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The Director
Investigations 2
Anti-Dumping Commission
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Public File

Dear Sir/Madam

Review 547 & 551 – A4 Copy Paper exported to Australia – Australian Paper Imports in 2019

Paper Australia Pty Ltd (hereafter referred to as “Australian Paper”, or “AP”) submits the following response to the Anti-Dumping Commission’s follow-up questions relating to AP’s import volumes during the 2019 review period.

1. Identify the import source and reasons for importing for each of the products in the table below

Australian Paper has submits the below table furnished with our comments in blue.

Profit Center	4900
Colour Name	White
Import/Manuf.	I
Size Code	A4

Material description [confidential]	Product Code	Sales Quantity (KG) [confidential]	Revenue/ KG [confidential]	Import Source [confidential]	Reason Imported	Like Goods?
	104917				*Temporary Mill production issue*	Yes
	108828				Outside AP manufacturing scope	No
	108829				Outside AP manufacturing scope	No
	118924				Outside AP manufacturing scope	Yes
	188961				Outside AP manufacturing scope	No



	188963				Outside AP manufacturing scope	No
	118922				Outside AP manufacturing scope	Yes
	161953				Replenishment Error*	Yes
	127685				Outside AP manufacturing scope	No
	127683				Outside AP manufacturing scope	No
	127684				Outside AP manufacturing scope	No
	193747				Outside AP manufacturing scope	No
	127682				Outside AP manufacturing scope	No
	161294				Outside AP manufacturing scope	Yes
	126781				Converted using AP base paper	Yes
	127675				Outside AP manufacturing scope	No
	195104				Converted using AP base paper	Yes
	195105				Converted using AP base paper	Yes
	134736				Outside AP manufacturing scope	Yes

*[161953]: AP historically ranged [brand] for [customer] but the product was deleted in 2018 through range rationalisation. AP believes the 2019 volume was caused by an auto-replenished in error with other [supplier] SKUs. The low volume of ~XX tonnes would also indicate this.

*Temporary mill production issue discussed in detail below.

2. Clarify why the unit pricing for product codes 126781 and 195104 are significantly below the unit pricing of other product codes (this issue was canvassed by Juan on other sales, but I want to clarify for these sales also).

These products were discontinued ranges which are no longer offered by AP. The stock was also aged, and considering the very low volume of the inventory (~X tonnes) AP made the decision to [pricing] to clear stocks from inventory.

3. Clarify why there is a significant difference between the imported quantity (about 7, 500 MT) and the sold quantity in the table above (which is in kgs).

Australian Paper confirms that the 7,500 tonnes of imports referred to by the Commission and listed as being imported by AP in 2019 is attributable to 3 sources being; approximately XXX tonnes from Austria ([supplier] grades not produced by AP), XXXX tonnes from South Africa ([supplier] plain wrap copy paper), and XXXX tonnes from Malaysia (Australian manufactured paper converted and packaged in Malaysia).

The XXXX tonnes imported from Malaysia were converted and packaged by [supplier] using AP manufactured uncoated woodfree base paper. The reason for the temporary arrangement is outlined in AP's response to question 4 below. There was no formal executed agreement as AP could not commit to volume and duration for the task and it effectively became a casual toll converting task that AP took all the risk on.

Whilst these volumes have been picked up in the import statistic given that the product re-entered Australia as finished product considered like goods, the product itself is considered to be Australian made given that the base paper was produced domestically and it adhered to legal framework of 'Australian made' product claims through the 'substantial transformation' test. Therefore these sales are included as 'manufactured' goods in our KE24 sales data, which is why they are not listed in the Commission's data extract from sales of imported goods above (from Appendix A5).

AP supplied all pallets, packaging and base paper and paid for all costs associated with the export of the 'raw material' to Malaysia as well as the import back into Australia i.e. from Maryvale to [supplier] gate and return to AP's warehouse. AP and [supplier] had an agreed price of USD\$XX per tonne to convert, which as the Commission is aware, constitutes a small percentage of the total cost to make and sell the product. The vast majority of the cost incurred in A4 copy paper production is incurred during the production of the pulp, and paper itself, with conversion and packaging into cut sheet reams from paper reels contributing a small percentage of the total cost to make and sell.

