



J.BRACIC & ASSOCIATES
TRADE REMEDY ADVISORS

PO Box 3026
Manuka, ACT 2603
Mobile: +61 499 056 729
Email: john@jbracic.com.au
Web: www.jbracic.com.au

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The Director - Investigations 2
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Investigation into A4 Copy Paper exported from Brazil

Dear Director,

This submission is made on behalf of International Paper do Brasil (IPBR) to the current review of measures into A4 copy paper exported from Brazil. The submission presents IPBR's view on the appropriate method for establishing the non-injurious price ("NIP") relevant to exports from Brazil during the review period.

Application of the lesser duty rule

IPBR notes that the circumstances which would allow the Minister to not give consideration to the lesser duty rule, do not apply in the case of exports from Brazil. That is:

- there are no claims or investigation into whether a particular market situation exists in Brazil;
- the Australian industry does not consist of at least 2 small-medium enterprises; and
- there is no countervailing duty notice applying to exports from Brazil.

As such, consistent with the Commission's recommendation to apply the lesser duty rule during the original investigation, it is expected that the Commission will recommend the application of the lesser duty rule, in so far as it relates to exports from Brazil.

Method for calculating the non-injurious price (NIP)

It is noted and accepted that the Commission will generally derive the NIP from an unsuppressed selling price (USP), which reflects a selling price that the Australian industry could reasonably be expected to achieve in a market unaffected by dumping.

The Commission's preferred method for establishing the USP is the industry's actual selling prices in a period unaffected by dumping, or alternatively, a constructed selling price based on the industry's cost to make and sell plus a reasonable profit. If neither of these options

are considered appropriate, the Commission will have regard to non-dumped and non-subsidised imports in the Australian market.

It is also noted that the Commission's policy is to '*... generally not depart from the approach taken in the original investigation or a previous review, unless there has been a change in circumstances that either makes the earlier USP approach unreasonable, or less preferred amongst the other available options.*'

Proposed USP for Review 551

In its application for review of the measures, Paper Australia ("AP") supported its estimate of the change in normal values by highlighting a substantial increase in raw material pulp prices since the original 2015 investigation period. This is evidenced by IPBR's submitted cost and sales information. It is also understood from published data, that similar increases have occurred in other export markets.

It is curious then in the context of an increasing trend in raw material costs, domestic and export selling prices through the review period, that there appears to be a diverging trend in the Australian market with regards to selling prices. Additionally, the submissions made to the review by Jackaroo Paper Pty Ltd ("Jackaroo") have highlighted that the local manufacturer has itself been a substantial importer of the subject goods from countries not subject to measures. These claims by Jackaroo appear to be confirmed by AP's responses to the Commission's supplementary request for information¹.

Imports by AP are relevant to the review given that, in the case of the Australian market, where trade remedy measures have been imposed against imports from numerous export sources, it is expected that the local manufacturer would have had scope to increase its selling prices in line with production cost increases.

If however Jackaroo's claims are correct, and AP's selling prices of imported copy paper were the lowest or one of the lowest in the market during the review period, there is substance to Jackaroo's view that AP has sought to achieve a competitive advantage knowing that exporters subject to measures were ultimately prevented from selling at prices below their prevailing ascertained export price (export floor price).

If the Commission finds that AP's imports occurred in prices substantially below that of IPBR's comparable exports to Australia during the review period, then these verified selling prices by AP must be accepted as being non-injurious and suitable for establishing the unsuppressed selling prices. Therefore, IPBR supports Jackaroo's claim that the non-injurious prices relevant to IPBR's exports, should be based on AP's import selling prices, less verified importer deductions and post-export deductions incurred by IPBR.

Exports by IPBR

¹ EPR 551, Record no. 13.

IPBR notes that in its most recent submission of 28 September 2020, AP claims *'imports from Brazil over the past decade have totalled in excess of 26,500 tonnes'*². This estimate appears incorrect given the known import volumes supplied by IPBR, which total [REDACTED] tonnes from 2009 – 2019. This reflects an annual import volume of a mere [REDACTED] tonnes.

The Commission is able to compare the actual import volumes from Brazil and South Africa to understand the likely impact of AP's local sales of imported copy paper. Again, IPBR supports Jackaroo's claim that if the import volumes by AP during the review period were greater than the actual import volume from Brazil, then AP's selling prices of South African imported copy paper are suitable for establishing the unsuppressed selling price and non-injurious prices.

Yours sincerely

John Bracic

² EPR 551, Record no. 22, page 1.