



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

Application for the publication of
Dumping duty notice

White Uncoated
A4 Copy (Cut Sheet) Paper
Exported from Indonesia by Pabrik
Kertas Tjiwi Kimia TBK

March 2021

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with section 269TB of the *Customs Act 1901* (the Act), that the Minister publish in respect of goods the subject of this application:

- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice.


This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:


- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

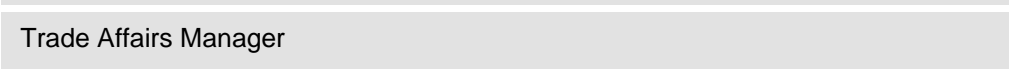
I believe that the information contained in this application:

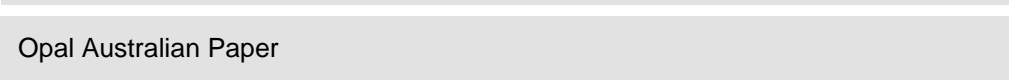
- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

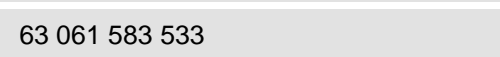
Please note that giving false or misleading information is a serious offence.

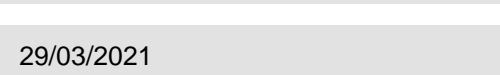
Signature: 

Name: 

Position: 

Company: 

ABN: 

Date: 

IMPORTANT INFORMATION

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's Client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants on the application for the publication of dumping and/or countervailing duty notices*
- *Instructions and Guidelines for applicants on the examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 13 28 46

Email: clientsupport@adcommission.gov.au

Information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act 2001*), may obtain assistance, at no charge, from the International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit www.business.gov.au or telephone the ITRA Service Hotline on +61 2 6213 7267.

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there appear to be reasonable grounds for the publication of a dumping duty or countervailing duty notice and initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions are answered; and

- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to evaluate industry trends and assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form does not specifically address all the information required when making a claim that the establishment of an Australian industry producing like goods has been or may be materially hindered. If you are considering making such a claim, please contact the Commission to discuss information requirements.

The application form requests data over several periods (P¹, P²...Pⁿ) to evaluate industry trends and to correlate injury with dumped or subsidised imports. The labels P¹...Pⁿ are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicants should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During verification, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

Appendices	Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u> . If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u>).
Provision of data	Industry financial data must, wherever possible, be submitted in an electronic format. <ul style="list-style-type: none"> • The data should be submitted on a media format compatible with Microsoft Windows. • Microsoft Excel, or an Excel compatible format, is required. • If the data cannot be presented electronically please contact the Commission’s client support section for advice.
Lodgement of the application	This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either: <ul style="list-style-type: none"> • preferably, email, using the email address clientsupport@adcommission.gov.au, or • post to: The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or • facsimile, using the number (03) 8539 2499.
Public Record	During an investigation all interested parties are given the opportunity to defend their interests by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission’s website at www.adcommission.gov.au . At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked “FOR OFFICIAL USE ONLY” or “PUBLIC RECORD”. The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the publication of a dumping duty or countervailing duty notice, or, if those reasons cannot be summarised, a statement of reasons why a summary is not possible.

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

A-1 Identity and communication

Please nominate a person in your company for contact about the application:

Contact Name: Matt Decarne
Company and position: Trade Affairs Manager
Address: 307 Ferntree Gully Road, Mt Waverley, Victoria, 3149
Telephone: (03) 8540 2451
E-mail address: matt.decarne@australianpaper.com.au
ABN: 49 082 475 438

Alternative contact

Name: Adrian Berton
Position in company: Group General Manager
Address: 307 Ferntree Gully Road, Mt Waverley, Victoria, 3149
Telephone: (03) 5136 0200
E-mail address: adrian.berton@australianpaper.com.au

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name:
Business name:
Address:
Telephone:
Facsimile:
E-mail address:
ABN:

A-2 Company information

1. State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.

The name of the applicant company requesting the anti-dumping measures is as follows:

Paper Australia Pty Ltd (ACN 061 583 533)
307 Ferntree Gully Road,
Mt. Waverley VIC 3149

Australian Paper Pty. Ltd. (ACN 082 475 438) is a wholly owned subsidiary company of Paper Australia Pty Ltd and is effectively dormant. The name 'Opal Australian Paper' or just 'Australian Paper' (abbreviated 'OAP' or 'AP') is used as a business or trading name for Paper Australia Pty Ltd and is the usual way in which Paper Australia Pty Ltd is referred to in common use.

Exports of the goods (other than to New Zealand) are generally undertaken by 'Paper Products Marketing' (abbreviated 'PPM'), a collection of 5 subsidiary companies of Paper Australia Pty Ltd which trades in paper worldwide.

Throughout this application, 'Opal Australian Paper' or 'OAP' will refer to Paper Australia Pty Ltd, which includes the business previously known as 'Australian Paper' and the 5 subsidiary companies that make up PPM.

2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

Please refer to *Confidential Attachment A-2.2.1 Opal Group Organisational Chart*.

Opal Australian Paper:

Opal Australian Paper has a proud history in local paper manufacturing. The Maryvale Mill opened in Victoria's Latrobe Valley in 1937 and has since grown to be one of the largest employers in the region, manufacturing close to 600,000 tonnes of paper and board annually. Opal Australian Paper is a vertically integrated manufacturer of pulp and paper, and Australia's only manufacturer of copy, printing and inkjet papers, and bag, sack, and industrial papers.

Within Opal Australian Paper there are a number of key business functions:

- 'Office', which manufactures, imports and sells envelopes & stationery and sells Opal Australian Paper's cut sheet paper as well as a very small volume of imported cut sheet paper in Australia and New Zealand;
- 'Printing Papers', which sells Opal Australian Papers printing and converting papers in Australia and New Zealand. Opal Australian Paper's small specialty paper mill, Shoalhaven, reports to this business;
- 'Packaging', which sells Opal Australian Paper's packaging and industrial papers;
- 'Maryvale mill' which manufactures Opal Australian Paper's high-volume papers including cut sheet paper, printing & converting papers and packaging & industrial papers; and
- 'Paper Products Marketing' (PPM) undertakes the overseas sales & export (except to NZ) of Opal Australian Paper's products including cut sheet paper and also trades papers manufactured by other companies internationally.

Other Opal Businesses Unrelated to this Application:

Opal Paper and Recycling:

Opal Paper and Recycling annually produces more than 400,000 tonnes of high quality 100% recycled packaging containerboard for conversion into corrugated board through Opal Fibre Packaging, Opal Kiwi Packaging and customers in North America and South East Asia.

The Opal Converting Group:

The Opal Converting Group includes Opal Cartons Australia, Opal Bag Solutions and Opal Functional Coatings. Opal Cartons Australia works closely with customers to produce innovative folding carton packaging that services various markets including FMCG, dry grocery products, personal & home care, convenience food, dairy and frozen food. The division's carton product

portfolio includes quick service restaurant (QSR) cartons, carton sleeves, carry packs, facial tissue cartons, confectionery cartons, general retail folding cartons, and cartons for technology gadgets and medical products.

Opal Fibre Packaging:

Opal Fibre Packaging supplies a wide range of innovative corrugated packaging solutions to a broad range of market segments that includes FMCG, fruit and produce, protein, dairy, dry goods, wine, beverage and industrial manufacturers.

Opal Kiwi Packaging:

Opal Kiwi Packaging is New Zealand's leading supplier of fibre packaging, providing tailored customer solutions through our local manufacturing sites based in Auckland, Hastings and Christchurch. This division specialises in manufacturing innovative, purpose-built corrugated fibre cartons and boxes for a range of key New Zealand markets including fresh produce, meat, seafood and poultry, FMCG, wine and beverage and industrial.

Opal Specialty Packaging:

The Opal Specialty Packaging division includes Opal Specialty Packaging, Opal Packaging Plus, Opal Innovation & Design, and the Strategic New Business Development Team that focuses on the identification and commercialisation of a range of sustainable packaging solutions. Opal Specialty Packaging offers bespoke packaging solutions to small, medium or large businesses, from packaging design to manufacturing material and point-of-purchase displays for retailers.

Further information relating to Opal divisions and functions can be found at <https://opalanz.com/divisions/>

Opal's division management chart can be found in *Confidential Attachment A-2.2.2 Opal Management Org Chart*.

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

Paper Australia Pty Ltd is a wholly owned subsidiary of Nippon Paper Industries Co. Ltd ('NPI') registered in Japan (Prior to 1 April 2013 Nippon Paper Group Inc.).

<http://www.nipponpapergroup.com/english/>

4. If your company is a subsidiary of another company list the major shareholders of that company.

Paper Australia Pty Ltd is a wholly owned subsidiary of Nippon Paper Industries Co Ltd.

Note that the Parent Company name changed from Nippon Paper Group to Nippon Paper Industries on 1 April 2013.

No individual shareholders of Nippon Paper Industries Co. Ltd had greater than 10 per cent of shares as of April 1 2014.

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

Not Applicable

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

Confidential Attachment A-2.6 includes a diagram of the associated or affiliated companies.

If further information on the companies associated or affiliated with Nippon Paper Industries Co. Ltd is required, this is available from their website at:

<http://www.nipponpapergroup.com/english/about/group/>

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

There are no management fees/corporate allocations charged to Opal Australian Paper by its parent or related company.

Opal Australian Paper does, however, cover the majority of salaries and costs associated with ex-pat employees from the parent company working in its business and also technical fees on a usage basis.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

Opal Australian Paper and its subsidiaries and associated companies are not significant exporters of the goods to Australia.

Opal Australian Paper imports include a small volume of cut sheet paper as a compliment to its range where demand does not justify local production. In 2020 sales of these imports totalled approximately XXX tonnes or less than X per cent of OAP's domestic sales of like goods.

Some significant importers of the goods and customers of the importers are also customers of Opal Australian Paper.

9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Opal Australian Paper changed from a July-June financial Year to a January-December financial year in 2009, with a half-year report July-December 2009 being produced, then annual reports for calendar year 2010 onwards.

A copy of the 2019 annual report is included at *Confidential Attachment A-2.9.1 2019 Paper Australian financial FINAL signed*. The 2020 annual report is not available at time of lodgement of this application.

Further background about Opal Australian Paper's business activities can be found at <https://opalanz.com/divisions/opal-australian-paper/>

10. Provide details of any relevant industry association.

Opal Australian Paper is a member of the following Industry Association:

Australian Forest Products Association
PO BOX 239 Deakin West
ACT 2600
Phone: (02) 6285 3833

Facsimile: (02) 6285 3855
enquiries@ausfpa.com.au
www.ausfpa.com.au

A-3 The imported and locally produced goods

1. Fully describe the imported product(s) the subject of your application:
 1. Include physical, technical or other properties.
 2. Where the application covers a range of products, list this information for each make and model in the range.
 3. Supply technical documentation where appropriate.

The imported products the subject of this application are:

uncoated white paper of a type used for writing, printing or other graphic purposes, in the nominal basis weight range of 67 to 100 gsm (grams per square metre) and cut to sheets of metric size A4 (210mm x 297mm) (also commonly referred to as cut sheet paper, copy paper, office paper or laser paper).*

The paper is not coated, watermarked or embossed and is subjectively white. It is made mainly from bleached chemical pulp and/or from pulp obtained by a mechanical or chemi-mechanical process and/or from recycled pulp.

The Anti-Dumping Commission ('the Commission') recently investigated exports of A4 copy paper of a basis weight of ~68gsm to Australia in an Anti-Circumvention inquiry (No. 552). The Final Report detailed the Commissioner's opinion that the definition of like goods should be extended to include the 68gsm copy paper. As such, in this application when OAP refers to the like goods, it intends to include all goods captured in the above statement.

Opal Australian Paper understands that the majority of the goods exported to Australia by the exporter named in this application Pabrik Kertas Tjiwi Kimia TBK ('Tjiwi Kimia') are of a basis weight of 80 gsm although a smaller volume of other basis weights may also be exported. Unfortunately the tariff codes do not provide any further granularity beyond what is detailed below in codes 4802.56.10/03 & 4802.5610/09 being for 40-80gsm and 90-150gsm respectively. Whilst OAP is therefore not able to provide an exact breakdown of the gsm of the imported goods, it is important to note that for the purpose of this investigation, all goods exported by Tjiwi Kimia to Australia within the investigation period between 67gsm to 100gsm have caused material injury to the Australian Industry since they are all 'like goods' despite the fact that OAP expects that the majority of the imports are 80gsm.

Therefore given that it is not known what volume of like goods that Tjiwi Kimia has exported 'other than' that which is 80gsm i.e. 67-79gsm & 81-100gsm; and since Tjiwi Kimia is known to have the ability to produce and export like goods anywhere within the range of 67-100gsm, and does so for its domestic Indonesian market, it is important that the Commission maintain its position that the definition of like goods extend to all white A4 copy paper with a basis weight between 67-100gsm given the physical, functional, commercial and production likeness. If the Commission does not publish a dumping duty notice in respect of all like goods across the entire range of gsm which ordinarily constitutes copy paper, there is a high degree of likelihood that the measures will be circumvented through minor modification as was the case in Circumvention Inquiry No. 552.

2. List the tariff classification(s) and statistical code(s) of the imported goods.

Period	Subheading/statistical code	Description/gsm
From 1 January 2012	4802.56.10/03	A4 paper 40-89 gsm white
	4802.56.10/09	A4 paper 90 to less than 150 gsm
Prior to 1 January 2012	4802.56.10/03	A4 paper 40-89 gsm

This application is limited to imports of A4 copy paper. In Investigation No. 341 it was brought to the attention of the Anti-Dumping Commission that some goods could be imported under subheading 4802.56.00 statistical code 09. This includes some A4 copy paper that is greater than 89 gsm and up to and including 100 gsm.

3. Fully describe your product(s) that are 'like' to the imported product:
1. Include physical, technical or other properties.
 2. Where the application covers a range of products, list this information for each make and model in the range.
 3. Supply technical documentation where appropriate.
 4. Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

The like goods produced by Opal Australian Paper are uncoated white paper of a type used for writing, printing or other graphic purposes ordinarily of a basis weight of 80gsm, and cut to sheets of metric sizes A4 (210mm x 297mm) (also commonly referred to as cut sheet paper, copy paper, office paper or laser paper). Whilst Opal Australian Paper produces only 80gsm copy paper, it is noteworthy that all products imported with a basis weight between 67gsm and 100gsm are considered physically, functionally, and commercially alike to the goods produced by the Australian Industry as found to be the case in Investigation No. 341 & 463, as well as Reviews 547, 551 (ongoing) & Circumvention inquiry 552, as well as being produced in a like manner.

The paper is not coated, watermarked or embossed and is subjectively white. It is made mainly from bleached chemical pulp and/or from recycled pulp.

Opal Australian Paper has included technical documentation for the goods at *Confidential Attachment A-3.3 - OAP Sample of Copy Paper Specs*.

Additional information on Opal Australian Paper and the products is available from the following website <https://opalan.com/products/office-and-home/copy-paper/>

4. Describe the ways in which the essential characteristics of the imported goods are like to the goods produced by the Australian industry.

Opal Australian Paper contends that the imported goods possess similar essential characteristics to locally produced A4 cut paper in the following ways:

a. Physical Likeness

Both the imported goods and the goods produced by the Australian industry are white paper cut in rectangular sheets and generally wrapped in reams of typically 500 sheets, but also sold in packs containing different numbers of sheets. Both are what the Australian consumer would recognise as white copy paper. Unless placed side by side, the average consumer would be unlikely to notice any difference between them.

In the Australian market, the predominant sheet size and basis weight is A4, 80 gsm. The old imperial sheet sizes have fallen out of use. As well as the 80gsm weight which dominates the Australian market, some 70gsm, 75 gsm, 90 gsm and 100gsm is used together with small amounts of heavier weights used for special purposes.

The imported goods and the goods produced by the Australian industry are physically alike in all practical aspects.

b. Commercial Likeness

The imported goods and the goods produced by the Australian industry compete for the same market. In particular, a significant portion of the Australian market is goods wrapped and sold as the purchaser's own brand ('Private Label'). In this portion of the market, together with the 'plain wrap' and generic products, there is direct head-to-head competition between imported goods and the goods produced by the Australian industry. At different times in the past, Opal Australian Paper has previously supplied several of the purchaser's brand products now sourced from imports, due to the high degree of interchangeability of the Australian produced and imported products.

