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**The Director
Investigations 3
Anti-Dumping Commission
GPO Box 2013
Canberra
Australian Capital Territory 2601**

By email

Dear Director

WestRock Company Investigation 548 - alleged dumping of certain kraft paperboard

We make this submission on behalf of our client WestRock Company, and in particular:

- WestRock MWV, LLC which acts in the capacity of an exporter of kraft paperboard to its related company importers in Australia;
- WestRock Packaging Solutions Pty Ltd and WestRock Oceania Pty Ltd, who were the importers of kraft paperboard from WestRock MWV in the investigation period.¹

As requested by the Anti-Dumping Commission (“the Commission”), WestRock now provides the relevant extracts from its confidential Importer Questionnaire response going to the question of WestRock’s exports in the investigation period, in a form that is suitable for publication on the public record of this investigation.

The questions in the Importer Questionnaire to which the WestRock companies replied in that regard, and WestRock’s responses, were as follows:

Describe the role of your company in the Australian market for kraft paperboard, or if alternatively the kraft paperboard is converted to a final product, the Australian market for the final product – for example, buying or selling agent, importer/distributor, importer/wholesaler, importer/retailer or importer/end-user.

Neither WestRock Packaging nor WestRock Oceania have imported the goods under consideration in the investigation period.

¹ These three companies are collectively referred to as “WestRock”

The goods under consideration are described as follows:

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

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.

Thus the goods under consideration are certain forms of kraft paperboard, being that which is coated on one side with clay or other inorganic substances, of 360-430 GSM and wet strength treated, with an end use for 12 or more beverage can multipacks.

WestRock's wet strength treated paperboard is referred to as "CarrierKote". This is to be distinguished from WestRock's "CustomKote", which is not wet strength treated. The types of CarrierKote that have a GSM range from 360 to 430 are internally listed as "20pt", "21pt" and "22pt" ("point" is a caliper measurement reflecting thickness).

The WestRock companies have undertaken an exhaustive search of their importation and conversion records and of their contractual arrangements with Australian customers. Those inquiries have established that none of the 20pt-22pt CarrierKote they imported during the investigation period had an end use for packaging 12 or more beverage can multipacks.

Nonetheless, this Importer Questionnaire has been completed with respect to importations of 20pt-22pt CarrierKote for end uses of can multipacks holding less than 12 beverages. This is to enable the Commission to better appreciate the

business and product scope of the WestRock companies in Australia, and to best assist the Commission in its verification of the fact that the WestRock companies have not imported the goods under consideration in the investigation period. WestRock will be fully cooperative with the Commission to that end.

Where the expression “goods under consideration” is used in the questions in this Importer Questionnaire, the answer relates to 20pt-22pt CarrierKote regardless of the fact that the end use has not been for 12 or more beverage can packs.

At what level of trade is each of your customers – for example, distributor, wholesaler, retailer or end-user?

During the investigation period, WestRock Packaging imported wet strength treated paperboard material in roll form from a WestRock associated mill (Mahrt Mill) in the USA. The paperboard was then transferred either to WestRock Oceania, or provided to third party converters for toll processing, all for conversion and then sale.

After conversion by WestRock Oceania or the third party converters, converted packaging was then sold by WestRock Packaging Solutions to its various food and beverage customers.

[CONFIDENTIAL TEXT DELETED – inter-company operations and responsibilities].

Please refer to IQ Attachment 1 for a diagrammatic representation of the sales and production channels described above [CONFIDENTIAL ATTACHMENT].

WestRock Packaging’s sale of converted packaging to the various food and beverage customers, whether converted by WestRock Oceania or by toll processing by third party converters, takes place as part of WestRock’s overall “packaging solutions” as provided to the Australian market. The exact “solution” depends on the individual needs of the customer, with the packaging being one component of the value proposition that WestRock offers to them. This includes logistics and service support, as well as leasing of can packaging machines to customers, which are among the fastest and most reliable in the world.

In the investigation period the “packaging solutions” customers of WestRock Packaging have been:

- [CONFIDENTIAL TEXT DELETED – identification of customers]

B.1 Import details

Please complete the “Part B – Cost to import and sell” spreadsheet included in the “Certain Kraft Paperboard Importer Questionnaire Spreadsheets” workbook, with details for the highlighted selected shipments.

The spreadsheet should contain costs and sales data for the selected shipments of kraft paperboard exported from the USA since 1 January 2018. The completed spreadsheet should be returned as part of your Part B response, along with details of your forward orders (see B.3 below).

(Please note that that you cannot complete this part of the questionnaire until the Commission provides you with the respective listing of your imports. The Commission will contact you shortly in this regard after receiving Part A of the questionnaire).

Please refer to IQ Attachment 2 tab “Part B – Cost to import and sell” [CONFIDENTIAL ATTACHMENT].

