Received
Anti-Dumping Commission 16/04/2021

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

15 April 2021

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

Review of measures applying to A4 Copy Paper exported from Brazil

Dear Director,

This submission is made on behalf of Jackaroo Paper Pty Ltd ("Jackaroo") to the current review of measures into A4 copy paper exported from Brazil. The submission presents its response to the Anti-Dumping Commission's ("the Commission") Statement of Essential Facts Report 551 ("SEF 551").

Calculation of the unsuppressed selling price ("USP")

It is noted that the Commission has departed from its original methodology for establishing the USP for the nominated review period. In the original investigation ("Report 341"), the Commission concluded that the Australian industry's selling prices from the period 2012-13 were unaffected by dumping and therefore a suitable basis for USP. In the current review, the Commission departed from relying again on those selling prices and instead has proposed constructing USPs on the basis of the industry's cost to make and sell during the review period, plus '*an amount for profit that reflected the percentage mark-up achieved by Australian Paper in the period 1 July 2012 to 30 June 2013*'.

In explaining its preferred method for calculating the USP, the Commission outlined its reasons for rejecting Jackaroo's view that the Australian industry's imports from South Africa were an appropriate measure of a price that the industry could reasonably achieve in a market unaffected by dumping. The Commission formed the view that:

> *The Commission considers that, given the temporary and makeshift nature of Australian Paper's imports of A4 copy paper from South Africa, and given that the import volume is relatively lower than the total volume imported from the countries subject to this review in 2019, it is unlikely that Australian Paper's selling prices of its imports influenced the market price in 2019 to any significant or sustained extent. Further, the Commission does not consider it preferable to base the USP on the selling prices for the product imported from South Africa because the pricing for this product reflects the fact that it is a plain wrap product. Plain wrap paper generally has a lower price*

> *point relative to private label or the manufacturer's branded products which make up the majority of sales and imports in the Australian market.'*.

Jackaroo disagrees with the first part of the Commission's preliminary finding, that South African imports were unlikely to have influenced market prices more broadly. There is clear evidence provided to the Commission demonstrating that the Australian industry's customers were purchasing South African imported products at a substantial discount to the industry's self-produced copy paper. The volume of South African imports are known to be greater than the total import volume from Brazil during the review period, so it cannot be denied that they had an influence on broader market prices and the industry's prices more specifically.

If the Commission continues to hold the view that South African imports did not influence or impact the Australian industry's prices more generally, then it stands to reason that imports from Brazil are also unlikely to influence or impact Australian industry's selling prices. Like the South African imports, imports from Brazil occurred in only a handful of months and the volume was trivial, being substantial less than the actual sales of South African imports made by the Australian industry.

On that basis, the Commission ought to conclude that export prices from Brazil were non-injurious in the same way as the South African imports by the Australian industry. In doing so, the non-injurious prices should be set equal to the weighted average export price over the review period, which would provide for an effective floor price.

Despite the flawed assessment by the Commission, Jackaroo agrees with the second part of the Commission's preliminary finding, that product characteristics are relevant to ensuring a proper comparison of the USP/NIP and corresponding imports from Brazil by Jackaroo.

This is supported by the Commission's finding in the original Report 341 that there are three broad categories of A4 copy paper sold in the Australian market. These are:

- manufacturer brands;
- private label/customer brands; and
- plain or generic labelled brands.

This product differentiation and market segmentation led the Commission to undertaking its price comparative analysis having regard to:

- comparing weighted average prices, net of rebates and discounts, for the imported goods sold by importers to Australian Paper's weighted average prices, net of rebates and discounts;
- comparing prices at a comparable level of trade which varied specifically taking into account the customers of importers and their level of trade as classified by the importer and Australian Paper's classification of the same customers;
- comparing the products sold by the importer with the most relevant products sold by Australian Paper taking into consideration recycled content and the product categories specified in section 5.3; and
- was conducted on the basis of the pricing of 80 gsm paper, as this is the most common product sold in Australia.

Therefore, Jackaroo agrees that a proper 'apples-to-apples' price comparison would not allow for the plain or generic labelled paper to be compared with higher priced manufacturer branded paper, and vice versa, given the price differential evident in the market.

To that end, a proper price comparison is necessary and critical to ensuring that the imposed measures are effective. That is, measures would be ineffective in providing relief to industry from injurious effects of dumping, if the minimum price necessary to prevent injury (ie. NIP) for imported manufacturer brands, was set on the basis of the Australian industry's selling prices of generic labelled brands.

Equally, measures would go beyond addressing the effects of dumping, if the minimum price necessary to prevent injury (ie. NIP) for imported generic labelled brands were set on the basis of the Australian industry's selling prices of recycled manufacturer labelled brands. In this circumstance, the achievable unsuppressed selling price for the Australian industry's comparable generic labelled products would be substantially higher than what could reasonably be achieved in a market unaffected by dumping.

Given the obvious importance of proper price comparison to the effectiveness of the imposed measures, it is unclear whether the Commission has had regard to the identified differing product characteristics in establishing the USP for imports from Brazil. Beyond highlighting that generic labelled imports from South Africa did not provide a proper comparison with imports more generally, SEF 551 provides no explanation or understanding of the extent to which the constructed USPs were a reasonable starting point for calculating non-injurious prices, and comparing with corresponding normal values.

Consequently, Jackaroo identifies the following factors which must accounted for in constructing USPs for imports from Brazil.

a) exclusion of all direct selling expenses related to sales of the industry's 'Reflex' brand, including advertising expenses, commissions, etc;
b) exclusion of all manufacturing costs associated with recycled copy paper;
c) exclusion of selling prices for recycled and/or Reflex branded products in calculating industry's profit from 2012-13; and
- exclusion of all direct selling expenses associated with the industry's exportation of jumbo rolls and subsequent reimportation of cut-size paper.

Only by excluding the above items from the construction of the USP, would the non-injurious prices be able to be properly compared with the corresponding normal values for exports from Brazil. Failure to exclude these items would prevent the proper application of the lesser duty rule.

Yours sincerely

John Bracic