Where the goods are wrapped and sold in the manufacturer's brand and are heavily promoted, e.g. Opal Australian Paper's 'REFLEX®' brand, there is some short-term decoupling of price, but ultimately the end consumer will switch based on the trade-off between price, service and reputation. Low import pricing has in recent years been the limiting factor of price growth for all market segments, given that private label, and branded products compete in the same market channels. i.e. competing for ranging at major resellers, and on the same shelf space at retailers.

The locally produced goods and the imported goods are therefore commercially alike.

c. Functional Likeness

Both the imported goods and the goods produced by the Australian industry are used in the same range of applications, including high speed and low speed copying, printing (both on computer printers and small offset printers), and general use in business, education and home offices as well as in small offset printers.

The imported goods and the goods produced by the Australian industry are functionally alike in all practical aspects.

In the domestic markets of the exporting countries, the goods produced by the exporters in the nominated countries which are generally comparable with the goods sold in the Australian domestic market. There are also lower priced goods which have significantly inferior appearance (e.g. lower brightness, lower whiteness, poor surface finish, specks, inconsistency etc.) and, at times, functionality (e.g. unsuited to high speed duplex copying or printing) when compared with the 'export grade' goods.

d. Production Likeness

The paper production and finishing processes are substantially identical across the large-scale industry. Whilst some 'non-integrated' mills, use pulp purchased from bleached pulp mills located elsewhere, other 'integrated' mills, such as Opal Australian Paper mill in Maryvale Victoria, have their own bleached pulp mills on site.

The imported goods and the goods produced by the Australian industry are manufactured using equipment and processes which are alike in all significant practical aspects and which are as described in A-3.6 below.

Like Goods - Investigation No. 341

The Commission considered whether the Australian industry manufactures like goods to the imported goods in Investigation No. 341. The Commission stated in Report No. 341¹:

3.5.3.1 The primary physical characteristics of imported and locally produced goods are similar

¹ Report No. 341, P. 25-26.

The Commission considers that the primary physical characteristics of the goods are the standard dimensions of A4 copy paper and the nominal whiteness in the colour of the paper. While 'whiteness' may marginally vary between different brands and models of paper, most end users would not perceive any marked difference. The Commission considers that other characteristics of the goods, such as packaging, certification, grams per square metre, brightness, recycled content and 'type of' whiteness are secondary characteristics which do not affect the essential physical likeness of domestically produced A4 copy paper to imported A4 copy paper. These secondary characteristics may be used by manufacturers to differentiate between products for marketing and pricing purposes.

3.5.3.2 The imported and locally produced goods are commercially alike as they are sold to common end users

The goods are commercially similar as they directly compete in the same market sectors and have similar distribution channels. The Commission observes that customers and end users of the goods have switched between domestically sourced and import sourced A4 copy paper during the investigation period.

3.5.3.3 The imported and locally produced goods are functionally alike as they have the same end uses

The Commission considers that imported and domestically produced A4 copy paper have the same end uses and that they are functionally substitutable. Common uses include copying and printing.

3.5.3.4 The imported and locally produced goods are manufactured in a similar manner

Through visiting Australian industry and cooperative exporters, the Commission is satisfied that imported and domestically produced copy paper are produced in a similar manner, using similar raw materials and production processes.

Having regard to the above, the Commissioner is satisfied that the Australian industry produces like goods to the goods that are the subject of the application.

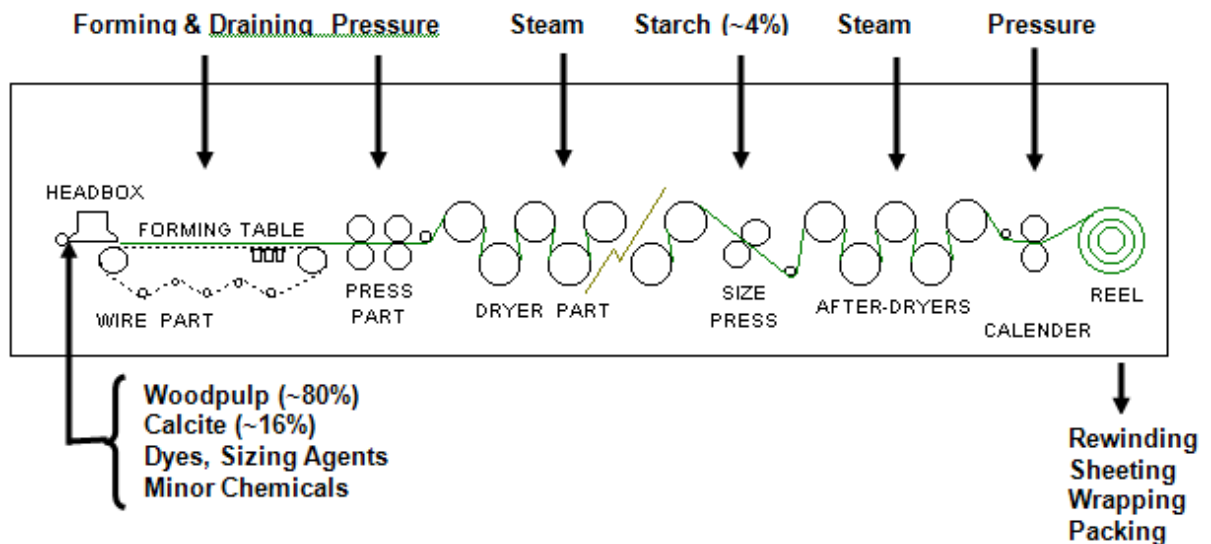
Opal Australian Paper submits that there have been no changes to the goods or in the production of the goods manufactured by the Australian industry in the period subsequent to the commencement of Investigation No. 341. Opal Australian Paper therefore continues to maintain the view (as supported by the Commission) that the imported goods possess the same essential characteristics as locally produced cut sheet paper. This was reaffirmed in Investigation No. 463, and Reviews 547, 551 (ongoing), and Circumvention Inquiry 552.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

The Australian and New Zealand Standard Industrial Classification Code (ANZSIC) for cut sheet paper is 1510 - Pulp, Paper and Paperboard Manufacturing.

6. Provide a summary and a diagram of your production process.

Opal Australian Paper's production process is as set out by the diagram below.



The major raw material used in papermaking is wood pulp, including recycled wood pulp. At the Opal Australian Paper mill located in Maryvale, Gippsland Victoria, the majority of wood pulp used is produced on site and this is supplemented by up to 10 per cent imported pulps, while at some overseas mills, all or most of the wood pulp is manufactured elsewhere and may be purchased on the international market or, quite frequently, from related companies in the country of export. The other two key materials used are Calcite and Starch, which for Opal Australian Paper are both produced and supplied from within Australia.

The papermaking process in all printing & writing paper mills starts by preparing and blending pulps, filler, starch, sizing agents, dyes and minor chemicals which are then, in very dilute form (less than 1 per cent solids) pumped to a 'headbox' or horizontal nozzle which forms the paper sheet on a horizontal rapidly moving mesh belt or 'wire' from which some of the water is drained by gravity and by suction. At the end of the wire, the paper sheet is still only around 20 per cent solids (80 per cent water). The sheet then passes through a series of press rolls and more water is removed by pressure, leaving the sheet about 40 per cent solids (60 per cent water). The remainder of the water is removed by evaporation as the sheet passes around a series of steam heated drying cylinders.

The sheet then has a layer of starch applied to each surface at the 'size press' and is again dried using steam heated cylinders and calendered between smooth rolls at high pressures to give a smooth surface. The sheet is then rolled into parent rolls or 'Jumbos' several metres long and over 2 meters in diameter, weighing several tonnes.

The Jumbos are then rewound into smaller reels, generally 1.5 metres in diameter and around 2.5 metres long for use in the sheeting process. These smaller reels are cut directly into A4, or other cut sheet sizes, usually but not always wrapped as reams (generally, but not exclusively of 500 sheets), packed into boxes and the boxes palletised on highly automated 'finishing' equipment (the 'Cut Size Lines').

At this point the cut sheet paper is ready for loading for shipment.

Note that other uncoated woodfree papers (not cut sheet paper and therefore not like goods) to be sold in rolls or large 'folio' sheets undergo the same process on the same equipment to the point of rewinding the jumbo reels, but is then 'finished' differently as rolls or sheets for use in the customers' manufacturing processes such as printing or paper stationery manufacture.

Additional background related to Opal AP's Maryvale Mill can be found in *Confidential Attachment A-3.6 Maryvale Mill Overview*

7. If your product is manufactured from both Australian and imported inputs:

5. describe the use of the imported inputs; and
6. identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

Historically, Opal Australian Paper purchased recycled pulp from Amcor Australia. However, from April 2015 Opal Australian Paper has produced pulp locally at its Maryvale site.

Between mid-2102 and April 2015 Imported De-inked Pulp ('DIP') was used in Opal Australian Paper's recycled grades although inputs were on average less than XX per cent of the domestic product. Imports over the period were limited to long fibre wood pulp, recycled pulp), and some dyes and other chemicals. Imported DIP was last purchased in Feb 2015 and was last used in around May 2015. Installation of the Maryvale DIP Plant has subsequently tripled Opal Australian Paper's usage of recycled fibres, and was designed to divert 80,000 tonnes of wastepaper away from landfill per year.

The entire manufacturing process from wood to wrapped, boxed and palletised cut sheet paper takes place in Australia (at the Maryvale mill of Opal Australian Paper).

The paper manufacturing process is very capital intensive, with approximately A\$2,000 of investment in the paper making machine alone for each annual tonne of paper production, with additional investment downstream in highly automated sheeting and packaging equipment, as well as upstream in pulp manufacture and in infrastructure such as steam boilers and chemical preparation equipment. As an example, Maryvale's M5 paper machine, used for cut sheet paper production, was installed in 1997 at a cost of \$330 million for a capacity of 160,000 tonnes/year (now 200,000 tonnes/year) and the sheeting and packing equipment installed with that machine cost about \$20 million for a capacity of 95,000 tonnes/year (a second line has been added for a sheeting capacity of 190-210,000 tonnes/year).

The entire Opal Australian Paper Maryvale mill has a capital replacement value of greater than \$3 Billion.

8. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).

The goods the subject of this application is not considered "a processed agricultural good".

9. Supply a list of the names and contact details of all other Australian producers of the product.

Opal Australian Paper is the sole Australian manufacturer of A4 copy paper.

10. If different models can be established for the goods subject to the application:
 1. What are the differences in physical characteristics that give rise to distinguishable and material differences in price?

As described in Opal Australian Paper's extended response below, it has been demonstrated in past investigations that there is little discernible physical difference in the like goods which give rise to distinguishable or material differences in price.

Whilst recycled content gives rise to an increased cost to make the like goods, due to the required de-inking of recovered Uncoated Woodfree papers (UCWF), this does not translate to any corresponding increase in selling price in the Australian market place.

The Australian market is overwhelmingly dominated by the sale of 80gsm A4 copy paper, with

relatively small volumes of other basis weight papers being sold domestically. As such Opal Australian Paper only produces like goods which are 80gsm and imports a small volume of supplementary copy paper weights given that domestic demand does not justify production. However all copy paper in the basis weight range of 67-100gsm are considered to be like goods in terms of the physical, functional, commercial and production likeness of the goods.

Summary of Investigation No. 341 Findings related to Physical Characteristics of Like Goods

The Commission considered whether the Australian industry manufactures like goods to the imported goods in Investigation No. 341. The Commission stated in Report No. 341:

“The Commission considers that other characteristics of the goods, such as packaging, certification, grams per square metre, brightness, recycled content and ‘type of whiteness are secondary characteristics which do not affect the essential physical likeness of domestically produced A4 copy paper to imported A4 copy paper”.

Opal Australian Paper submits that there have been no changes to the goods or, in the production of the goods manufactured by the Australian industry, in the period subsequent to the commencement of Investigation No. 341 and the following Investigation 463.

Opal Australian Paper therefore continues to maintain the view (as previously supported by the Commission) that the imported goods possess the same essential characteristics as locally produced cut sheet paper. Opal Australian Paper further submits that whilst recycled content does impact the cost to produce A4 copy paper it does not achieve a selling price premium reflecting this additional cost. As in previous investigations model control codes related to 3 categories of recycled content are again appropriate for this investigation and anything beyond these definitions are not required or relevant. Finally, Opal Australian Paper submits that there is little cost benefit or differential in production of lower gsm A4 copy paper and the standard 80gsm. OAP contends that any sell price differential is simply a result of importers positioning the lower gsm products at a price point which undercuts the domestic industry.

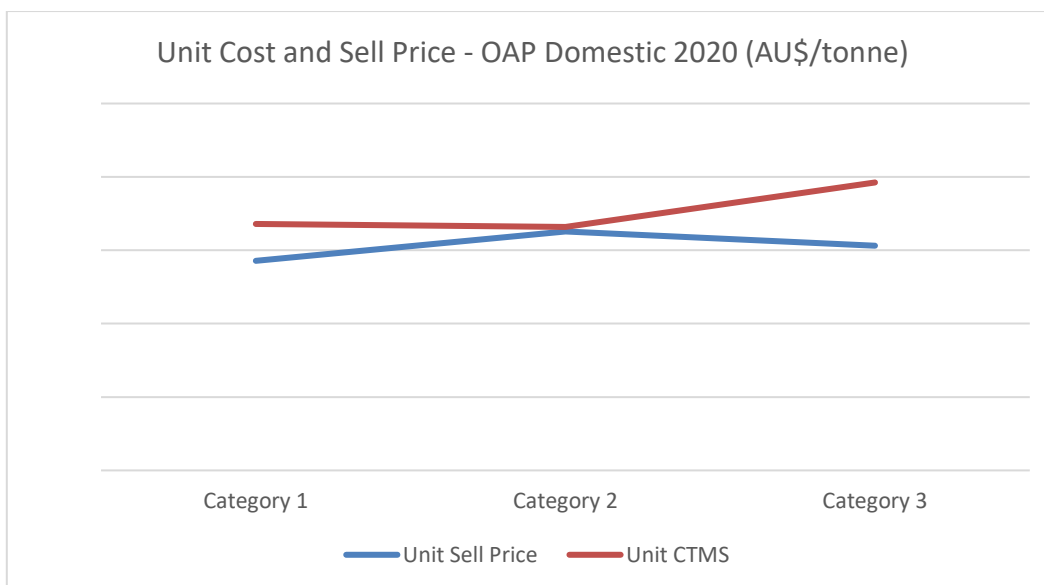
2. Provide supporting documentation or analysis supporting the differences in physical characteristics that affects price comparability. Unit costs may also be used to demonstrate differences in physical characteristics where it affects price comparability.

Opal Australian Paper contends that all indiscernible physical differences do not materially impact price comparability of the like goods domestically, as supported by the Commission in previous investigations.

Recycled Content – Impact on Cost and Sell Price

Opal Australian Paper has submitted confidential financial appendices which confirm that there is minimal material difference in the selling price of 70 – 100gsm A4 copy paper in the Australian market based on recycled content. The graph below summarises the domestic unit sell price for 2020 submitted in Appendix A6.1 for each category.

Graph A-3.10



Although Category 3 is generally more expensive to produce, the high recycled products do not command a higher price in the domestic market proportional to the higher cost to produce. In fact, the lower recycled content Category 2 (21-79%), is sold at a higher selling price domestically than both the virgin and high recycled grades. This is likely due to the fact that OAP's 50% recycled grades, particularly 'Reflex 50% recycled', are heavily promoted in the domestic market and as such the single largest factor determining prices in the Australian A4 copy paper market is brand, as opposed to recycled content or grammage (GSM).

Given that there is limited and, in most cases, negligible connection between recycled content of A4 copy paper and the selling price, OAP considers that it is unreasonable for the Commission to consider specificity beyond the abovementioned three categories. OAP contends that the only factor which could possibly give rise to the need for separate models to be considered are grades which include DIP, given that recycled uncoated woodfree paper is usually more expensive to produce than virgin pulp.

GSM – Impact on Cost and Sell Price

Opal Australian Paper is steadfast in its opinion that grammage or the GSM of the paper has not historically driven price differentiation. It has been OAP's experience that GSM is not a significant factor in purchasing decision by the consumer and is immaterial in regards to both the cost to produce and the selling price of the paper, given that all copy paper sold within the 70 – 100gsm range competes directly in the same market. It is also correct that the vast majority of the A4 copy paper sold in Australia is 80gsm, and as such Opal Australian Paper only produces 80gsm copy paper which competes with all imported like goods regardless of the GSM.

