an adhesion-friendly back side. The results is the perfect sheet for exceptional print quality and trouble-free flat lamination to fluted edge.
Consistent blue-white shade and 89 GE brightness	Engineered for color stability and consistency, Candesce TS allows you to maximize your visual impact and have accurate color reproduction. Candesce TS delivers crisp colors and sharp contrast while maintaining optimal color fidelity on press. Since it was produced without optical brightening agents (OBA), your print will maintain its visual integrity and resist fading.
FSC®, SFI® or PEFC® certification	Natural wood fiber is a renewable resource that can be easily recycled. Candesce TS comes with either FSC or SFI chain-of-custody certification, ensuring that the fiber used was harvested from responsible, well-managed forests.

## Typical Values

English	Units	9-120	10-129	12-143	14-163	18-199
Caliper (nominal)	mils	9	10	12	14	18
Basis Weight (nominal)	lbs/lmsf	40	43	47.7	54.3	66.3
Basis Weight (nominal)	lbs/3msf	120	129	143	163	199
Brightness	GE	89	89	89	89	89
b* Value	Spectro	1.2	1.2	1.2	1.2	1.2
Smoothness (primary side)	Sheffield	12	15	20	30	40
Plybond	lbs/in <sup>2</sup>	55	55	55	55	55
Stiffness – MD	Taber g-cm	48	52	83	112	220
Stiffness – CD	Taber g-cm	23	25	40	53	106
Metric	Units	229-195	254-210	305-233	356-265	457-324
Thickness	microns	229	254	305	356	457
Base Weight	g/sq. <sup>m</sup>	195	210	233	265	324
Stiffness – MD	mN	94	102	163	220	431
Stiffness – CD	mN	45	49	78	104	208

## Selected Standards and Certifications

### Fiber procurement and chain-of-custody

- FSC chain-of-custody and controlled wood standards: SCS-COC-004564
- SFI fiber sourcing, chain-of-custody, and product labeling certification BV-SFICOC-US007081-I
- PEFC chain-of-custody: BV-PEFC-US008236-I

### Food contact

- USFDA 21 CFR 176.170 - Contact with aqueous and fatty foods
- USFDA 21 CFR 176.180 - Contact with dry food and food types III, IV-A, V, VII-A, VIII and IX
- USFDA 21 CFR 176.260 - Use of reclaimed fiber from manufacturer process
- USFDA 21 CFR 109.30a(9) - PCB content limits to 10 parts per million (ppm)

### Health and safety

- U.S. California Proposition 65 compliant
- CONEG model heavy metal and EC/94/62 article II compliant
- Elemental Chlorine Free (ECF) bleached fiber
- RoHS (Restriction of Hazardous Substances) compliant
- Canadian Environmental Protection Act, 1999 compliant
- European Chemicals Agency (ECHA) Substances of Very High Concern (SVHC) compliant

### Manufacturing

- ISO 9001:2008 certification number QSR-249



Clearwater Paper Corporation  
601 West Riverside Avenue, Suite 1100  
Spokane, WA 99201



For more information, please contact your Clearwater Paper sales representative or contact us at [pandp@clearwaterpaper.com](mailto:pandp@clearwaterpaper.com) or 1-866-768-5282.

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WestRock  
**CarrierKote®**  
**Wet, cold environments have met their match.**

WestRock CarrierKote® is a high-performing unbleached kraft paperboard that delivers consistency, time and again. Engineered for strength and to address the demands of wet and cold environments, it's no wonder CarrierKote has become the worldwide industry standard for beverage carton packaging. The coated side features a smooth, glossy surface for exceptional printability that results in stunning billboard graphics that demand attention. You can also expect outstanding converting performance, especially in the areas of die-cutting, folding, and gluing.

**Packaging Uses**

Beverage  
Filter Frames

**Product Classification**

Coated Natural Kraft®  
CNK® Paperboard  
Coated Unbleached Kraft

**What You Can Expect from Us**

- Strength and Integrity** CarrierKote's excellent strength properties provide packaging integrity in wet and cold environments, common in the beverage industry.
- Printability** CarrierKote's proprietary clay coating gives it a smooth, opaque surface and enables crisp, vibrant graphics. You can expect great shelf-appeal.
- Stiffness-to-Weight Ratio** Stiffness levels can be achieved at lower calipers and at lower weights than competitive substrates. This can help support your cost reduction and sustainability efforts.
- Versatility** CarrierKote permits a great deal of packaging design flexibility. You can explore options such as handles, windows, and apertures.
- Consistency** All CarrierKote paperboard is produced at a single mill. Hence, you can expect consistent composition and quality across all of your orders.
- Recycled Fiber Content** Produced with up to 15% recycled fiber, providing an option for meeting your corporate sustainability goals.

