

Are Coated Kraft Paperboard and Microflute  
“Like Goods”?

An Expert Report  
Submitted in Response to an Expert Report by  
Dr. Nafty Vanderhoek

By

Charles P. Klass

February 2021

Klass Associates Inc.  
Madeira Beach, FL 33708 USA  
[chuck@klassassociates.com](mailto:chuck@klassassociates.com)  
Office Phone: +1-727-827-7827  
Cell Phone: +1-727-410-4394

## **Background and Introduction**

My name is Charles P. Klass. I have been retained by Kinsman Legal acting on behalf of Graphic Packaging International LLC and Graphic Packaging International Australia Converting Ltd (collectively referred to as “GPI”) in relation to Investigation 548 by the Australian Anti-Dumping Commission to prepare a report to Kinsman Legal setting out an opinion on the following question within my field of expertise:

***Is microflute a “like good” to the goods under consideration?***

*The goods under consideration are:*

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

*Microflute is:*

*a narrow caliper corrugated cardboard comprised of three layers as follows:*

- *Clay coated top sheet liner (normally printed)*
- *Corrugated medium*
- *Liner*

I prepared a report answering that question that was submitted to GPI in June 2020. In that report I concluded that microflute is not a like good to coated unbleached kraft paperboard.

On 18 June 2020, Gross & Becroft filed a letter in which they challenged my first report.

I prepared a supplementary report filed in July 2020 in which I confirmed my earlier findings.

On 22 December 2020, an expert report titled “**Re: Anti-Dumping Commission Investigation No. 548 – Certain kraft paperboard exported to Australia from the United States of America,**” was filed by Dr. Nafty Vanderhoek.

I was requested by Kinsman Legal acting on behalf of Graphic Packaging International LLC and Graphic Packaging International Australia Converting Ltd (collectively referred to as “GPI”) to review Dr. Vanderhoek’s report and provide my professional opinion on the adequacy and relevance of his report’s answers to the questions posed by the Australian Anti-Dumping Commission. The purpose of this report is to document my review of Dr. Vanderhoek’s report and his answers to the questions posed by the Commission.

## **Overall Conclusions**

I confirm my opinion that kraft paperboard and Microflute are not “like goods.”

Following are my points of agreement and disagreement with Dr. Vanderhoek’s conclusions:

## A Report by Charles P. Klass

### 1. Is Microflute an identical product with kraft paperboard?

I agree with Dr. Vanderhoek's stated conclusion in Section 6.6, "Microflute is not an identical product with kraft paperboard;"

The remainder of Section 6.6 does not answer the question, "Is Microflute an identical product with kraft paperboard," and in my opinion is not relevant to answering the question being asked.

### 2. If you do not consider Microflute to be an identical product with kraft paperboard, set out whether or not they have characteristics that closely resemble one another.

**When answering this question, we ask that you give consideration to physical likeness, commercial likeness, functional likeness, production likeness any other consideration which are set out within Chapter 2.3 of the Anti-Dumping Commission's Dumping and Subsidy Manual (November 2018).**

From my reading of the report, Dr. Vanderhoek does not provide answers to the question posed by the Commission.

The product being imported to Australia is: *kraft paperboard, coated on one side with clay of other inorganic substances, grammage 360-430 grams per square metre (GSM), wet strength treated*, and it is to be compared to: *Microflute is:*

*a narrow caliper corrugated cardboard comprised of three layers as follows:*

- *Clay coated top sheet liner (normally printed)*
- *Corrugated medium*
- *Liner*

From my reading of the report, Dr. Vanderhoek does not provide a direct conclusion as to whether kraft paperboard and Microflute are like goods from the standpoints of **consideration to physical likeness, commercial likeness, functional likeness, production likeness**. He provides instead a discussion of product packaging requirements and the manufacture of completed cartons for 12+ can multipacks.

It is interesting to note in Section 6.10 "Product specification for kraft paperboard marketed as CarrierKote® is provided, 24 but this is for a component item and not the finished product." This is another example of Dr. Vanderhoek not answering the question posed by the Commission. I understand the question being posed by the Commission to be regarding the component, kraft paperboard, and not the finished product cartons.

### 3. In addition to microflute, do you consider there to be other products which closely resemble kraft paperboard? If yes, specify these products and to the best of your knowledge outline whether they are manufactured in Australia, and by whom.