WestRock’s wet strength treated paperboard is referred to as “CarrierKote”. This is to be distinguished from WestRock’s “CustomKote”, which is not wet strength treated. As previously explained, the types of CarrierKote that have a GSM range from 360 to 430 are internally listed as “20pt”, “21pt” and “22pt”, which refers to a caliper measurement reflecting thickness.

The selected shipments included paperboard that was not within the 20pt to 22pt range. Tab “Part B – Cost to import and sell” divides the shipments concerned into the different types in the consignment.

C.1 Your sales

Please provide details of all your sales in the Australian market of kraft paperboard exported from the USA from 1 January 2018 to 31 December 2019 using the “Part C – Sales” spreadsheet. Alternatively, if the kraft paperboard is converted to a final product in Australia, sales of the final product. Please outline the processes undertaken by your company to convert the kraft paperboard to a final product.

If you have used formulas to complete this spreadsheet, please retain the formulas.

(a) WestRock does not import wet-strength paperboard for 12+ multipacks

WestRock Packaging has no contracts in Australia for the sale of converted wet strength paperboard packaging for 12 or more beverage can multipacks. Thus, during the investigation period WestRock Company did not export any of the goods under consideration for conversion into 12 or more beverage can multipacks.

Where WestRock Packaging provided these larger format multipacks to customers in the investigation period they were constructed of CustomKote, which is a non-wet strength board.

[CONFIDENTIAL TEXT DELETED – commercial arrangements with customer/product type].

(b) Australian industry does not claim injury caused by WestRock

Visy's application targets the loss of one contract, in one part of its financial records and in one sector of the overall packaging market, as being the cause of its injury. It has been very careful in doing so, stating:

The GUC is formulated to describe by physical characteristics a category of imported goods that have an end use for packaging 12 or more beverage can containers. It is specifically designed to identify a category of imported paperboard and to distinguish it from other paperboard products. This is necessary given the very significant size and diversity of the paperboard market in Australia.

The application is quite precise in targeting the loss of a major long term supply contract as the cause of its injury. That contract evidently relates to 12 or more can beverage multipacks, being the product and sector that the applicant is concerned about as having been caused injury.

All of these statements in the application isolate the blame to that contract [our underlining] viz:

- *This is directly as a result of the loss of a major long term supply contract with a large beverage customer that supplies canned beverages throughout Australia and in the Asia Pacific region.*
- *Visy refers to the circumstances concerning the loss of a major supply contract referred to in the response to A-9.1 above.*
- *If Visy had price matched with the importer selling a competing product it would have been selling at approximately a [deleted text – percentage] percent loss (across its total Microflute production) simply to keep the contract and it would be selling at a loss of approximately [deleted text – percentage] percent for sales to the lost customer. Visy has gone from selling Like Goods at a profit to now [deleted text – profitability]*
- *There is no doubt that the extent of the injury caused by dumping is material in light of the very large drop in production, sales revenue and profitability and a significant increase in unit costs, all of which are a direct consequence of the loss of the long term sales contract discussed at A-9.1 and A-9.2 above.*
- *As these goods are being imported at dumped prices in order to fulfil a very large commercial contract.*

In addition to not having imported the goods under consideration, WestRock did not participate, and was not invited to participate, in bids for any supply contract answering the description of that referred to in the Australian industry's application. Further, WestRock [CONFIDENTIAL TEXT DELETED – commercial information about bids/tenders].

(c) Termination as against WestRock, or WestRock exclusion

In these factually distinct circumstances, WestRock requests that the investigation be terminated as against WestRock Company, on the basis that its exports cannot possibly have caused material injury to the Australian industry, meaning that WestRock Company would therefore be excluded from any measures, should they be imposed.

Alternatively, WestRock requests the Commission to:

- exclude WestRock Company from the investigation, on the basis that it did not export the goods under consideration in the terms stated in the application and the Exporter Questionnaire instructions; and
- ensure that the end use condition of 12 or more can beverage multipacks is replicated in the description of the goods when published in the Dumping Commodity Register, should measures be imposed.

In considering either of these courses of action WestRock does understand and accept that the Commission will need to undertake verification of the necessary facts, and is ready to assist the Commission in that regard to the fullest.

(d) Export price considerations

Given what has been explained above, should the Commission press ahead with a dumping margin determination with respect to WestRock's imports, whether as a matter of record or substantively, it would do so over WestRock's objections.

WestRock does intend to remain fully cooperative with the Commission however does ask that its cooperation be requested in a manner that is cognisant of the circumstances of this case.

Extended and complex participation, with extensive information requirements, would be an academic and barren exercise, because the front-line facts dictate that WestRock has not exported the goods under consideration. Further, WestRock cannot have had anything to do with the cause of injury complained-of by the Australian industry, and did not participate in the market that the Australian industry has defined for the purposes of this investigation.

WestRock seeks the Commission's guidance with respect to its intentions in this regard.

WestRock awaits the Commission's guidance with respect to these issues.

Yours sincerely



Daniel Moulis
Partner Director]

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