It should be noted that lower gsm can decrease paper machine efficiency and it is OAP's experience that there is no cost advantage to the manufacturer in reducing the gsm of copy paper grades. As such OAP considers that the main reason for importers to source lower gsm A4 copy paper is to justify undercutting the pricing of domestic producers.

When a paper machine decreases the gsm of the paper it is producing there are a few possible outcomes;

1. On some paper machines (depending on how they are set up), the speed of the machine increases proportionally to the decrease in gsm of the paper, i.e. the net production rate of the paper machine is unchanged and therefore there is little if any cost advantage.

2. Alternatively, on other machines there is little or no increase in the speed of the machine, which means that the net production rate per tonne has decreased and costs have therefore increased.
3. In addition to either of the above scenarios, a likely result of down-grammage of the paper is an increased risk of paper sheet breaks due to the lower gsm sheet having less strength than higher gsm paper. This causes a short period of downtime for the machine as operators work to reconnect the sheet more often, reducing the machine efficiency and increasing cost per tonne.
4. Finally, introducing a new lower grammage paper to the production mix increases complexity in the process which again negatively impacts machine efficiency. As the paper machine changes between paper weights, there is a short period where out of spec paper is being produced and this must go back for repulping. These reels are referred to as 'broke' or 'BTM' (Back to machine), and increase the net cost to make paper².

Overall there is unlikely to be any cost benefit to the manufacturer in producing lower gsm paper, and it is clear to AP that the paper imported at less than 80 gsm simply seeks to avoid the intended effect of the anti-dumping measures and undercut the selling prices of AP's A4 copy paper.

3. In providing the list of physical differences, identify the characteristics in order of significance.

Table A-3.10.3 Australian Market for A4 Copy Paper by Physical Category

Category	Sub-category	Sales Data	Cost data	Key category
Weight (grams per square meter (gsm))	68-79gsm	N/A	N/A	No
	80gsm	All OAP prod.	All OAP prod.	Yes
	81-100gsm	N/A	N/A	No
Recycled content	0-20% recycled	Included	Included	Yes
	21-79% recycled	Included	Included	Yes
	80-100% recycled	Included	Included	Yes

Opal Australian Paper considers that the relevant models of the like goods should be limited to those listed in the table below, and as such OAP has presented its Financial Appendices on this basis.

Category	Recycled Content
1	0 – 20%
2	21 – 79%
3	80 – 100%

4. Identify key characteristics where the physical differences are significantly

² Internationally, some producers incorrectly claim this 'broke' or 'BTM' out of spec paper for repulping as 'recycled' or 'recovered' paper/pulp. It is important that the Commission ensures in its exporter verification that this is not the case.

different and it is not meaningful to compare models with different physical characteristics.

There are no significant physical differences in product characteristics in respect of the like goods in the Australian market, i.e. all models are meaningfully comparable as established by the commission in previous investigations.

5. Identify the physical characteristics that can be reported in relation to sales and cost data respectively. This should be reflected in the sales data provided in appendices A4 and A6.

As noted above in A-3.10.3 Opal Australian Paper has reported appendices A4 and A6 into only three relevant categories being 0-20% recycled, 21-79% recycled, and 80-100% recycled grades.

6. Complete the table below having regard to the information provided above. The Commission will consider this information in establishing a model control code structure for the investigation.

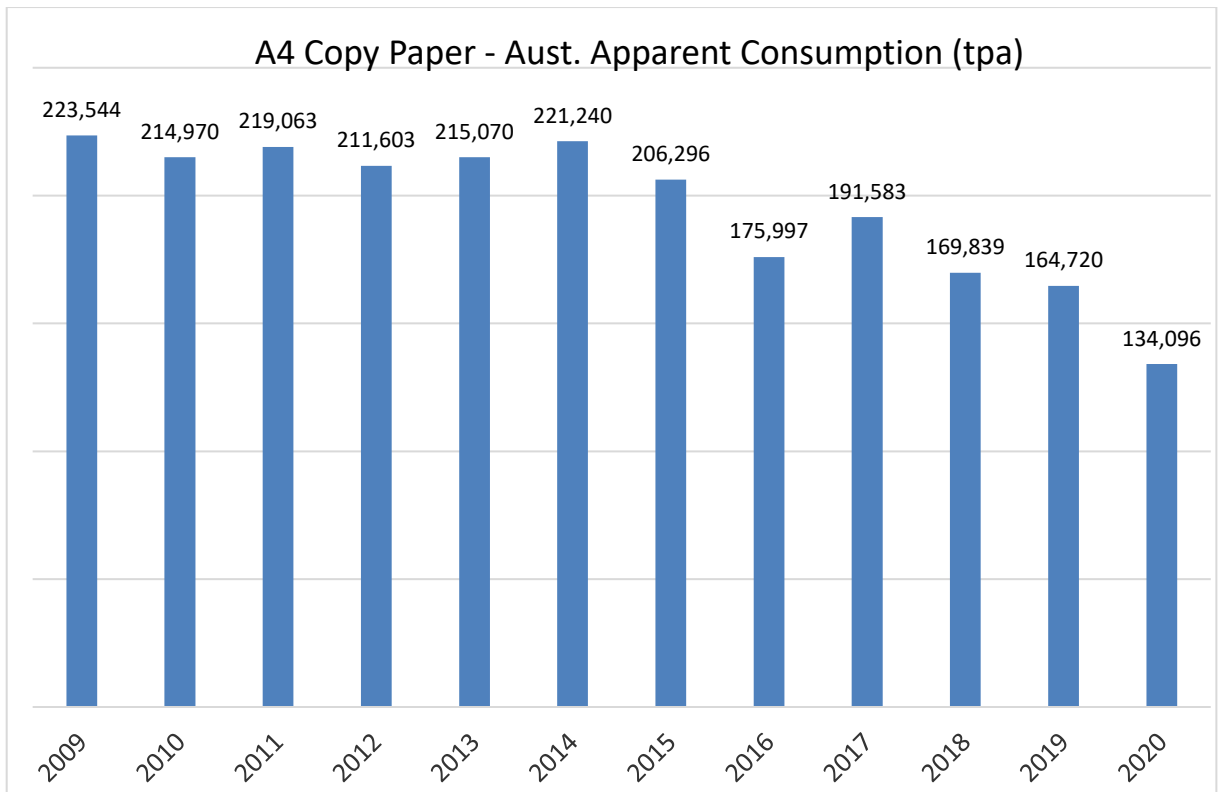
Table was included above as part of Opal Australian Paper's response to Part A-3.10.3

A-4 The Australian market

1. Describe the end uses of both your product and the imported goods.

Report 341 estimated the Australian market for A4 copy paper at approximately 210,000 tonnes that was supplied by the Australian industry and imports from a number of countries. In Investigation 463 the Commission verified Opal AP's market size estimates based on sales plus imports of 191,000 tonnes. Between 2015 and 2016 the market appeared to contract (due to the cessation of stockpiling by importers) but had corrected in 2017 (see Graph A-4.1). Since then Opal Australian Paper has monitored the size of the Australian market and estimated that the apparent size of the Australian A4 copy paper market which stabilised in 2018 and 2019 was around 170,000 & 165,000 tonnes respectively. Opal Australian Paper has estimated market volume for 2020 at approximately 134,000 tonnes. It is therefore more critical than ever that the effect of dumped and injurious exports to Australia are removed from the now smaller market in order for the domestic industry to operate sustainably.

Graph A-4.1



It was further identified in Report 341 that the Commission considered there existed three broad categories of users in the Australian A4 copy paper market. These were:

7. Home and home office/small office/business sectors;
8. Medium and large business, the government and education sectors; and
9. The industrial sector including instant print and in-plant printing operations.

The key supply channels to market were identified as:

10. Retail sector;
11. Corporate stationery suppliers;
12. Resellers; and
13. The original equipment manufacturer (OEM) sector.

The Commission further identified three broad categories of A4 copy paper sold in the Australian market:

14. Manufacturer brands;
15. Private label/customer brands; and
16. Plain or generic labelled brands.

The product, both locally produced and imported, is described variously as white 'cut sheet', 'cut ream', 'cut size', 'office paper', 'copy paper' or 'laser paper' is used in both dry toner and ink jet copying, faxing and printing in offices and in instant printing outlets. Used in a wide variety of commercial outlets including mail houses, digital, instant and commercial printing businesses. It is also used in smaller quantities for offset printing and for general printing, business, educational and home office uses.

Opal Australian Paper's volume estimates associated with the abovementioned channels to market and major customers are detailed in *Confidential Attachment A-4.1 Aust Market Channel Vol.* It should be noted that customer volumes are estimates only as Opal Australian Paper does not have access to customer 'actual', and has used information from RFQs and market intel to estimate. Opal AP does

note however that this total market volume estimate for 2020 based on customers comes in at only 3.7 per cent above market size estimate of 134,000 tonnes based on cumulative exports to Australia plus domestic sales.

2. Describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

The Australian market for cut sheet paper (copy paper, office paper or laser paper) is predominantly A4 (210 x 297 mm) size and 80 gsm (401 A4 reams/tonne) with a much smaller quantity sold in other sizes (i.e. A3 and A5), with the old imperial quarto and foolscap sizes having fallen out of use. As well as 80gsm, cut sheet paper is also sold at small quantities in other sheet weights of 70 gsm (458 A4 reams/tonne), 75 gsm (427 A4 reams/tonne), 85 gsm (377 A4 reams/tonne), 90 gsm (356 A4 reams/tonne) and 100 gsm (320 A4 reams/tonne).

This application is limited to A4 copy paper.

The Australian market for cut sheet paper has dynamics that can be characterised as follows:

- A high-volume commodity market with little discernible differentiation other than price and brand;
- “Brand recognition” effects relate primarily to Opal Australian Paper's *REFLEX*® brand which has been regularly promoted on mass media since 1984;
- The cut sheet paper market in Australia may be characterised as mature, with overall annual volumes remaining fairly flat between 2008 and 2015, although there was an apparent decrease in the market size in the 2016 calendar year (in terms of imports plus local production being equal to demand). It has been suggested by independent third-party research by Industry Edge that some of this sudden decrease in apparent demand was attributed to stock building by a particular importer over the prior 2 – 3 year period. The subsequent draw down of stocks meant decreased demand for new imports and local production which was evident in early 2016. Removing the effect of this market event would suggest that domestic cut sheet consumption is decreasing at a rate of approximately 3 per cent p.a;
- Between 2016 and 2019 the Australian market for A4 copy paper decreased in size by approximately 1.3 per cent per annum although the trend over the past decade (to 2019) indicates an annual decrease of 2.4 per cent;
- Traditionally, growth in population and in the Australian workforce has somewhat offset declining per capita use of cut sheet paper, keeping the overall market size relatively stable. However, recent data suggests that growth in economic activity is no longer an accurate predictor of copy paper usage;

- The lack of growth in this market creates a situation where competing for market share with competitors is the only way to increase sales volumes; and continued low import pricing continues to lead domestic pricing down.
- Cut sheet paper in Australia is primarily sold through a handful of national key contract resellers and retailers. These include Winc (formerly known as Staples), Complete Office Supplies (COS), Wesfarmers, Woolworths, and Australia Post among others. This creates a highly concentrated procurement dynamic which places the balance of power firmly in the hands of the reseller. Cut sheet paper manufacturers seek to gain Australian market share by targeting direct supply contracts with these organisations and the procurement dynamic remains highly price sensitive with alternate suppliers readily accessible;
- Following the outcomes in Investigation No. 341, importers quickly switched from China, Indonesia, Thailand and Brazil suppliers who were subject to measures to new supply sources – with the countries nominated in a subsequent investigation No. 463 being Austria, Finland, Korea, Russia and Slovakia. Since the outcomes of Investigation 463, importers continue to seek low priced supply from exporters not covered by existing measures, including Tjiwi Kimi an Asia Pulp and Paper ('APP' aka Sinar Mas Group ('SMG')) mill located in Indonesia;
- Opal Australian Paper re-emphasizes that paper mills must, because of their need to service the huge capital base and high fixed costs inherent in their production processes, be competitive with alternate sources of supply, often selling down to their marginal cost to avoid down-time and lay-offs from which it is difficult to recover;
- For Opal Australian Paper to maintain operations and to avoid extended down-time (which would increase fixed costs per tonne of paper) and lay-offs (which would result in permanent loss of the skilled workforce that is critical to continued operations), it must follow the price of the lower priced imports down to the low, severely dumped price levels of some imports. This price depression results in considerable material injury, which, in turn, affects Opal Australian Paper's ability to recover costs, invest in the equipment, facilities and research needed to remain abreast of market developments. The inevitable effect of this, in the long term, is that the Australian industry is faced with either falling volumes/market share or falling prices. Dumped exports to Australia therefore continue to impact the future viability of Opal Australian Paper's production of the like goods and the ~900 FTE jobs that it supports.
- The market is not prone to seasonal volume fluctuations, nor is the underlying end user volume very sensitive to changes in economic factors; being underpinned by the number of Australians in full time office-based employment. Volume growth as discussed is forecast to decline slightly on an annualised basis.

As indicated above, Opal Australian Paper concurs with the Commission's previous assessments of the three basic categories of end user:

- Home and home office/small office (serviced predominantly by retailers such as Officeworks, K-Mart, Big W, supermarkets, stationers, newsagents and Australia Post);
- Medium and large business, Government and education (serviced predominantly by contract resellers such as Winc and COS);
- Industrial users including instant print and in-plant printing operations (serviced predominantly by wholesale paper merchants such as Spicers, Ball & Doggett and contract resellers).

There are three categories of product (all of which are highly interchangeable):

- Manufacturers brands (e.g. REFLEX®, Australian®, AA, Paper One);
- Private label products sold (e.g. COS, Winc, Office National branded product); and

- Plain label copy papers or generic products. These products can be mill or customer owned and compete directly with the abovementioned products, and are often used by resellers and retailers as 'price fighters' to draw in business/customers, or provide a cheap alternative to branded or perceived 'premium' products.

All categories including branded, private label and generic products can be and are sourced from alternative manufacturers on a contract basis by resellers.

Dumping has been shown by past investigations to occur in all end use sectors and channels of the Australian market and is subject to the common practice of retailers using office paper as a low-priced item to draw in buyers. Resellers in the Australian market issue tenders for stationery supply where the lowest office paper price has a large influence on the outcome. Past investigations have highlighted the fact that there is a high level of price transparency across market channels with major players involved in multiple channels (for example Officeworks sells to both small/home office buyers as well as larger corporates). Dumping therefore continues to impact the Australian market leading prices down across all channels.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

While mechanical papers, tinted papers, embossed papers, watermarked papers, pre-printed papers and coated papers are on rare occasions substituted for plain white uncoated cut sheet papers, these constitute separate markets which sell generally at significantly higher prices. These products are rarely chosen as a substitute for white uncoated cut sheet paper unless there is an explicit requirement. In practice, there are no significant market substitutes.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Opal Australian Paper has completed Confidential Appendix A1 – Please refer to *Confidential Appendix A1 A2 A3*.

5. Complete appendix A2 (Australian market).

Opal Australian Paper has completed Confidential Appendix A2 – Please refer to *Confidential Appendix A1 A2 A3*.

6. Use the data from appendix A2 (Australian market) to complete this table:

*Indexed table of sales quantities**

Period	(a) Your Sales	(b) Other Aust ⁿ Sales	(c) Total Aust ⁿ Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2016	100	100	100	100	100	100	100
2017	130.0	100	130.0	75.2	83.7	80.4	108.3
2018	140.5	100	140.5	35.1	43.1	40.0	96.5
2019	138.7	100	138.7	58.6	39.0	46.7	98.4
2020	99.7	100	99.7	38.1	74.8	60.4	82.5

Notes:

1. Source: Confidential Appendix A1 A2 A3 ('A2 Aust Market' tab)
2. Calendar year – Jan to Dec data.
3. Export data supplied by TradeData International ('TradeData') from foreign country export statistics used for goods the subject of ABS NCD categorisation (all import data for A4 copy paper).
4. Data for 2020 incomplete due to unpublished December 2020 TradeData International data. Weighted average monthly volume for 2020 used for December 2020.
5. 'Dumped Imports' refer to all imports from Indonesia. 'Other Imports' refers to all other imports, including those from countries with current measures in place.
6. For detail on classifications, please refer to Section B-1.5.