Not provide a Dr. Vanderhoek states in Section 6.21 of his report, "There is no other fibrous product closely resembling kraft paperboard, other than microflute, able to meet the 12+ beverage can multipack performance requirements in their entirety."

## A Report by Charles P. Klass

Again, this statement doesn't answer the question posed by the Commission and is also incorrect. Coated recycled multi-ply paperboard is successfully used in 12+ beverage can multipacks in Mexico. It is manufactured by:

- Grupo Gondi S.A. de C.V., El Salto, Jalisco, 45680, Mexico
- Green Paper S.A. de C.V., San Nicolás de los Garza, Nuevo León, 66443, Mexico
- Organizacion Editorial Mexicana S.A. de C.V., San Juan del Río, Querétaro, 76803, Mexico

I agree that there is no known manufacture of this paperboard grade in Australia. If DR. Vanderhoek had answered the question posed by the Commission, he might have pointed to kraft paperboard that is not wet strength treated. That product more closely resembles wet strength kraft paperboard.

I confirm and stand by my previous opinion that microflute and coated kraft paperboard are not like goods.

### **Review of the Vanderhoek Expert Report**

The report begins with an introduction and statement of Dr. Vanderhoek's qualifications. Although I have not had the pleasure of meeting him personally, I have read several of his publications and consider him to be a well-qualified papermaking technologist.

In Section 5 "Background and Assumptions," he describes his retention as an expert and states his assigned task as:

5.6 Specifically, I have been requested to consider the following three questions: 4

(a) Is Microflute an identical product with kraft paperboard?

(b) If not, set out whether or not Microflute and kraft paperboard have characteristics closely resembling one another by giving consideration to physical likeness, commercial likeness, functional likeness, production likeness or any other consideration as set out within Chapter 2.3, Anti-Dumping Commission's Dumping and Subsidy Manual (November 2018).

(c) In addition to Microflute, do any other products closely resemble kraft paperboard and, if yes, are they manufactured in Australia and by whom?

He then goes on to say:

5.8 In considering the questions raised and to assist in subsequent explanations, it is appropriate to acquaint the reader with some basic steps in pulp, paperboard, and packaging manufacture, including recognised testing protocols, as these are relevant to the matter at hand. 5

His report then provides essentially technically correct descriptions of:

- **Background – Pulp** Sections 5.9 – 5.24 – all technically correct
- **Background – Recycled fibre** Sections 5.25 – 5.34 – all technically correct
- **Background – Bleaching** Sections 5.35 – 5.42 – all technically correct
- **Background – Pulp testing** Sections 5.43 – 5.48 – all technically correct

## A Report by Charles P. Klass

- **Background – Paperboard manufacture** Sections 5.49 – 5.65
  - Section 5.50 is generally correct but includes some errors.
    - Removal of 97% of the water in the forming section would result in solids content (consistency) of the web entering the press section to be 5.97% and the web would not have enough wet web strength to support itself or pressing. On most paper machines, the solids content leaving the forming section and entering the press section is  $\geq 10\%$ .
    - More than 2% of the remaining water is removed in the press section. Press sections typically increase the sheet solids to 48-50% entering the dryer section.
    - The dryer section does not remove the “final 1% of water.” Paperboard is produced and shipped with between 5 and 10% remaining water (moisture content).
  - Section 5.54 – the process being described is a multi-Fourdrinier machine as opposed to a single Fourdrinier with multiple headboxes.
- **Background – Coating** Sections 5.66 – 5.77 – all technically correct
- **Background – Paperboard testing** Sections 5.78 – 5.87 – all technically correct
- **Background – Box manufacture** Sections 5.88 – 5.101
  - Section 5.88 “The basic raw material for fibreboard boxes is paperboard, subdivided into linerboard (often abbreviated to liners) and corrugating medium (also known as flutings).”
  - Fibreboard boxes are produced not only from corrugated but also from solid paperboard (unbleached or bleached)
  - The balance of Sections 5.89 – 5.101 discuss only corrugated boxes – of which Microflute is a subset. There is no description or discussion of box making from one of the potential “like goods” that Dr. Vanderhoek was asked to compare: *kraft paperboard, coated on one side with clay or other inorganic substances, grammage 360-430 grams per square metre (GSM), wet strength treated.*
- **Background – Box board testing** Sections 5.102 – 5.110 – all technically correct

Even though I consider the bulk of his report to be technically correct as I have indicated, those things that I have identified as being technically correct do not point to a conclusion that Microflute is a “like good” to kraft paperboard.