Therefore AP submits to the Commission that the 7,500MT included in the import statistics will be inflated to include products which should be considered domestic production, and that the data submitted to the Commission during the conduct of Review 547 and the Australian Industry Verification should be considered accurate. When removing the XXXX tonnes of Australian made product which was only converted/packageg in Malaysia from the imports, we are left with only XXXX tonnes from South Africa and XXX tonnes from Austria.

On importation of the product from South Africa, AP discovered that a significant portion of the shipments from SA were moisture/mould damaged, and as a result this product was fully repatriated [burden of cost] to South Africa and new product was then imported to Australia (around XXXX tonnes). The impact of this meant that of total XXXX tonnes imported only around XXXX tonnes of this was usable product. The Commission will see this in our imported product sales data showing ~XXXX tonnes of plain wrap copy paper from [supplier] South Africa. Therefore, removing a further ~XXXX tonnes from the import statistics leaves only ~XXXX tonnes of genuinely imported product by AP, which is very close to the figure reported in AP's verified sales data for 2019.

The Commission may question as to why the remaining 2019 import volumes does not 'exactly' match with the 2019 sales figures, however AP can advise that timing difference in importation and sales will account for the small margin of error. For example, for AP imported volume does not necessarily mean a sale, i.e. the volume is not sold on importation as is often the case with foreign exporters/importers to Australia since AP has access to warehousing facilities where the inventory sits until sold. It's likely that some volume sold in 2019 was imported in 2018, and some volume imported in 2019 may be sold in 2020 and in all cases there will be a difference equal to the inventory volume held.

4. Clarify, as per Jackaroo's questionnaire response, whether the imports from Malaysia were the result of "[Australian Paper not having] sufficient copy paper cutting capacity to supply the entire market which has resulted with them sending unconverted reels to Malaysia and importing cut size paper."

As detailed in AP's responses to the preceding two questions, the decision to engage [supplier] in a temporary toll converting arrangement, and [supplier] South Africa manufactured paper was simply to ensure that AP's customers were not impacted by a temporary bottleneck on AP's converting line at Maryvale caused by a sudden unforecasted increase in demand for specific grades which AP did not at the time have sufficient inventory to supply a small number of customers.

Jackaroo's statement that Australian Paper does not have sufficient capacity to supply the Australian market is simply incorrect, and as the Commission will attest Maryvale sheeters (converting machinery) are able to produce some XXXXXX tonnes of cut size per annum, whilst M5's capacity is slightly higher again at around XXXXXX tonnes per annum. This information was verified in both Investigation 341, 463 and Review 547.

The impact on AP's sales volumes caused by a number of years of dumping meant that following the Minister's decision following Investigation 463 to apply dumping duties, customers placed unforecasted orders with AP, our inventory and production planners experienced a short term supply squeeze. The equipment and labour needed to be ramped up and this turnaround was not as quick as the speed at which customers came back to AP and placed orders. As a result, in order to keep our customers satisfied and fully supplied, AP engaged [supplier] in Malaysia to provide a temporary buffer, and [supplier] in South Africa for a 'fail-safe' supply on a temporary basis.

Unfortunately, such is the case with our dynamic and competitive market; that no sooner had equipment and training been brought up to necessary levels, AP's orders started to fall again due to the impact of remerging imports from China and Indonesia.

Brands and Customers Impacted:

[Supplier] Malaysia converted/package AP brands:

- [Customer brand] – exclusively sold to [Customer] members
- [Customer] brand – exclusively sold to [Customer] members
- [AP mill brand] – mostly sold to [Customer] members, Non-aligned independent retail customers and [Customer].

The [supplier] product was substituted for the Australian made product with [pricing].

[Supplier] South Africa Plain Wrap:

- As the packaging was generic plain white wrap, it was initially sold [pricing] of [generic mill brands] to encourage customer adoption [customer feedback]
- As AP returned to normal branded supply even sooner than expected, there was limited demand for the plain wrap and the remainder was cleared at [pricing].

If you have any questions concerning this submission please do not hesitate to contact me on 0425 619 667.

Yours sincerely



Matt Decarne
Trade Affairs Manager