Opal Australian Paper notes that whilst imports from the total Indonesian volume appear to have dropped during the injury analysis period, most of this decrease can be attributed to the dumping measures placed on exporters following the Investigation No. 341. The investigation found that two APP mills (namely Indah Kiat Pulp & Paper TBK ('Indah Kiat'), and Pindo Deli Pulp & Paper Mills ('Pindo Deli')), as well as APRIL Mill Riau Andalan Kertas ('RAK'), had exported goods at dumped prices into the Australian market. Subsequently, volumes from these exporters declined dramatically, whilst APP Indonesian mill Pabrik Kertas Tjiwi Kimia TBK ('Tjiwi Kimia') which was exempt from measures in 2015, has increased volumes and remained comparatively strong in the Australian market, exporting between 7,500 tonnes and 16,000 tonnes per annum over the periods.³

Following the imposition of dumping measures from Investigation 463 in April 2019, Tjiwi Kimia exports to Australian have been consistently the lowest price of all countries. Tjiwi Kimia's lowest in market pricing led the weighted average prices for all exports down to it's lowest levels since the before the Inv 463 measures.⁴ Over the same period Tjiwi Kimia's share of Indonesian imports has risen to over 78 per cent, up from an average of 38 per cent in prior periods.

A-5 Applicant's sales

1. Complete appendix A3 (sales turnover).

Opal Australian Paper has completed Confidential Appendix A3 – Please refer to *Confidential Appendix A1 A2 A3*.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

*Indexed table of Applicant's sales quantities**

Quantity	2016	2017	2018	2019	2020
All products					
Australian market	100	104.6	113.4	116.5	98.0
Export market	100	71.9	46.7	47.4	65.2
Total	100	90.8	85.1	87.2	84.1
Like goods					
Australian market	100	130.0	140.5	138.7	99.7
Export market	100	64.4	48.2	36.6	62.3
Total	100	108.5	110.3	105.3	87.5

³ Source; TradeData International's Indonesian exports to Australia dataset included in Confidential Attachment A-9.1

⁴ Supporting data included in Confidential Attachment B-5.1 TradeData Export stats.

Opal Australian Paper's domestic sales of A4 copy paper improved in 2016 and 2018 due to the imposition of measures in April 2017 on injurious exports from Brazil, China, Indonesia and Thailand. Volume decreased slightly in 2019 despite imposition of measures in April 2019 on injurious exports from Finland, Korea, Russia and Slovakia. Opal Australian Paper's domestic sales reduced significantly in 2020. Opal Australian Paper along with all A4 copy paper manufacturers globally experienced a reduction in sales volumes in 2020 due to the impact of the COVID-19 pandemic, noting that all Australian market participants including manufacturers and exporters/importers will have been equally effected by the pandemic. The reduced market size means that the effect of injurious exports to Australia is even more detrimental to the domestic industry. As a consequence of lost domestic market volumes during the 2020 year, and in addition to forced 'market activity' downtime on machines, Opal Australian Paper was forced to increase its exports of the like goods to internationally which are less profitable due to highly commoditised, oversupplied and brand agnostic global markets.

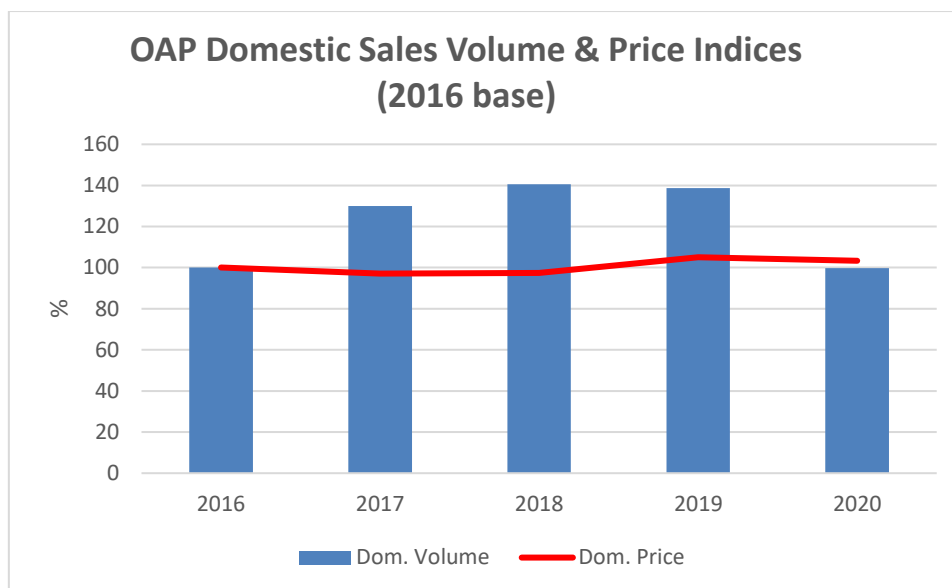
*Indexed table of Applicant's sales values**

Value	2016	2017	2018	2019	2020
All products					
Australian market	100	101.8	110.2	115.3	94.9
Export market	100	64.5	55.3	52.5	58.5
Total	100	86.9	88.3	90.2	80.4
Like goods					
Australian market	100	126.3	136.9	145.8	103.1
Export market	100	65.8	54.8	44.8	65.0
Total	100	110.2	115.1	119.0	93.0

Opal Australian Paper's domestic sales values of A4 copy paper improved between 2016 and 2019 due to the imposition of measures in April 2017 on injurious exports from Brazil, China, Indonesia and Thailand, as well as the imposition of measures in April 2019 on injurious exports from Finland, Korea, Russia and Slovakia. Opal Australian Paper's domestic sales reduced significantly in 2020.

The following graph contrasts Opal Australian Paper's sales volumes with average domestic selling prices for A4 copy paper from 2016 to 2020.

Graph A-5.2.1 – Opal Australian Paper's A4 copy paper domestic sales volumes and selling price



Source: Confidential Appendix A3.

It is noteworthy that after experiencing some temporary relief from the injurious impact of dumping in terms of volumes (with only marginal price recovery) since measures have been in place, that volumes and pricing have returned close to levels seen in 2016; a period significantly affected by dumped and subsidised exports. During the Commission's Investigation No. 341 it was established that in 2015 approximately 52 per cent of the Australian market was supplied by dumped exports.

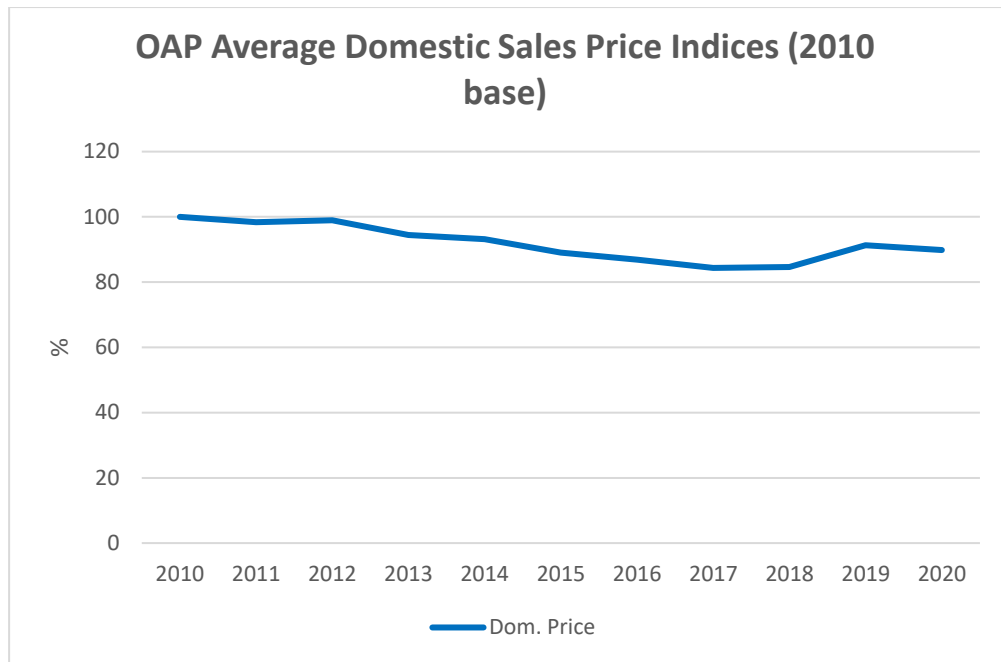
It has been established by the Commission in Investigations 341 and 463 that a contracting A4 copy paper market creates a situation where market share can only be retained or increased by winning supply volume at competitive prices. The more dramatic contraction in apparent consumption in 2020 increases the importance of volume retention and has further increased market competitiveness in terms of pricing.

Whilst all market participants will have been equally impacted by the market contraction in terms of market share in 2020, the fact that there has little price recovery over the injury analysis period indicates that the market is still affected by dumping. i.e. APP's Indonesian Tjiwi Kimia exports to Australia continue to constrain Opal Australian Paper's ability to recover pricing, as evidenced Section A-9 of this application.

The impacts of the Covid 19 pandemic on all market participants cannot explain why price recovery has not been experienced by Opal Australian Paper over the long term (since 2010 when Opal Australian Paper alleges that dumping in the market had commenced with peak volumes in 2014), and following the imposition of measures in 2016 and 2019.

The following graph highlights Opal Australian Paper's average domestic selling prices for A4 copy paper from 2010 to 2020.

Graph A-5.2.2 – Opal Australian Paper's A4 copy paper domestic selling price



Source: Confidential Appendix A3.

Opal Australian Paper operates five paper making machines at its Maryvale, Victoria mill. Three of the mills are specialised packaging paper machines and two manufacture cut sheet papers as well as other uncoated printing, writing and conversion papers. Cut sheet papers (including the like goods) are produced as rolls on paper machines that make a range of similar uncoated papers which include envelope papers, offset printing papers and scholastic papers. Because of the high level of investment and relatively high costs which do not vary in proportion to production levels, the total volume of production is, wherever possible, maintained to give high equipment utilisation, with any volume above the domestic cut sheet paper sales sold in other markets.

Opal Australian Paper has the capacity to supply the entire domestic demand for A4 copy paper with an installed capacity of approximately 200,000 tonnes per annum. However, due to continued import competition at dumped prices since 2010, Opal Australian Paper has had to sell this production to the less lucrative export markets to maintain volume throughput in its production facilities. Subsequently products like Reflex cannot benefit from the high domestic brand awareness as a result of sustained marketing, and therefore must forego the premium price they achieve in the local market.

3. Complete appendix A5 (sales of other production) if you have made any:
- internal transfers; or
 - domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Opal Australian Paper imports small volumes of cut sheet paper as a compliment to its range where demand does not justify local production. In total, these imports were around 380 tonnes (Appendix A5) in 2020. Imported production represented only X per cent of OAP's total sales in 2020.

Opal Australian Paper makes its export sales (other than to New Zealand) through PPM, a group of OAP subsidiary companies.

Please refer to *Confidential Appendix A5* that includes details of these and sales.

4. Complete appendix A4 (domestic sales).

Please refer to *Confidential Appendix A4* that includes details of these and sales.

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

All sales are to unrelated parties. This question is therefore not applicable.

6. Attach a copy of distributor or agency agreements/contracts.

Each distributor agreement is individually negotiated. *Confidential Attachment A-5.6* includes an example of a typical distributor agreement.

7. Provide copies of any price lists.

Representative Price lists setting out list prices of Opal Australian Paper office papers to various sizes of distributor are contained in Confidential Attachment A-5.7 as follows:

- *Confidential Attachment A-5.7.1 Large Retailer Price List*
- *Confidential Attachment A-5.7.2 Buying Group price list*
- *Confidential Attachment A-5.7.3 Independent Dealers price list*

In practice the pricing structure, including quantity discounts and rebates are negotiated individually with each distributor, resulting in several hundred individual price lists.

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
- If you have issued credit notes (directly or indirectly) provide details if the credited amount has **not** been reported appendix A4 (domestic sales) as a discount or rebate.

Following the purchase of Paper Australia Pty Ltd by Nippon Paper in mid-2009, distributor agreements and pricing structures have been individually negotiated, with most based on net prices.

Where a structure involving discounts and rebates still remains in place, *Confidential Attachment A-5.8* explains the underlying principles of the discount & rebate system.

Price reduction is often delivered as rebates paid 'off-invoice' and also as off-invoice 'contributions to marketing' or similar, frequently totalling as much as 10 per cent or more of the headline invoice price and import declaration. These are rarely directly connected with invoices and may be paid at the of the year as lump contribution.

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

Opal Australian Paper has compiled a complete set of commercial documentation for two domestic sales in each quarter over the 12 months to December 2020, contained in *Confidential Attachment A-5.9*.

10. Provide a list of model control codes from appendix A4.

Opal Australian Paper produces on 80gsm A4 copy paper across three recycled content categories listed in *Confidential Appendix A4* as 0-20% Recycled, 21-79% Recycled, and 80-100% Recycled. OAP's rationale for this categorisation of relevant MCCs is discussed in Part A-3.10

A-6 General accounting/administration information

1. Specify your accounting period.

January 1 to December 31.

2. Provide details of the address(es) where your financial records are held.

General Financial Records, Sales Records;

Opal Australian Paper
307 Ferntree Gully Road,
Mt. Waverley VIC 3149

Production and Production Cost Records;

Opal Australian Paper
Maryvale Mill,
Morwell VIC 3840

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- chart of accounts;

Opal Australian Paper's chart of accounts is included at *Confidential Attachment A-6.3*

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

Annual Reports for 2019 containing audited financial statements with footnotes and auditors opinion are provided as *Confidential Attachment A-2.9.1*

Audited yearly statement for 2018 is included as *Confidential Attachment A-2.9.2*

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

These documents should relate to:

1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
2. the company overall.

Opal Australian Paper's group narrative documents contain this information and will be supplied to the Commission as part of the verification process.

4. If your accounts are **not** audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Opal Australian Paper has not completed financial statements for 2020 at date of writing this application (audited or not audited), however this will be available for review during the Australian Industry Verification process. OAP also notes that 2020's consolidated financial statements will include all Opal entities.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

Not Applicable

6. Describe your accounting methodology, where applicable, for:

- the recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;

Accrual Method

- provisions for bad or doubtful debts;

Provision for doubtful debts are based on the age profile of the debt and whether it is insured against non-payment. A provision for bad or doubtful debts is made at approximately 1.7 per cent of debtors.

- the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;

Head Office selling expenses and interest are not allocated to cost of goods. Mill overheads are allocated as described below.

- costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;

Mill overheads are allocated to cost of goods by tonnes. Other costs shared with other processes are allocated by the most appropriate method in each case. These are explained in annotations to *Confidential Appendix A6*.

- the method of valuation for inventories of raw material, work-in-process, and

finished goods (eg FIFO, weighted average cost);

- | | |
|-------------------|------------------|
| • Raw Material | Weighted Average |
| • Work in process | Standard Cost |
| • Finished Goods | Standard Cost |

- valuation methods for scrap, by-products, or joint products;

Scrap produced in the papermaking process (also referred to as 'broke') is returned to the papermaking process for reuse. It is valued at the cost of its pulp content. There are no by-products or joint products.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Damaged or substandard goods are generally returned to the process for reuse and are treated as for scrap above.

- valuation and revaluation of fixed assets;

Assets are valued at original cost with impairments of some assets prior to the purchase of Paper Australia Pty. Ltd. by Nippon Paper in June 2009. There have been no subsequent revaluations.

- average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;

Useful life of major pulp and paper production equipment is in excess of 25 years. Depreciation is straight line at 4 per cent pa. Converting equipment, which has a shorter operating life, is depreciated at 10 per cent pa.

- treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and

Opal Australian Paper has a policy of hedging a minimum of 75 per cent of known net foreign currency exposures and has discretion to hedge up to 100 per cent of known net foreign currency exposures. FX gains and losses occur due to under-hedging (75 per cent), transaction timing and the shape of the forward FX curve. These gains and losses are booked as such in the financial accounts.

Net investments in the USA are hedged using USD borrowings. FX movements are accounted for in the balance sheet only.

- restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.

There have been no restructuring costs incurred in 2020.

7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.

There have been no changes of significance since the purchase of Paper Australia Pty. Ltd. by Nippon Paper in mid-2009.