I remain firmly of the professional opinion that Microflute is not a “like good” to kraft paperboard.

Dr. Vanderhoek’s report then provides his opinion:

### 6. Opinion

Sections 6.1 – 6.5 do not really provide opinion.

I agree with Dr. Vanderhoek’s opinion stated in Section 6.6:

“Microflute is not an identical product with kraft paperboard;”

## A Report by Charles P. Klass

The rest of Section 6.6 does not answer the question “**1. Is Microflute an identical product with kraft paperboard?**” an apparent attempt to refocus the discussion on whether the products can be converted into 12+ beverage can multipacks.

Sections 6.7 to 6.20 attempt to address the question: “**2. If you do not consider Microflute to be an identical product with kraft paperboard, set out whether or not they have characteristics that closely resemble one another.**

“**When answering this question, we ask that you give consideration to physical likeness, commercial likeness, functional likeness, production likeness any other consideration which are set out within Chapter 2.3 of the Anti-Dumping Commission’s Dumping and Subsidy Manual (November 2018)**”

Sections 6.7 to 6.9 attempt to discuss Dr. Vanderhoek’s frame of reference and method of answering the question.

Section 6.11 – The statement “ Notwithstanding this, product of the same size and strength can be realised from the same pulp type, but the one made from recycled fibre 27 will necessarily be heavier (and thicker) than if made from the corresponding virgin pulp” is not correct. There are paperboard products made in places other than Australia that achieve the same strength properties with virgin and recycled pulps at the same basis weights and thickness.

Sections 6.12 – 6.20 appear technically correct but do not answer the question posed by the Authority.

Section 6.21 is Dr. Vanderhoek’s answer to the question, “**3. In addition to microflute, do you consider there to be other products which closely resemble kraft paperboard? If yes, specify these products and to the best of your knowledge outline whether they are manufactured in Australia, and by whom.**

Dr. Vanderhoek states in Section 6.21 of his report, “There is no other fibrous product closely resembling kraft paperboard, other than microflute, able to meet the 12+ beverage can multipack performance requirements in their entirety.”

Again, this statement doesn’t answer the question posed by the Commission and is also incorrect. Coated recycled multi-ply paperboard is successfully used in 12+ beverage can multipacks in Mexico. It is manufactured by:

- Grupo Gondi S.A. de C.V., El Salto, Jalisco, 45680, Mexico
- Green Paper S.A. de C.V., San Nicolás de los Garza, Nuevo León, 66443, Mexico
- Organizacion Editorial Mexicana S.A. de C.V., San Juan del Río, Querétaro, 76803, Mexico

I agree that there is no known manufacture of this paperboard grade in Australia.

I disagree with Dr. Vanderhoek’s Conclusion

“7.1 Finally, taking into account all the factors detailed in this report, in the absence of meaningful specifications for box performance and based on the definition outlined under section 269T (1) of the *Customs Act 1901* (Cth), it is my professional opinion in relation to the specific questions listed in paragraph 5.6 that:

- (a) Microflute and kraft paperboard are both similar and different products depending on the measure chosen for comparison;
- (b) Microflute is a “like good” alternative for kraft paperboard for physical, functional, and production factors where these materials are used in 12+

## A Report by Charles P. Klass

beverage can multipack applications; and  
(c) There is no other fibrous product closely resembling kraft paperboard, other than microflute, able to meet the 12+ beverage can multipack performance requirements in their entirety.

In summary, Dr. Vanderhoek did not answer the question posed by the Australian Anti-Dumping Commission as to whether kraft paperboard imported to Australia and Microflute are "like goods."

The conclusion he provides is a much narrower conclusion about a particular end use of kraft paperboard and Microflute, i.e. 12+ can beverage carrier multipacks. That is not my understanding of the issue at stake in this case. If he did want to answer the question in terms of end use, he should have considered other end uses of kraft paperboard and Microflute.

I confirm and stand by my previous opinion that microflute and coated kraft paperboard are not like goods.

Respectfully submitted,

A handwritten signature in black ink that reads "Charles P. Klass". The signature is written in a cursive, flowing style.

Charles P. Klass