

20 October 2020

Ms Jasna Halilovic
Assistant Director
Investigations 2
Anti-Dumping Commission

Our ref: RXW/RXW
Matter no: 9631632

By email: jasna.halilovic@adcommission.gov.au

Dear Ms Halilovic

Review of anti-dumping measures applying to A4 copy paper exported from Brazil, China, Indonesia, and Thailand (Review)

We act for Officeworks Limited (**Officeworks**). The purpose of this letter is to respond to the claims made by Australia Paper Pty Ltd (**AP**) in its letter dated 31 July 2020.

No undercutting of AP pricing - AP has claimed that Officeworks is purchasing A4 copy paper at dumped prices that undercut the Australian industry. These claims are simply false

[Details on pricing]

Officeworks changed supplier for the reasons set out in its importer questionnaire response. Namely,

[Reasons for changing supplier]

Enclosed is the AP pricing offer made to Officeworks in March 2019 (confidential Attachment A). The ADC has the Officeworks response to the importer questionnaire and can use this information to verify the costs incurred by Officeworks to purchase, import, and deliver the imported goods to its distribution centres.

[Details on pricing]

In making its unsubstantiated claims of dumping, AP has seemingly

[Comparison of pricing by differential suppliers] Officeworks will respectively leave any findings of dumping to the ADC who will make its assessment based on actual export prices and the supplier's normal value.

Importance of secondary characteristics - In its submission, AP dismisses the importance of product characteristics such as weight, whiteness, and recycled content in supplier selection. It places the primary importance on price. Put simply, Officeworks is the purchaser, and made AP aware that secondary characteristics were important to it, and its customers. AP declined to provide the range required by Officeworks

[Details on pricing]

Officeworks is surprised by AP's claims regarding whiteness. AP's own premium brand, Reflex, is marketed as "ultra-white". AP asserts that if it were as simple as making a whiter paper, it

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would do so and charge a premium. Ironically, this ostensibly describes what AP *does do* with its Reflex branded paper. If the ADC reviews AP's marketing for Reflex, it will clearly see that Reflex is marketed as a premium product according to the same secondary characteristics that AP suggests are not relevant to consumers.

The claims by AP are also inconsistent. On the one hand it claims that whiteness is irrelevant to price or supplier selection and then claims that Officeworks aligns a lower CIE with the "price-fighter" status of a brand and uses a higher CIE to justify higher pricing. It seems clear that Officeworks and AP disagree on what factors are important when selecting a supplier. In these circumstances it is not surprising that Officeworks changed supplier.

AP has noted that users of the Officeworks website could not purchase "Studymate" and were directed to J. Burrows paper as an alternative. J. Burrows has a higher CIE than "Studymate".

[REDACTED]
[Discussion of internal Officeworks A4 paper strategy] Officeworks' decision to promote J. Burrows over other brands of paper, or paper with other characteristics, does not alter the fact that Officeworks markets products and sets pricing according to secondary characteristics, such as whiteness.

Cost of recycled content – [REDACTED]
[Officeworks comment on the relationship between price and recycled content] The pricing offered by its current supplier for recycled paper is [REDACTED] **[Cost of recycled paper]** versus [REDACTED] **[Cost of non-recycled paper]** for 100% virgin content. While the shipping terms are different, the two goods are received in the Officeworks distribution centre at the following approximate costs [REDACTED] **[Cost]** (recycled) and [REDACTED] **[Cost]** (virgin). The ADC will also note in Attachment A the pricing offered by [REDACTED] **[Name of supplier and product name]** being a recycled paper product.

Paper weight - AP claim that there is a limited market for paper at weights other than 80gsm. In the previous financial year, Officeworks saw a [REDACTED] **[percentage]** increase in the number of units sold in the over 80gsm category.

Price leaders - AP claim that Officeworks are the price leaders. While Officeworks offers the widest range at low prices, an evaluation of market pricing would suggest that each of Kmart, Amazon and Costco have lower everyday prices than those currently offered by Officeworks.

Ultimately, AP asserts that Officeworks' claims are not reliable facts [REDACTED]
[pricing information provided to the ADC] These are objective facts and consistent with Officeworks' claims that, as Australia's largest purchaser of A4 copy paper, it is concerned with factors other than simply price.

Yours faithfully
Hunt & Hunt

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

Russell Wiese
Principal

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