A-7 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

Opal Australian Paper has completed Confidential Appendices A6.1 and A6.2 and included in the questionnaire response, see *Confidential Attachment Appendix A6-1 Domestic 2020* and *Confidential Attachment Appendix A6-2 Export 2020* respectively.

2. Provide a list of model control codes from appendix A6.1 and A6.2.

Opal Australian Paper produces on 80gsm A4 copy paper across three recycled content categories listed in *Confidential Appendix A4* as 0-20% Recycled, 21-79% Recycled, and 80-100% Recycled. OAP's rationale for this categorisation of relevant MCCs is discussed in Part A-3.10

A-8 Injury

The principal indicators of injury are price, volume and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where the application includes a claim of threat of material injury you must also complete question C.2.

1. Estimate the date when the material injury from dumped and/or subsidised imports commenced.

In Report 341, the Commission assessed a negative dumping margin of 2.18 per cent for exports to Australia of A4 copy paper by Tjiwi Kimia. The dumping margins were based upon quarterly weighted average Australia export prices and corresponding weighted average normal values according to subsection 269TACB(2)(a) of the *Customs Act* ("the Act"). The Commission determined that a particular market situation was found to exist in Indonesia for A4 copy paper such that domestic selling prices were not suitable for determining normal value under subsection 269TAC(1)⁵. The Commission further found that normal values must be constructed⁶ due to a finding that the cost of producing pulp was substantially less than a competitive benchmark stating:

*"Commission considers that the actual cost of pulp recorded by exporters in their records does not reasonably reflect a competitive market cost. As pulp is proportionally the largest cost component for the production of the goods and like goods, the Commissioner considers that the exporter's records do not reasonably reflect competitive market costs associated with the production or manufacture of like goods. Consequently, the Commission considers that this renders this component of Indonesian producers' and exporters' records unsuitable for determining the cost to make A4 copy paper for the purposes of constructing normal values."*⁷

⁵ In terms of subsection 269TAC(2)(a)(ii).

⁶ Under subsection 269TAC(2)(c).

⁷ Final Report 341 – Section 6.9.1 page 51

The Commission considered that the GOI's market distortions predominantly impacted the production of A4 copy paper from virgin fibre and considered that the raw material costs for 100% recycled paper did reasonably reflect competitive market costs in terms of subsection 43(2)(b)(ii) of the Regulations.

Consequently under 269TAC(2)(c), the Commission calculated normal values for Tjiwi Kimia as the sum of:

- the cost to make A4 copy paper based on the pulp benchmark (except for 100% recycled paper) and other manufacturing costs recorded in the exporter's records;
- domestic selling, general and administrative expenses including adjustments under subsection 269TAC(9); and
- an amount for profit determined as the actual profit on domestic sales of like goods in the ordinary course of trade

In the conduct of the investigation it was found that during 2015 Tjiwi Kimia had exported mostly 100% recycled grades to Australia, hence the determination by the Commission that goods had not been dumped. Opal Australian Paper notes that since the imposition of measures against related APP mills Indah Kiat & Pindo Deli (which had previously produced the virgin i.e. 'non-recycled' grades exported to Australia) in 2016 as a result of this investigation, APP switched its virgin grade production to Tjiwi Kimia also. Tjiwi Kimia has therefore exported a mix of virgin and recycled A4 copy paper to Australia causing injury to the Australian industry since 2016 as demonstrated in Part A-9 below.

In addition to the injury incurred by the domestic industry since 2016, Opal Australian paper also highlights the Commission's comments from Inv. 341 relating the injury caused by Tjiwi Kimia in 2015;

*"The Commission notes that while exports from Tjiwi Kimia, particularly in the first half of the investigation period, may have contributed to the injury suffered by Australian Paper, dumped and subsidised exports need not be the sole cause of injury to the Australian industry."*⁸

It is therefore Opal Australian Paper's contention that injury commenced from 2016 when APP Indonesia switched supply of virgin grades to Australia via Paper Force (Oceania) Pty Lt ('Paper Force') from Pindo Deli and Indah Kiat mills to Tjiwi Kimia. OAP further contends that undercutting occurred over the following periods leading market prices downwards after the imposition of dumping measures imposed subsequent to Inv 463, causing material injury in the 2020 investigation period.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model control code of your production. Pⁿ is the most recent period.

Please refer to completed *Confidential Appendices A6.1* and *Appendix A6.2* for each category of A4 copy paper, including as follows:

- for 0 to 20 per cent recycled paper;
- for 21 – 79 per cent recycled paper; and
- for 80 – 100 per cent recycled paper.

Opal Australian Paper has also completed an aggregate Appendix A-6.1 and A-6.2 for all categories.

It should be noted that across the injury period, production of A4 cut paper of 0-20 per cent recycling

⁸ Final Report 341 – Section 9.9.14 page 115

grade accounts for approximately XX per cent of all like goods (i.e. A4 cut paper) manufactured by the company. The economic indicators shown in Sections A-8.2 and A-8.3 are representative of the total A4 cut paper categories manufactured by Opal Australian Paper.

Index of production variations (model control code)

Product	2016	2017	2018	2019	2020
A4 0-20%	100	98.9	94.1	109.1	81.1
A4 21-79%	100	161.8	282.6	322.5	185.1
A4 80-100%	100	112.9	120.8	218.2	150.2
Total	100	101.8	102.1	122.1	88.2

Notes:

1. Production data sourced from Confidential Appendix A6.1 and A6.2.
2. Years ending December.
3. Refer Confidential Appendix A6.1 worksheet "Aggregated Indices A6.1 & A6.2").

Opal Australian Paper experienced an increase in demand for Australian produced copy paper leading up to 2019 which contributed to a draw-down of inventory levels. Dumping measures imposed in 2019 as a result of Inv 463 caused some customers to quickly and without warning shift back to Australian supply. A temporary supply squeeze in 2019 was subsequently counteracted with increased production of copy paper grades. Decreased domestic demand resulting as a result of the Covid Pandemic in 2020 and the disproportionate impact that this had on Opal Australian Paper versus imported goods necessitated a scaling back in the production levels, as well as increased exports to less profitable markets. In 2020 production of the like goods at OAP reduced by approximately XX per cent, despite a reduction in domestic market apparent consumption of only around XX per cent.

Index of cost variations (model control code)

Product	2016	2017	2018	2019	2020
A4 0-20%	100	94.42	102.03	105.14	119.67
A4 21-79%	100	106.51	115.07	117.82	126.97
A4 80-100%	100	108.55	122.13	126.67	141.25
Total	100	96.00	104.21	108.04	122.11

Notes:

1. Data sourced from Confidential Appendix A6.1 (Line 49)
2. Domestic only
3. Years ending December.

Opal Australian Paper's Unit CTM&S like goods decreased slightly in 2017 as costs benefited from increased economies of scale achieved by an increase in sales and production stemming from the imposition of dumping measures following Inv 341. However, costs per unit of sales has subsequently increased year on year since 2017 largely because of increased variable costs such as raw material inputs and overheads, particularly energy costs. It is understood that cost increases across the pulp and paper making industry globally have been realised, and Australia has been particularly hard hit as a result of the domestic energy crisis. Opal Australian Paper has been unable to achieve price increases in the Australian market in line with cost increases due to the constraining factors of price depression and suppression of dumped product exported by Tjiwi Kimia.

Index of price variations (model control code)

Product	2016	2017	2018	2019	2020
A4 0-20%	100	97.58	98.25	106.69	105.05
A4 21-79%	100	103.19	100.58	100.15	97.84
A4 80-100%	100	96.37	97.09	94.20	92.69
Total	100	97.10	97.45	105.06	103.42

Notes:

1. Refer Confidential Appendix A6.1 (Line L56).
2. Domestic only
3. Years ending December.

Following the imposition of measures stemming from Inv. 341 Opal Australian Paper was not able to achieve price recovery from the injuriously low pricing level experienced in the 2015 investigation period since importers simply shifted their purchasing to other export countries which were then found to be dumping in Inv. 463. Subsequently, when measures were set in place following the decision in April 2019, Opal Australian Paper was able to achieve slight pricing increases in the domestic market, although these price increases were not sufficient to remove injury, nor were they sufficient to counteract the cost increases during 2019 due to price suppression by dumped imports. Opal AP pricing continued to remain under pressure and sell prices decreased in 2020 as a result of import competition leading OAP and market pricing down as evidenced later in the causation section (Part A-9) of this application.

It should be noted that pricing in the 2016 base year was significantly impacted by dumping, as determined by the Commission in investigation 463, and that Opal Australian Paper remains unable to adequately increase pricing from the continued injuriously low levels and in line with cost increases due to the real and present competition with dumped goods exported by Tjiwi Kimia.

Index of profit variations (model control code)

Product	2016	2017	2018	2019	2020
A4 0-20%	100*	-3.67	219.61	57.22	574.06
A4 21-79%	100	91.04	47.63	35.56	-8.62
A4 80-100%	100	32.23	-34.75	-76.77	-163.06
Total	100*	-410.24	3223.50	1486.85	8748.56

Notes:

1. *In the 2016 base year, Opal Australian Paper experienced negative profit on the like goods, therefore the index appears to show an increase in profit in category 1 and the total compared to 2016 levels. In fact profit has decreased by the same factor. i.e. negative numbers point to a positive unit profit (unit gain), and positive numbers refer to a negative unit profit (unit loss).
2. Refer Confidential Appendix A6.1 (Line N60).
3. Domestic only.
4. Years ending December.

In 2016 the unit profit on the sale of the like goods was a small negative number i.e. a small unit loss. Profit increase in 2017 resulted in a very modest unit gain per tonne sold. Unit profit from 2018 to 2020 was significantly worse than the small unit loss in 2016, with losses in 2020 over 8,700 per cent worse than 2016 (albeit from a low base).

Index of profitability variations (model control code)

Product	2016	2017	2018	2019	2020
A4 0-20%	100*	-3.76	223.52	53.64	546.46
A4 21-79%	100	88.23	47.36	35.51	-8.81
A4 80-100%	100	33.44	-35.79	-81.50	-175.92
Total	100*	-422.50	3307.90	1415.27	8459.28

Notes:

1. *In the 2016 base year, Opal Australian Paper experienced negative profit on the like goods, therefore the index appears to show an increase in profit in category 1 and the total compared to 2016 levels. In fact, profitability has decreased by the same factor. i.e. negative numbers point to a positive profitability, and positive numbers refer to a negative profitability
2. Refer Confidential Appendix A6.1 (Line O62).
3. Domestic only
4. Years ending December.

Opal Australian Paper's decline in profitability followed the trend in unit profit between 2016 and 2020. Opal Australian Paper's profitability throughout the injury analysis period was between -18.3 per cent (2020) and 0.9 per cent (2017), i.e. less than 1 per cent or negative - a level insufficient to consider reinvestment in the goods the subject of the application.

3. Complete appendix A7 (other injury factors).

Opal Australian Paper has completed Appendix A7 for injury analysis period (and as far back as 2010) to 2020 by quarter. Please refer to *Confidential Appendix A7* for all "other" economic indicators.

Index of Return on Investment / reinvestment Attractiveness (as represented by Return on Assets)

Product	2016	2017	2018	2019	2020
A4 Copy Paper	100*	-539.36	-349.42	227.17	1843.85

Notes:

1. *In the 2016 base year, Opal Australian Paper experienced negative Return on Assets, therefore the index appears to show an increase in ROA compared to 2016 levels. In fact, ROA has decreased by the same factor. i.e. negative numbers point to a positive ROA, and positive numbers refer to a negative ROA.
2. Refer Confidential Appendix A7 – 'Return on Assets' Line 87

Given the capital-intensive nature of the pulp and paper manufacturing business Return on Assets is considered an adequate indicator of Return on Investment. In 2016 Opal Australian Paper experienced a slightly negative ROA which is not attractive for reinvestment. In 2020 ROA has declined further by over 1,800 per cent from the 2016 period which was also affected by dumping. The negative ROA confirms that the injury is being experienced in the form of reinvestment attractiveness.

Index of Capacity Utilisation

Product	2016	2017	2018	2019	2020
A4 Copy Paper	100	96.74	98.73	99.33	80.09

Notes:

1. Refer Confidential Appendix A7 – 'Capacity Utilisation' Line 82

Opal Australian Paper experienced a decrease in capacity utilisation for A4 copy paper production in 2017, with a marginal recovery to 2019 before utilisation fell to its lowest level in 2020 since data collection started in 2010. Decreases in utilisation prior to 2020 were marginal, as volumes grew across the injury analysis period resulting from outcomes of Investigations 341 & 463. At the same time product which had been sold to less profitable export markets as means to maintain capacity utilisation decreased in order to supply the domestic market. However, in 2020 the impact of reduced demand due to COVID, as well as intense domestic competition from dumped imports caused a situation where increased exports (less profitable markets) and market activity shifts on production were forced leading to reduced capacity utilisation.

Index of Employment

Product	2016	2017	2018	2019	2020
A4 Copy Paper	100	104.00	102.60	103.60	91.18

Notes:

1. Refer Confidential Appendix A7 – Employment - Maryvale (Like Goods), Line 85.

Opal Australian Paper was able to increase the number of employees working at Maryvale allocated to production of the like goods following the imposition of measures on dumped and injurious imports in 2016. In subsequent years 2017 – 2019 employment remained steady, before falling over 20 per cent in 2020 as a result of reduced demand for OAP production in connection with lost volumes due to intensified competition in the COVID pandemic affected marketplace.

A-9 Link between injury and dumped or subsidised imports

To establish grounds to initiate an investigation there must be evidence of a causal relationship between the injury and the alleged dumping or subsidisation. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped and/or subsidised imports on your quarterly sales volume and market share.

As highlighted earlier in Part A-4 of this application Opal Australian Paper has observed a significant decline in market demand for A4 copy paper in 2020 as a consequence of the COVID-19 pandemic, a market dynamic which should have been experienced equally by manufacturers, and exporters to Australia and resellers in the market place. Graph A-4.1 depicts a 20 per cent decrease in apparent consumption of the like goods in 2020 compared with 2019.

Whilst there has been a notable reduction in consumption, it stands to reason that this contraction should be felt equally by all suppliers (i.e. local producers and importers), and that market share should not be impacted – given the supply agreements which underpin selling arrangements to major resellers. Therefore, as has been the case since the copy paper market volumes commenced accelerated decline in 2015; additional volumes or increased market share and indeed maintaining existing volumes and market share can only be achieved through winning supply agreements via competitive pricing. This has never been more applicable than in 2020 when, due to market decline, it was even more critical for Opal Australian Paper to secure supply agreements to maintain sales volumes (and reduce prices in order to hold volumes).

Due to intense import competition (driven by exports from Tjiwi Kimia Indonesia), profitability on copy paper sales declined, with OAP's market share also declining by a further 15 per cent from 2019. According to a TradeData International special report on exports from Indonesia commissioned by Opal Australian Paper (*Confidential Attachment A-9.1 TradeData Indonesia exports*)⁹, between 2019 and 2020 calendar years Tjiwi Kimia made up approximately 83 per cent of the exports from Indonesia to Australia. Hence Opal AP references Indonesian exports and imports produced by Tjiwi Kimia interchangeably. The disproportionate effect of the 2020 market contraction on Opal Australian Paper versus the dumped exports from Indonesia is highlighted by the fact that OAP's average sales dropped by almost 3,500 tonnes per month in 2020 compared to 2019, whilst exports from Indonesia dropped by only 500 tonnes per month.

Investigation Period

As verified by the Commission in past investigations, the major customers within the Australian market for A4 copy paper will ordinarily put out tenders (or RFQs), for medium to long-term supply agreements on their various grades. A supply agreement will usually last for 1 year, although these are agreed amongst the relevant parties on a case by case basis. In the following case studies which demonstrate lost volumes, and price depression/suppression, negotiation on supply for the 2020 investigation period takes place in the second half of the 2019 calendar year, with [customer] making their decision on 2020 supply in [date], and [customer] in [date]. Whilst the negotiation took place in 2019, the material injury i.e. the impact of the dumping on the Australian Industry took place throughout the 2020 calendar year, through lost volumes for the 2020 supply period. Furthermore, the downward pressure on OAP prices discussed in Section A-9.2 as a result of the [customer] negotiation in [date], will have only take effect once the sales for that supply period commence at the lower prices i.e. the material injury takes place within the 2020 calendar year.