**Additional Product Information**

- Sustainability** Made with recycled fiber and is recyclable. All WestRock North American paperboard mills are certified to the SFI®, PEFC™, FSC™ Chain of Custody Standards. Contact your WestRock sales representative for certified fiber availability for this product.
- Food Contact** Contact your sales representative for information on specific markets and end uses.
- Quality** Produced at an ISO 9001 certified facility.
- Environmental and Safety** Notices under US California Proposition 65 and the EU REACH regulation are not required. Meets heavy metal limits of the US Model Toxics in Packaging rules and Article 11 of EU Directive 94/62/EC.

Grade Availability by Caliper													Units	Method
<b>Caliper (pts)</b>	0.016	0.018	0.020	0.021	0.022	0.023	0.024	0.025	0.026	0.027	0.028	inches	T-411	
<b>Nominal Basis Weight</b>	66	72	78	82	85	89	92	96	99	103	106	lbs/MSF	T-410	
<b>Moisture</b>	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	percent	T-412	
<b>ZDT</b>	35	35	35	35	35	35	35	35	35	35	35	psi	T-541	
Elmendorf Tear														
<b>Dry</b>	<b>MD</b>	430	490	555	585	600	630	655	680	720	750	785	gf	T-414
	<b>CD</b>	475	540	595	630	650	680	705	735	765	825	850	gf	T-414
<b>Wet</b>	<b>MD</b>	400	450	500	530	570	575	600	630	655	680	700	gf	
	<b>CD</b>	425	504	548	570	600	615	630	655	675	715	730	gf	
Stiffness														
<b>Taber 15°</b>	<b>MD</b>	191	257	333	376	420	468	518	570	626	683	744	gf-cm	T-489
	<b>CD</b>	87	115	151	171	194	218	244	272	302	334	367	gf-cm	T-489
Smoothness														
<b>Sheffield</b>	150	150	150	150	150	150	150	150	150	150	150	150	mL/min	T-538
Coated Side														
<b>Parker Print</b>	2	2	2	2	2	2	2	2	2	2	2	2	µm	T-555
<b>GE Brightness</b>	74	74	74	74	74	74	74	74	74	74	74	74	percent	T-452
Color														
<b>Hunter</b>	<b>b</b>	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	L-a-b	T-524

## Grade Availability &amp; Typical Properties (Metric)

Grade Availability by Weight													Units	Method
<b>Thickness</b>	406	457	508	533	559	584	610	635	660	686	711	microns	T-411	
<b>Nominal Basis Weight</b>	322	352	381	400	415	435	449	469	483	503	518	gsm	T-410	
<b>Moisture</b>	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	percent	T-412	
<b>ZDT</b>	241	241	241	241	241	241	241	241	241	241	241	J/m <sup>2</sup>	T-541	
Elmendorf Tear														
<b>Dry</b>	<b>MD</b>	430	490	555	585	600	630	655	680	720	750	785	gf	T-414
	<b>CD</b>	475	540	595	630	650	680	705	735	765	825	850	gf	T-414
<b>Wet</b>	<b>MD</b>	400	450	500	530	570	575	600	630	655	680	700	gf	
	<b>CD</b>	425	504	548	570	600	615	630	655	675	715	730	gf	
Stiffness														
<b>Taber 15°</b>	<b>MD</b>	18.7	25.2	32.7	36.9	41.2	45.9	50.8	55.9	61.4	67.0	73.0	mNm	T-489
	<b>CD</b>	8.5	11.3	14.8	16.8	19.0	21.4	23.9	26.7	29.6	32.8	36.0	mNm	T-489
Smoothness														
<b>Sheffield</b>	150	150	150	150	150	150	150	150	150	150	150	150	mL/min	T-538
Coated Side														
<b>Parker Print</b>	2	2	2	2	2	2	2	2	2	2	2	2	µm	T-555
<b>GE Brightness</b>	74	74	74	74	74	74	74	74	74	74	74	74	percent	T-452
Color														
<b>Hunter</b>	<b>b</b>	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6	L-a-b	T-524

Values are subject to change without notice.

For more information, please contact your WestRock representative or visit our website at [westrock.com](http://westrock.com).