Opal Australian Paper submits the following case studies relating to the influence of dumped imports on OAP's volume and market share for The Commission's consideration.

A-9.1.1 [brand] (unsuccessful tender):

According to Indonesian export data collated By TradeData International (sourced from Indonesian Government statistical sources¹⁰), the total Tjiwi Kimia exports to Australia for 2020 was over 8,800 tonnes. It is understood by OAP through market intel and the result of lost tenders, that imports of [customer] [brand] accounted for approximately XXXX tonnes of this volume (*Confidential Attachment A-9.1.1.1* and *Confidential Attachment A-9.1.1.2* – Original [customer] RFQ and OAP's first pricing submission in 2019 for 2020 supply)

Evidence that the [brand] was manufactured and supplied by Tjiwi Kimia can be seen in the screen capture below, which shows the [PEFC Licence Number]. [brand] is a virgin (non-recycled) grade marketed by [customer] as [brand marketing detail]. This supports OAP's longstanding position that all A4 copy paper brands in the Australian market compete directly whether they are private label or mill owned brands.

Screen capture A-9.1.1.1 – [brand] Specs

A search on the PEFC website release that this licence is registered to Tjiwi Kimia, pictured below, and is valid through [date].

Screen capture A-9.1.1.2 – PEFC licence – Tjiwi Kimia

⁹Special report, detailing supply source of exports from Indonesia to Australia between 2015 and 2020.

¹⁰ The merchandise export data supplied to Opal Australia Paper by TradeData is discussed in Part B-1.5 of this application.

The [customer] Request For Quotation ('RFQ') tender submission for supply of the [brand] in 2020 was submitted by OAP on [date]. OAP was unable to gain any feedback initially on the submission, however, an OAP sales manager was advised verbally that it was being reviewed when follow up calls were answered. When prompted on the competitiveness OAP was not provided a definitive response. After some subsequent discussion OAP lowered its price on a number of A4 copy paper items (*Confidential Attachment A-9.1.1.3*) namely;

[confidential correspondence]

Correspondence included in *Confidential Attachment A-9.1.1.4*

OAP was not successful on the tender, however OAP was advised that it was within [price] of Tjiwi Kimia. Whilst [customer] representatives highlighted the positive relationship and the effort that OAP put into the tender, [customer] also stated that [result of the tender]

On [date], Opal Australian Paper was notified by [customer] via telephone that tender decision would be put on hold, see confidential internal OAP email below.

[confidential correspondence]

Subsequently, on [date] Opal Australian Paper was notified by [customer] via telephone that it had been unsuccessful on the tender for 2020 supply, and that [brand] [result of tender]. The below confidential internal email correspondence between senior OAP sales managers are the key points and notes taken from the telephone conversation.

[confidential correspondence]

The unsuccessful tender for [brands] is a clear and unambiguous example of Opal Australian Paper's inability to compete with dumped exports manufactured by Tjiwi Kimia, and demonstrates the volume effect that the dumped goods have had on OAP's sales, namely the XXXX tonnes related to [brand] supply.

A-9.1.2 [customer] – [brands] (unsuccessful tender):

[customer] tender process in 2019 resulted significant price reductions on OAP's final range for which price changes came into effect on 1 February 2020 as well as volume and 'share of wallet' reductions and Opal Australian Paper which had previously supplied all [customer] A4 copy paper volume, lost around XX per cent of the total supply.

A4 copy paper brand [brands and related volumes] were all not awarded to OAP but to Paper Force, which imports exclusively APP mill products including those manufactured by Tjiwi Kimia¹¹.

Detail relating to [customer] tender which included these brands (Request For Quotation), is included below in Part A-9.2 given that Opal Australian Paper was successful in securing supply on other grades within the tender, albeit at significantly reduced pricing due to direct competition from Paper Force imports (Tjiwi Kimia exports). Tjiwi Kimia's unique position as being the only APP Indonesia mill which produces both virgin and recycled A4 copy paper grades tells us that it is overwhelmingly likely that the Paper Force supply offers referenced below were related to Tjiwi Kimia product.

Despite the fact that OAP had already been awarded the tender on a number of grades (albeit at significantly reduced prices), it can be seen in the extract below¹² that several grades listed in

¹¹ On its website Paper Force confirms that "(Paper Force) have been in Australia for more than two decades as the exclusive business partner of APP and its mills, including Ningbo Zhonghua Paper Co., LTD (China), PT. Pabrik Kertas Tjiwi Kimia Tbk. (Indonesia)..." (emphasis added) - <https://paperforce.com.au/>

¹² See Part A-9.2 of this application for a complete overview of the [customer] negotiation.

the RFQ which were not awarded were still being negotiated with Paper Force (Tjiwi Kimia's exclusive import partner). The subject line also confirms the supply source as Indonesian, and as confirmed by TradeData International approximately 83 per cent of all A4 copy paper exported to Australia from Indonesia is manufactured by Tjiwi Kimia.

Confidential Email Extract A-9.1.2

OAP can confirm that supply of these brands went to Tjiwi Kimia due to correspondence between [customer] managers, [detail of correspondence] confirming that Tjiwi Kimia were the suppliers. The correspondence [detail of correspondence]. It is known that Tjiwi Kimia supplied over 80% of the product from Indonesia at this time (TradeData export stats), and that Paper Force exclusively supplies APP product to Australia, and that the other two APP mills (Pindo Deli and Indah Kiat) exported negligible volumes over the period. Therefore supply of these grade must have been sourced from Tjiwi Kimia during the investigation period.

Grades lost continuing to be sold in Australian market

Up until the RFQ for [customer] 2020 supply Opal Australian Paper had been the [supplier] of all [customer] A4 copy paper in the Australian market. However, in 2020 OAP was unsuccessful in securing supply of [brands], and was not awarded supply of their [brand]. It is accurate to say that despite OAP not having supplied the [brand] previously, that when it was unsuccessful on the tender, that OAP in effect 'lost' the volume since historically the volumes now dedicated to [brand], would have been sold as other generic or low price pointed private label brands through [customer] corporate and government stationery contracts.

[brand]

Prior to Opal Australian Paper's unsuccessful FRQ bid for 2020 supply of [brand], OAP had produced and sold XXXX tonnes for the 2019 year and had been the incumbent supplier for a number of years. However following the tender OAP lost supply of the grade to Tjiwi Kimia from [date], as can be seen from the graph below.

Confidential Graph A-9.1.2

Source: *Confidential Attachment A-9.1.2*

Opal Australian Paper secured the [brand] business in [dates] after a change in sentiment by the [end user] whereby they demanded that [customer] provide them with an [detail of end user request]. Instead of supplying [end user] with the higher priced [OAP Brand] and potentially losing the contract to supply to a competitor, [customer] shifted supply of its [brand] back to OAP.

[brand]

[brands] are marketed as [branding detail] and had previously been owned by [customer details]. Whilst there had been sentiment within [customer] that the brand might be discontinued in favour of [customer and brand] which is has been supplied by OAP in recent history, this has not come to fruition and OAP can confirm that [brand] continues to be sold through [customer] website and is shown as 'in stock' as at April 2021. Opal Australian Paper confirms that it did not supply [brand] copy paper to [customer] following the unsuccessful RFQ in [dates]

[brand]

[customer and brand] is known to be a 'price fighter' grade which is not marketed on their general website. [customer] includes this brand in it's tenders in order to source the lowest priced A4 copy paper from its potential suppliers, and attempts to bring other grades down to these levels through negotiation. [customer] website sells very low volume in the Australian market given that these sales are targeted to [market segment], which do not make up [customer] primary demographic, being the [market segment]. [customer] website competes with [customer], which is known to be [commentary on customer market share in market segment]. As such, [customer]

rarely offers the [brand] for sale through this channel instead favouring higher margin brands.

[brand] is sold in more significant volumes through [customer, website, sales platform] which its [end users] [detail of customer ordering and supply interface]

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped and/or subsidised imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

Price Depression

Opal Australian Paper has experienced price depression and suppression in the domestic market during the 2020 investigation period and has been significantly undercut by exports from Tjiwi Kimia. Graph A-9.2 below shows the monthly export prices for Tjiwi Kimi A4 copy paper to Australia according to TradeData International's statistics, along with a weighted average pricing from all other countries since 2015, as well as Opal Australian Paper's pricing pulled directly from Confidential Appendix A6.1. An inland freight component for all FOB export prices of \$XX per tonne has been included to estimate an FIS export price for comparison to the Australian sales.

Confidential Graph A-9.2

Source: Confidential Attachment B-5.1 TradeData Export Stats

The graph highlights the severely injurious export pricing copy paper exported by Tjiwi Kimia, entering the marketplace. Pricing in the last quarter of 2020 was so low (~AU\$952), that it fell below levels experienced in 2015 prior to the imposition of any dumping measures in the market place and the Commission had determined that 52 per cent of the market was supplied by dumped goods.

The trend in the graph also alludes to the fact that since Opal Australian Paper's pricing peaked in [date] following the imposition of dumping measures on countries named in Investigation 463, and that OAP's pricing has been constrained and pulled down by the free-falling Tjiwi Kimia prices. It should also be noted that the Tjiwi Kimia pricing is far below OAP's expectation of what constitutes an Unsuppressed Selling Price calculation from Inv 341 of around AU\$XXXX per tonne. Finally, it is clear that the lowest in market Tjiwi Kimia prices have led the pricing downwards for all market participants including other exporters.

Conditions of Pricing Competition

In the Final Report relating to Investigation 463 the Commission stated in reference to the conditions of competition in the Australian market and price setting that;

"Investigation 341 identified that A4 copy paper is price sensitive and that price is a key driver for sales, and the Commission understands this is still the case. In addition, the Commission established that the price of imported A4 copy paper is a relevant consideration when Australian Paper enters into supply contracts and when it undertakes price reviews during the course of a contract."

The Commission went on to elaborate, noting that;

"the evidence before the Commission and advice from interested parties confirmed that there is significant pricing transparency of A4 copy paper, such that customers in various channels and segments of the market are aware of competitor prices and use

these prices to negotiate with existing suppliers.”¹³

Critically, the Commission found that during the investigation;

“the existence of the dumped prices influencing a price sensitive good, combined with price transparency in the Australian market, regardless of volumes, influenced Australian Paper’s pricing behaviour.”¹⁴

It is therefore true and correct according to the Commission’s historic analysis of the Australian market that Tjiwi Kimia’s export prices to Australia in 2020, being the lowest in the market, will have impacted and influenced the prices achieved by other market participants due to price transparency in the marketplace.

In addition to the example of price undercutting by Tjiwi Kimia exports for the [brand] RFQ which lead Opal AP’s unsuccessful bid, Opal Australian Paper submits the following case studies relating to the influence of dumped imports on OAP’s pricing at [customer] for The Commission’s consideration.

A-9.2.1 [customer] RFQ (price reduction)

[customer] tender process in [date] resulted significant price reductions on OAP’s final range for which price changes came into effect on [date] as well as volume and ‘share of wallet’ reductions of around XX per cent at [customer]. Feedback from the negotiation of the tender was that competitive prices available to [customer] in the marketplace were significantly lower than OAP’s initially submitted and historic pricing. Emails contained in file *Confidential Attachment A-9.2.1.1* show the price reduction over time due to feedback that OAP was **\$X - \$X million out on pricing to the best alternative**. [detail of correspondence] with [customer] also [detail of undercutting].

Confidential Attachment A-9.2.1.2 includes OAP’s RFQ pricing movements [detail of negotiation]. Whilst it had been OAP’s understanding throughout the negotiation that this best alternative pricing of \$XXX/ream delivered would be manufactured by APP Indonesia’s Tjiwi Kimia mill (on account of their unique ability to supply both virgin and recycled grades and being the only APP Indonesian source exempt from dumping measures at the time), this was not confirmed until [date] when [customer] representatives [detail of correspondence].

In addition to the demonstrated price reductions, OAP which had previously supplied [detail of customer supply volume], lost around XX per cent share following the RFQ. A4 copy paper [brand] worth approximately XXXX tonnes per annum, [brand] and [brand] were all not awarded to OAP but to Paper Force (Oceania) Pty Lt (‘Paper Force’), which imports exclusively APP mill products including those manufactured by Tjiwi Kimia¹⁵.

OAP had submitted pricing for [brand] XXX per ream after having reduced the price from \$XXX per ream during the tender process outlined above (see *Confidential Attachment A-9.2.1.2*) although OAP was still not awarded the business.

It is not known whether [customer] awarded the business to Paper Force in favour of OAP on the four grades, however, **the correspondence confirms that Paper Force was the import competitor whose pricing [customer] had used to achieve the negotiated price reductions on OAP supply**. Opal Australian Paper reiterates that Tjiwi Kimia is the only APP Indonesian mill which produces both recycled and virgin A4 copy paper grades, and that 83 per cent of exports to Australia from Indonesia are produced by Tjiwi Kimia.

¹³ REP 463 Section 5.2.5 pages 22-23 (Market Structure, Price Setting)

¹⁴ REP 463 Section 8.9.1 page 76 (Price effects, Price suppression and price depression)

¹⁵ On its website Paper Force confirms that “(Paper Force) have been in Australia for more than two decades as the exclusive business partner of APP and its mills, including Ningbo Zhonghua Paper Co., LTD (China), PT. Pabrik Kertas Tjiwi Kimia Tbk. (Indonesia)...” (emphasis added) - <https://paperforce.com.au/>

[detail of correspondence]

The significant price reductions sought by [customer] as a direct result of quotation of Tjiwi Kimia produced goods and correspondence with Paper Force, forced Opal Australian Paper to make several price reductions on the 2020 supply agreement, to levels which were injuriously low. This is a classic case of undercutting, and the fact that Opal AP was not able to secure supply of all grades provides further credibility to the real and present threat that the import competition posed in relation to the tender outcome.

Price Undercutting

[customer] detailed the extent of price undercutting by Tjiwi Kimia in correspondence in the course of the negotiation (see *Confidential Attachment A-9.2. 1*). In this exchange the [customer] states that the best alternative pricing (believed to be Tjiwi Kimia via Paper Force), was ~XX per cent below that of the Opal Australian Paper prices. OAP accepts this as adequate quantification of the amount which was undercut during this negotiation given that the final pricing was significantly reduced and it is believed that it landed somewhere close to the import alternative in net terms at the end of the negotiation.

The price undercutting at [customer] combined with the lost sales volumes at [customer] have prevented Opal Australian Paper from maintaining sales volumes (and market share) in a contracting market and have further contributed to declines in profit and profitability for OAP.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped and/or subsidised imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

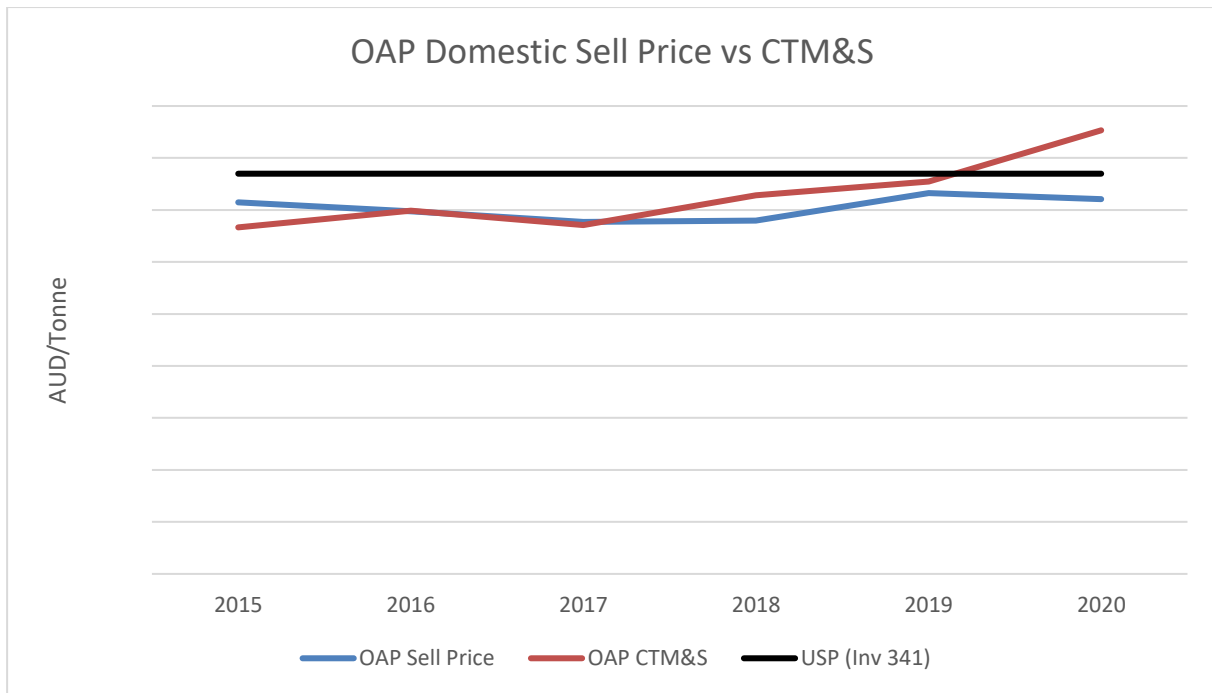
Price Suppression

Opal Australian Paper has been unable to achieve price increases in the Australian market in line with cost increases due to the constraining factor of price depression and suppression of dumped product continuing to enter the marketplace.

Following the imposition of measures stemming from Inv. 341 Opal Australian Paper was not able to achieve price recovery from the injuriously low pricing level experienced in the 2015 investigation period since importers simply shifted their purchasing to other export countries which were then found to be dumping in Inv. 463. Subsequently, when measures were set in place following the decision in 2019, Opal Australian Paper was able to achieve slight pricing increases in the domestic market, although these price increases were not sufficient to remove injury, nor were they sufficient to counteract the cost increases during 2019 due to price suppression by dumped imports not covered by existing measures.

Part A-9.2 of this application outlined pricing constraints through intense import competition and showed graphically that in 2020 exports of the goods from Indonesia led OAP, and indeed market pricing down to levels even lower than those experienced by OAP in 2015 prior to the imposition of any dumping measures. From *Confidential Attachment Appendix A6.1* it can be seen that Opal Australian Paper's weighted average sell price in 2015 (a period significantly impacted by dumping), was \$1,428 per tonne. After continued pricing pressure from dumped imports there was some price improvement in 2019 before the dumped exports from Indonesia took their toll on OAP's sell price again in 2020, restricting the weighted average domestic sell price to \$1,442 per tonne.

Confidential Graph A-9.3



Confidential Graph A-9.3 highlights the continuing affect of price suppression from the dumped goods on OAP's profitability in that it the cost to make and sell the like goods has exceeded the unit sales revenue. In the 2020 year there is a clear divergence between CTM&S and sell price demonstrating not only the effect of price depression of the dumped goods from Indonesia, but also the fact that sustained cost increases have not translated to proportionate sell price increases (or any price increase for that matter). In fact, an outsized CTM&S increase worsens the injurious impact of the constrained sell price in 2020 had on profitability which was -18.3 per cent.

Opal AP's estimate of what constituted the Unsuppressed Selling Price from Investigation No. 341 is included for reference and highlights that the dumped imports had limited OAP's domestic sell price in the 2020 year to remain at levels below the USP.

- The quantity and prices of dumped and/or subsidised imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped and/or subsidised imports on these factors and where applicable use references to the data you have provided at [appendix A7](#) (other economic factors). If factors other than those listed at [appendix A7](#) (other economic factors) are relevant, include discussion of those in response to this question.

Return on Assets

Given the capital-intensive nature of the pulp and paper manufacturing business Return on Assets is considered an adequate indicator of Return on Investment. In 2016 Opal Australian Paper experience a slightly negative ROA which is not attractive for reinvestment. In 2020 ROA declined further by over 1,800 per cent from the 2016 period which was also affected by dumping. The negative ROA confirms that the injury is being experienced in the form of reinvestment attractiveness. Given that return on assets and profitability were negative in the 2020 investigation period, and the net loss related to the production of A4 copy paper for OAP for the year was greater than -\$XX Million it is clear that the dumped imports have propagated

a situation where reinvestment and capital expenditure on the copy paper business is not attractive (nor viable). Price depression and suppression experienced as a result of the dumped exports to Australia, is the cause of Opal Australian Paper's inability to recover from injuriously low market pricing, increase net revenue, profitability, and as a result perpetuates a lack of reinvestment and restricts OAP's ability to grow or invest in technology developments and remain competitive.

In 2014 Opal Australian Paper completed its commissioning of a state-of-the-art de-inked pulp production facility (DIP Plant), allowing it to produce recycled A4 copy paper grades internally from domestically recovered copy paper. This facility has the capacity to divert up to 80,000 of recovered paper from landfill per annum. The DIP Plant, being the last significant capital investment related to the like goods constituting a cost of over \$100 million, was envisioned to reduce OAP's reliance of imported recycled (DIP) pulp, which was subject to market price fluctuations, and costs higher than that which OAP could produce the raw material. Unfortunately, due to sustained pricing pressure and intense competition from dumped imports, OAP was not able to establish a price premium for the Australian made recycled copy paper and has been forced into a brutal downward trend on pricing ever since. This meant that OAP was not able to realise the anticipated return on investment in the proceeding years (combined losses relating to the like goods since 2015 of -\$XX million), and with XX per cent of those losses occurring in 2020 it is no surprise that future reinvestment is unlikely until such a time that the injurious effect of the dumped imports is removed.

Capacity Utilisation

Opal Australian Paper has experienced sustained decreases in capacity utilisation for A4 copy paper production since 2016, with utilisation at its lowest level in 2020 since data collection started in 2010. Decreases in utilisation prior to 2020 were marginal, as volumes grew across the injury analysis period resulting from outcomes of Investigations 341 & 463. At the same time product which had been sold to less profitable export markets as means to maintain capacity utilisation decreased in order to supply the domestic market. However, in 2020 the impact of reduced market demand due to COVID, as well intense domestic competition from dumped imports caused a situation where exports to less profitable export markets, as well as market activity shuts on production were forced leading to reduced capacity utilisation and reduced production of 28 per cent in 2020 compared to 2019.

Employment

The number of Full Time Employees ('FTEs') at Maryvale allocated to production of the like goods increased following the imposition of measures on dumped and injurious imports in 2016. In subsequent years 2017 – 2019 employment remained steady, before falling over 20 per cent in 2020 as a result of reduced demand for OAP production in connection with lost volumes due to intensified competition in the contracted 2020 marketplace. At Opal Australian Paper's Maryvale site it is true that the converting line which cuts the uncoated woodfree paper (UCWF) rolls into copy paper including A4 size, is often the first place through which new employees at the production site are rotated. There are a multitude of operational benefits to this practice, however it is important to note that dramatic fluctuations in market demand caused by the impact of COVID and worsened by the dumped import competition, brings about a situation where any sustained reduction in production could translate into lost FTEs, as was the case in 2020.

5. Describe how the injury factors caused by dumping and/or subsidisation and suffered by the Australian industry are considered to be 'material'.

Materiality

As discussed in Part A-9.4 the net loss for Opal Australian Paper related to the domestic sales of like goods in 2020 was over -\$XX million, with a profitability less than -18 per cent. Confidential Graph A-9.5 below highlights the sustained impact that dumped exports to Australia

have had on the OAP copy paper business, as well as an outsized impact in 2020. Whilst a decline in market volumes was observable in 2020 it is noteworthy that all market participants should be affected by the softening market demand, however OAP has been more dramatically impacted due to the intensified price competition of exports from Indonesia. The combination of lost volumes to competitors, soft market demand, and dramatic price reductions as a result of competitive tenders with Tjiwi Kimia production, has led to injury in the investigation period at levels which are clearly material if not catastrophic.

Confidential Graph A-9.5

Value of the losses suffered as a result of the dumping

[customer] case study – Lost Volume

Opal Australian Paper reiterates that it did not secure XXXX tonnes of volume with [customer] as a result of the [brand] RFQ in 2019 for 2020 supply, with the [supplier] of the dumped goods, Tjiwi Kimia, winning the tender. In order to adequately quantify the value of the forgone business to OAP, the opportunity cost of losing the volume needs to be considered. i.e. the fact that volume which would otherwise have been sold to [customer], must as a result of the failed tender, be sold into low priced export markets instead. Therefore a simple dollar value comparison of OAP's 2020 weighted average domestic unit profit multiplied by the volume, less the unit profit on sales to the export market multiplied by the volume, is a strong indicator of the value of the lost business to OAP's bottom line.

From Confidential Appendix A6.1 it can be demonstrated that in 2020 OAP's weighted average unit profit was -AU\$XXX per tonne sold. Multiplied by the relevant volume (XXXX tonnes), equals a loss of approximately \$XX million. Compared to the actual losses incurred on exports of; -AU\$XXX multiplied by XXXX equalling a loss of approx. \$XX million. Therefore the value of the loss of this business to OAP in 2020 can be estimated at around **\$XX million** i.e. the additional losses incurred by sending the volume to export as opposed to being made as domestic sales.

The injurious impact of the price negotiation with [customer] as a result of the competitive tender against the dumped imports will also have had a contagion effect on market prices. The Commission has noted in previous investigations that a high degree of price transparency and cross channel trade leads to a situation where the lowest in market prices become the baseline expectation in other/subsequent negotiations, and drag although it is difficult to quantify the impact.

“the existence of the dumped prices influencing a price sensitive good, combined with price transparency in the Australian market, regardless of volumes, influenced Australian Paper's pricing behaviour.”¹⁶

Confidential Table A-9.5.1

Source: Confidential Attachment A-9.1.2

[customer] Case Study – Lost Volume

Similarly, the XXXX tonnes lost in the 2019 negotiation for 2020 supply with [customer] as a result of direct competition with Tjiwi Kimia can be valued using the same methodology as above, given that these volumes require an export outlet in order for OAP to mitigate its losses.

Confidential Table A-9.5.2 below demonstrates that the value of this lost volume can be estimated as approximately **\$XX million** in additional losses 2020.

Confidential Table A-9.5.2

¹⁶ REP 463 Section 8.9.1 page 76 (Price effects, Price suppression and price depression)

Source: Confidential Attachment A-9.1.2

[customer] Case Study – Price Reductions

In order to quantify the direct impact of the dumped imports on the 2019 negotiation for 2020 supply to [customer] on business which OAP secured, the final negotiated price has been compared to the first pricing offer submitted at the outset of the negotiation. OAP does note however that even the initial price offer will have been affected by the existence of the dumped goods from Tjiwi Kimia in the market place since the lowest prices in the transparent and commoditised market form the baseline expectations for customers. Whilst this will have an impact, it is difficult to quantify and as such has not been considered in this analysis even though it would have impacted OAP's 2020 selling prices. Opal Australian Paper has therefore calculated the value of the reduction in negotiated prices on each grade sold to [customer] in 2020. Confidential Table A-9.5.3 below demonstrates the Loss of approximately **\$XX million** attributable to the negotiated price reductions at [customer] as a result of direct competition with the dumped goods from Tjiwi Kimia for supply in the investigation period.

Confidential Table A-9.5.3

Source: Confidential Attachment A-9.1.2

Opal Australian Paper therefore submits that the value of the material injury in the investigation period related to the [customer] tenders in direct competition with the dumped exports from Tjiwi Kimia are approximately **\$XX million**.

This does not take into account the contagion effect that lowest in market pricing of dumped exports from Tjiwi Kimia have on the rest of the market and indeed the prices that OAP is able to achieve at other customers in all channels due to price transparency and cross-channel trade. For example, it is not unrealistic to expect that OAP's market prices in 2020 might have been X-X per cent higher across its entire sales volume 'but for' the impact of the dumped goods. This would equate to somewhere between a recovery of **\$XX - \$XX million** in revenue for Opal Australian Paper in the transparent and commoditised market. Therefore as a minimum, OAP contends that the quantum of the injury attributed to the dumping is somewhere between **\$XX - \$XX million** in 2020 as a conservative estimate, which is considered material.

6. Discuss factors other than dumped and/or subsidised imports that may have caused or may threaten to cause injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping and subsidisation.

Impact of the Covid Pandemic

Whilst it is fair to say that the impact of the COVID pandemic has made Opal Australian Paper more susceptible to injury caused by dumped imports, it is also true that this injury would have been material 'but for' the impact of COVID on OAP and the broader market. As highlighted in the causation evidence presented in Parts A-9.1 and A-9.2, OAP has been materially impacted by loss of volumes on account of direct competition with the importers (Paper Force), and exports to Australia (Tjiwi Kimia), and was also subjected to significant price drops on successfully negotiated agreements due to direct price competition with imports and exporters.

The Commission has affirmed Opal Australian Paper's position in Inv No. 341 & 463 as well as Review 547, that a declining market creates a more competitive dynamic between Opal Australian Paper and imported goods where; *"the only way to increase sales volumes is to compete for market share."*¹⁷ Opal Australian Paper was also supported in its opinion that the

¹⁷ REP 463 – Section 5.2.3 – Competition – page 21

number of market participants has condensed in recent times with greater buying power concentrated with a few resellers and retailers, particularly [customers]. It is therefore overwhelmingly apparent that the demonstrated material injury to OAP caused by the dumped imports related to [customers from case studies] dominant market players would have been significant irrespective of the impact of COVID.

Globally, A4 copy paper markets have been in a state of overcapacity for a number of years as falling per capita demand in western and developed economies has outpaced global capacity closures. Additionally the contagion effect of global trade tension (between the US and China and their trade partners), and more specifically the imposition of Anti-Dumping and Countervailing Duties by the U.S against imports of goods from Indonesia, China, as well as the subsequent Anti-Circumvention findings against both countries related to minor modification. These factors have worsened the regional oversupply of cut sheet UCWF paper including the like goods, and perpetuated a situation where countries like China and Indonesia, whose industries are targeted export businesses and whose domestic production far exceeds their domestic consumption (and supported by government influence), must export the like goods at dumped prices in order to maintain capacity utilisation.

APP's Indonesian Tjiwi Kimia mill alone has an UCWF capacity of over 731 thousand tonne per annum or roughly 5.5 times the Australian market size. Furthermore the Indonesian market structure is designed to be globally dominant with a net over capacity (net exports) of approximately 2.8 million tonnes.¹⁸ This creates a situation where there will always be a real and material threat to the Australian industry due to the close proximity of a globally dominant low cost producer subject to a particular market situation, whom has long standing and well established supply channels to the Australian market, and has demonstrated its ability to undercut the Australian producer.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped and/or subsidised imports, forecast their impact on your industry's economic condition. Use the data at [appendix A2](#) (Australian market), [appendix A6](#) (cost to make and sell), and [appendix A7](#) (other economic factors) to support your analysis.

Summary

In this application Opal Australian Paper has demonstrated injury in accordance with Section 269TAE of the Act.

Production of like goods

Decreased domestic demand as a result of the Covid Pandemic in 2020 and the disproportionate impact that this had on Opal Australian Paper versus imported goods necessitated a scaling back in the production levels, as well as increased exports to less profitable markets. In 2020 production of the like goods at OAP reduced by approximately XX per cent, despite a reduction in domestic market apparent consumption of only around XX per cent. The outsized production impact on the domestic industry is therefore estimated at XX per cent greater than the rest of the Australian market, which is considered by OAP to be material.

Capacity Utilisation

In 2020 the impact of reduced demand due to COVID, as well intense domestic competition from dumped imports caused a situation where market activity shuts were forced leading to reduced capacity utilisation. The reduction in Opal Australian Paper's capacity utilisation from 2019 was approximately XX per cent, despite increased sales to less profitable export markets. Had OAP not mitigated the impact of this form of injury by increasing its exports by around XX

¹⁸ Confidential Attachment A-9.6 RISI Indonesian capacity report UWF

per cent in 2020, OAP's capacity utilisation would have even more dramatically impacted.

Sales Volume

The impact of the pandemic should have been experienced equally by all market participants with around a XX per cent decrease in apparent consumption of the like goods in 2020 compared with 2019. Whilst there was a notable reduction in consumption, it would be expected that market share should not necessarily be impacted – given the supply agreements which underpin selling arrangements to major resellers. As has been the case since the copy paper market volumes started to accelerate its decline in 2015; additional volumes or increased market share (and indeed maintained volumes/market share) can only be achieved through winning supply agreements via competitive pricing. This has never been more applicable than in 2020 when, due to market decline, it was necessary for Opal Australian Paper to secure supply agreements to maintain sales volumes and market share via competitive pricing which was depressed by the dumped and injurious imports.