The information contained in this Product Guide is accurate to the best of WestRock's knowledge and belief. It is intended, however, only as an introduction to the typical properties of the product. WestRock disclaims any guarantee or warranty with respect to the accuracy of this information or, based on this document, with respect to the suitability of the product for any particular use, including, but not limited to, the compliance of the product with laws, regulations, or standards. This information is subject to change without notice.

Certificate Codes: SFI Certified Sourcing: NSF-SFI-CS-6S751, SFI CoC: NSF-SFICOC-6S751, PEFC: NSF-PEFCOC-6S751, FSC Company Code: FSC-C104002

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# AquaKote™



AquaKote™ Coated Folding Carton Board is a high wet-strength sheet used primarily for beverage packaging applications. Available in a wide range of calipers, AquaKote™ Coated Folding Carton Board is designed to provide package integrity, line efficiency and performance in high-humidity conditions in filling line production, distribution and usage.

## AquaKote™

## AquaKote™ Specifications

### Food Contact Compliant

FDA and EU compliant for contact with aqueous and fatty foods, as well as dry foods.

### Excellent Printability and Glue Adherence

AquaKote™ Coated Folding Carton Board provides a superior printing surface that is engineered to deliver excellent print results and a cleaner running press. AquaKote™ is made from solid unbleached sulfate kraft fiber with a blend of virgin and recycled fiber. Three layers of clay coating provide a clean surface for high-quality graphics with a naturally beautiful brown back. AquaKote™ is engineered as a high wet-strength sheet that provides high stiffness with high resistance to tear, puncture and corner crush and provides efficient, reliable performance on packaging lines.

### Consistent Performance in a Variety of Converting Processes

Carefully monitored board production and testing ensures that AquaKote™ Coated Folding Carton Board will run consistently well in all of your printing and converting operations.

### Advantages

AquaKote™ is engineered to provide superior tear resistance when wet, while at the same time having excellent dry tear resistance. The AquaKote™ triple clay coated surface allows for beautiful graphic reproduction for eye-catching packages. AquaKote™ Coated Folding Carton Board is time proven for multiple packaging in wet environments and performs well on high-speed multiple packaging lines. AquaKote™ is created with an optimum blend of virgin and recycled fiber, and is recyclable and naturally biodegradable. SUS™ carrier board technology developed by Graphic Packaging International.





## SUSTAINABILITY

Paperboard products like AquaKote™ Coated Folding Carton Board are made from trees, a renewable resource, with renewable energy. Packaging made from AquaKote™ Coated Folding Carton Board is recyclable where facilities exist.



## FIBER PROCUREMENT AND CHAIN OF CUSTODY

Graphic Packaging International is compliant with the Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI) and Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody forest certification standards. GPI is also compliant with the SFI Certified Sourcing standard.

### Environmental and Safety

- Complies with California’s Safe Drinking Water and Toxic Enforcement Act of 1986 (California Proposition 65)
- Complies with European Union Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
- Contains no REACH Substances of Very High Concern (SVHC) at levels above the 0.1% threshold
- Complies with CONEG/Toxics in Packaging laws and with Article 11 of the EU Packaging and Packaging Waste Directive (94/62/EC)

### Food Contact Compliance (USA)

- 21 CFR 176.170 (components of paper and paperboard in contact with aqueous and fatty foods)
- 21 CFR 176.180 (components of paper and paperboard in contact with dry foods)

### Food Contact Compliance (EU)

- Article 3 of Regulation (EC) No 1935/2004 on materials and articles intended to come into contact with food
- Commission Regulation (EU) No 10/2011 on plastic materials and articles intended to come into contact with food, as applicable
- Manufactured in accordance with Commission Regulation (EC) No 2023/06 on good manufacturing practice for materials and articles intended to come into contact with food

### Manufacturing

- Mills are third-party certified to the ISO 9001: Quality Management System standards

## Related Products

**PineCorr™**

[\(https://www.graphicpkg.com/products/pinecorr-corrugating-medium/\)](https://www.graphicpkg.com/products/pinecorr-corrugating-medium/)

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**Kraft Liner**  
**LINERBOARD**

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**Kraft Liner**  
HIGH PERFORMANCE  
LINERBOARD

**Kraft Liner**  
CORRUGATING MEDIUM

**OmniKote™**

(<https://www.graphicpkg.com/products/kraft-liner-high-performance-linerboard/>) (<https://www.graphicpkg.com/products/kraft-liner-corrugating-medium/>) (<https://www.graphicpkg.com/products/omnikote/>)

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