Opal Australian Paper's domestic sales volumes for the like goods declined in 2020 from 2019 levels by approximately XX per cent. This is compared to the reduction in apparent market consumption of around XX per cent. It is clear that there was a significantly outsized impact on Opal Australian Paper's sales in 2020 which was [magnitude of impact] as large as the broader market. Further highlighting the specificity and causation of the injury by the dumped goods, is the fact that OAP's sales across other product categories (non-like goods) in 2020 reduced by only XX per cent in 2020, compared with the XX per cent loss of A4 copy paper sales.

The unsuccessful tender for [brand] is a clear and unambiguous example of Opal Australian Paper's inability to compete with dumped exports manufactured by Tjiwi Kimia, and demonstrates the volume effect that the dumped goods have had on OAP's sales, namely the XXXX tonnes related to [brand] supply. Finally, the lost volumes relating to [brands] totalling around XXXX tonnes resulting from the [customer] RFQ for 2020 supply and the associated XX per cent loss of [customer] share of wallet, further demonstrate the volume impact the dumped exports have had on OAP.

Pricing, Profit and Profitability

Opal Australian Paper experienced a reduction in profit and profitability for the like goods in 2020 of over XXXX per cent.

Opal Australian Paper experienced price depression and suppression in the domestic market and evidenced how it had been significantly undercut by exports from Tjiwi Kimia. Tjiwi Kimia Pricing in the last quarter of 2020 was historically low, and fell below levels experienced in 2015 prior to the imposition of any dumping measures in the market place – a time when 52 per cent of the market was supplied by dumped goods.

Following the imposition of measures stemming from Inv. 341 Opal Australian Paper was not able to achieve price recovery from the injuriously low pricing level experienced in the 2015 investigation period since importers simply shifted their purchasing to other export countries which were then found to be dumping in Inv. 463. Subsequently, when measures were set in place following the decision in 2019, Opal Australian Paper was able to achieve slight pricing increases in the domestic market, although these price increases were not sufficient to remove injury, nor were they sufficient to counteract the cost increases during 2019 due to price suppression by dumped imports which were exempt from duties in the original investigation (Tjiwi Kimia).

Part A-9.2 of this application outlined pricing constraints through intense import competition and showed that in 2020 exports of the goods from Indonesia led OAP, and indeed market pricing down to levels even lower than those experienced by OAP in 2015.

2020 market pricing was far below OAP's expectation of what constitutes a Unsuppressed

Selling Price calculation from Inv 341 of around AU\$XXXX per tonne. Based on the Commission's market and competitive price analysis from previous investigations, it is correct to assert that Tjiwi Kimia's export prices to Australia in 2020, being the lowest in the market, will have impacted and influenced the prices achieved by other market participants due to price transparency in the marketplace.

Evidence submitted by Opal Australian Paper relating to the significant price reductions sought by [customer] as a result of direct competition with Tjiwi Kimia demonstrated that OAP was forced to make several price reductions on the 2020 supply agreement, to injuriously low levels in order to win the RFQ and maintain the business. This was a classic case of undercutting, and the fact that Opal AP was not able to secure supply of all grades added further credibility to the real and present threat that the import competition posed in relation to the tender outcome. Opal Australian Paper was therefore unable to achieve price increases in the Australian market in line with cost increased due to the constraining factor of price depression and suppression by dumped product continuing to enter the marketplace.

The continuing effect of price suppression from the dumped goods on OAP's profit and profitability was experienced through the cost to make and sell the like good exceeding the unit sales revenue. In the 2020 year there was a clear divergence between CTM&S and sell price. Opal AP therefore contends that in addition to the evidenced price depression of the dumped goods from Tjiwi Kimia, there were also sustained cost increases which could not be translated to proportionate sell price increases. In fact, the significant increase in CTM&S and lack of sell price correspondence shows the injurious connection of the constrained sell price in 2020 to the reduction in profitability being -XX per cent.

The net loss for Opal Australian Paper related to the domestic sales of like goods in 2020 was over -\$XX million. The combination of lost volumes to competitors, and dramatic price reductions as a result of competitive tenders with Tjiwi Kimia exports, led to injury in the form of profit and profitability losses in the investigation period at levels which were substantially material.

Return on Investment

In 2016 Opal Australian Paper experienced a slightly negative ROA which is not attractive for reinvestment. In 2020 ROA has declined further by over XXXX per cent from the 2016 period which was also affected by dumping. The negative ROA confirms that the injury is being experienced in the form of reinvestment attractiveness. Given that return on assets and profitability were negative in the 2020 investigation period, and the net loss related to the production of A4 copy paper for OAP for the year was greater than -\$XX million it is clear that the dumped imports have perpetuated a situation where reinvestment and capital expenditure on the copy paper business is not attractive nor viable. Price depression and suppression experienced as a result of the dumped exports to Australia is the cause of Opal Australian Paper's inability to recover from injuriously low market pricing, increase net revenue, profitability, and restricts reinvestment, impairing OAP's ability to grow or invest in technology developments.

Employment

The number FTEs at Maryvale allocated to production of the like goods decreased in 2020 as a result of reduced demand for OAP production in connection with lost volumes due to intensified competition in the COVID pandemic affected marketplace. Reductions in market demand worsened by the dumped import competition, translated to reduced production and lost FTEs.

Market Share

Due to intense import competition declining demand, and the price sensitivity of the marketplace, Opal Australian Paper was forced to either reduce prices to maintain volumes, or lose market share in 2020. OAP's market share subsequently declined by XX per cent from

2019. Volume losses to Tjiwi Kimia exports for [customer] 2020 supply as well as the unsuccessful tender bid at [customer], specifically evidenced the direct impact that the dumped imports had on Opal Australian Paper's market share.

Whilst it is fair to say that the impact of the COVID pandemic has made Opal Australian Paper more susceptible to injury caused by dumped imports, this injury would have been material 'but for' the impact of COVID on OAP and the broader market. As highlighted in the causation evidence, OAP was materially impacted by loss of volumes on account of direct competition with the importers (Paper Force), and exports to Australia (Tjiwi Kimia), and was also subjected to significant price drops on successfully negotiated agreements due to direct price competition with imports and exporters.

The declining market created more intense conditions of competition between Opal Australian Paper and imported goods where the only way to increase or even maintain sales volumes is to compete for market share through competitive pricing. This was compounded by the fact that the number of market participants has consolidated in recent years with greater buying power now concentrated with a few resellers and retailers. Consequently, OAP's material injury attributable to Tjiwi Kimia exports i.e. case studies [customers] would have been significant irrespective of the impact of COVID.

Threat to Material Injury

Notwithstanding the fact that Opal Australian Paper has been able to demonstrate the injury caused by the dumped goods in the investigation period, without the imposition of corrective dumping measures to restore fairness to the market, there will remain the continuing threat of material injury to the Australian industry.

Globally, A4 copy paper markets have been in a state of overcapacity for a number of years as falling per capita demand in western and developed economies outpaces global capacity closures. Global trade tension and the imposition of Anti-Dumping and Countervailing Duties by the U.S against imports of goods from Indonesia, China, as well as the subsequent Anti-Circumvention findings against both countries, has worsened the regional oversupply of cut sheet UCWF paper.

Tjiwi Kimia's capacity of roughly 5.5 times the size of the Australian market size, global over-supply and dumping/countervailing duties in place on Indonesian exports in the U.S perpetuates the ever-present threat of, and actual material injury to the Australian industry. The close proximity of a globally dominant low cost producer subject to a particular market situation, which has well established supply channels to the Australian market, and has demonstrated its willingness to undercut pricing, further evidences the reality of the threat to material injury.

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

B-1 Source of exports

1. Identify the country(ies) of export of the dumped goods.

The goods the subject of this application are exported from the Republic of Indonesia ("Indonesia").

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

It is understood that the country of origin is also the country of export for each of the nominated countries.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

For the purposes of Australia's anti-dumping provisions, exports from Indonesia are not considered non-market economy countries, or economies-in-transition countries.

4. Where possible, provide the names, addresses and contact details of:

- producers of the goods exported to Australia;
- exporters to Australia; and
- importers in Australia.

The following companies are producers/exporters in Indonesia:

PT TBK/Pabrik Kertas Tjiwi Kimia

Jalan Raya Surabaya – Mojokerto km 44,
Mojokerto 61301 East Java, Indonesia
Tel: +62 321 388861
Fax: +62 321 388522

The producers of the goods identified above are also understood to be the exporters of the goods from the nominated countries.

It is possible that producers are using export intermediaries such as paper traders.

The following companies are importers to Australia:

Paper Force (Oceania) Pty. Ltd.

(Indonesia/China)
Ste10/ 255 Whitehorse Rd.
Balwyn VIC 3103
Tel: (03) 8809 3333
(Note – believed to be a related company to Asia Pulp & Paper)

5. If the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

The import volumes from Indonesia are believed to have exceeded 3 per cent of the total import volume of A4 copy paper imported into Australia in 2020. Imports of A4 copy paper from certain

countries are the subject of ABS suppression orders, hence, published export data has been used to derive volumes for all sources. As a consequence, there may be a timing difference involving volumes from Indonesia (when contrasted with the Anti-Dumping Commission's data), and this may slightly impact the annual volumes shown in Table B-1.5.

Table B-1.5 – Indonesia share of Exports to Australia in 2020

Country	2016	2017	2018	2019	2020	2020 Share
Indonesia	30,238	22,729	10,602	17,710	11,528	24.7%
Other Imports	46,878	39,236	20,223	18,268	35,060	75.3%

In 2020, Indonesia accounted for approximately 24.7 per cent of the imports to Australia.

In regards to the data source TradeData states that; *“The merchandise export data supplied to Opal Australia Paper is derived from official government statistical sources in each export country. Exporters (or their agents) must lodge export declaration information with the appropriate government agency prior to the departure goods. These declarations are submitted electronically and are a mandatory requirement. This information is then supplied to the government’s statistical agency who collate, redact some details, and then release the information. TradeData obtains the information either directly from the government statistical agency or from a licenced reseller of the information.”*

A copy of the TradeData reports supplied to Opal Australian Paper is included at *Confidential Attachment B-1.5*

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application

The import volumes from Indonesia independently exceed 4 per cent of total import volumes for A4 copy paper into Australia in 2020.

B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. Indicate the FOB export price(s) of the imported goods. Where there are different model control codes or levels of trade involved, an export price should be supplied for each.

As indicated at Section B-1.5 above, TradeData export data has been used as the basis for imports from Indonesia for 2020, with data supplied in *Confidential Attachment B-5.1* covering 2015 to 2020 years inclusive. In this data set FOB export pricing at the country level is provided and summarised in Graph B-2.1.1 below.

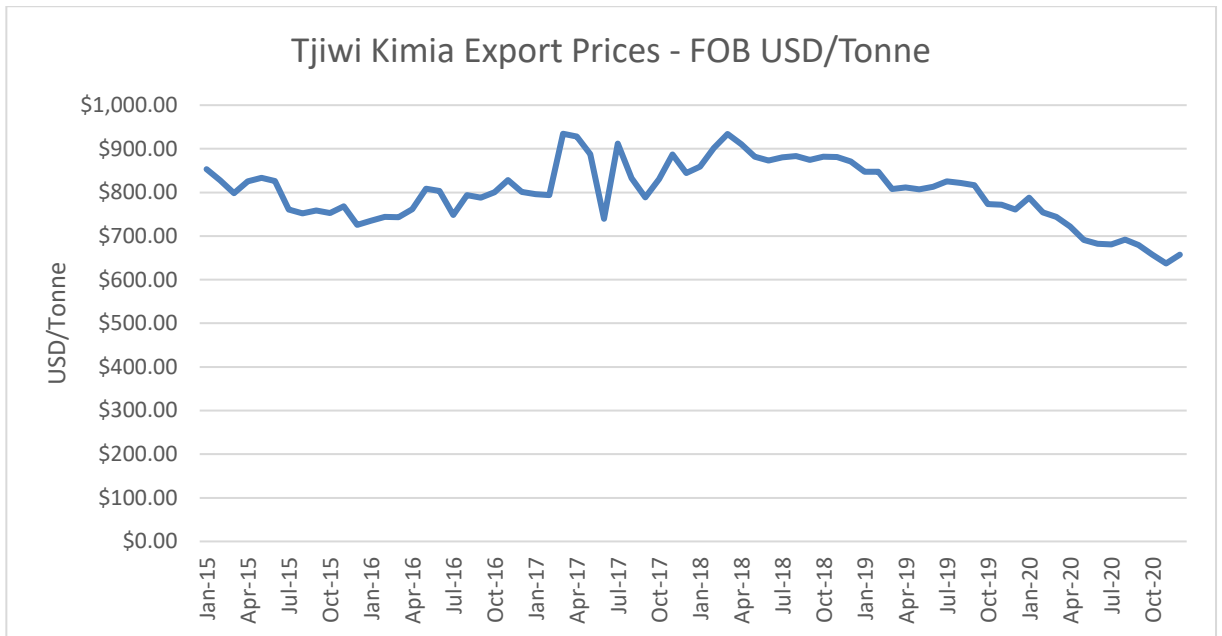
Graph B-2.1.1



In 2020, weighted average monthly Indonesian export prices declined significantly to injuriously low levels not seen since the Inv No. 341 investigation period 2015. It should be noted that these prices are represented in AUD and since the trade is believed to occur in USD this would be a preferable representation of price trend over time as exchange rate effect is removed.

As discussed in Part A-9.2 of this application, Opal Australia Paper has secured a special report from TradeData International which breaks down sources of UCWF exports to Australia which will include the subject goods. Graph B-2.1.2 below shows data from *Confidential Attachment A-9.1* related specifically to Tjiwi Kimia exports to Australia in USD/Tonne.

Graph B-2.1.2



The data highlights the strong downward trend on Tjiwi Kimia's Australian bound export pricing at FOB level and indicates that prices in 2020 had reached levels which were lower than that had ever been previously (including 2015 prices when 52 per cent of the Australian market was supplied by dumped imports). The injuriously low Tjiwi Kimia export prices evidence the significant competitive advantage achieved by their product in the market place due to other exports being subject to measures, as well as the Australian manufacture being unable to

compete profitably at such depressed prices. According to the data, Tjiwi Kimia's weighted average price for the full year 2020 was US\$707 per tonne, versus US\$781 per tonne in 2015.

Table B-2.1 Monthly Indonesian & Tjiwi Kimia FOB export prices to Australia

Month	Indonesian FOB Price (AU\$/Tonne) ¹⁹	Tjiwi Kimia FOB Price (AU\$/Tonne) ²⁰
Jan-20	\$ 1,108	\$ 1,171
Feb-20	\$ 1,091	\$ 1,156
Mar-20	\$ 1,153	\$ 1,204
Apr-20	\$ 1,107	\$ 1,100
May-20	\$ 1,004	\$ 1,038
Jun-20	\$ 888	\$ 995
Jul-20	\$ 952	\$ 944
Aug-20	\$ 860	\$ 941
Sep-20	\$ 978	\$ 956
Oct-20	\$ 865	\$ 933
Nov-20	\$ 779	\$ 862
Dec-20	\$ 873	\$ 853

Opal Australian Paper considers that the TradeData export data accurately reflects the FOB prices for the exported goods from Indonesia. Opal Australian Paper considers that the TradeData export data accurately reflects the FOB prices for the exported goods from Indonesia, therefore OAP has not determined a deductive export price for exports of the goods from Indonesia (please refer to Section B-2.3 below).

It is possible, however, that 'off-invoice' rebates and 'support' payments provided to importers and/or on-sellers by manufacturers, exporters or their related entities are included in the declared export prices. These off-invoice payments can be 10 per cent or more of the invoice value.

2. Specify the terms and conditions of the sale, where known.

Opal Australian Paper understands that the A\$ FOB prices include inland freight and credit terms for distributors in Australia.

It is understood that industry credit terms of 90 days from bill of lading are most common for sales to Australia.

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

Opal Australian Paper considers that the TradeData export data accurately reflects the FOB prices for the exported goods from Indonesia. As indicated at Section B-2.1 above, off-invoice rebates are not included in published export prices.

It is Opal Australian Paper's understanding that the value of rebates and support payments are in excess of 10 per cent of the FOB value of the goods. These rebates are frequently paid at the end of

¹⁹ Indonesian export prices sourced from TradeData International – data available in *Confidential Attachment B-5.1 TradeData Export Stats*

²⁰ Tjiwi Kimia export prices sourced from TradeData International – data available in *Confidential Attachment A-9.1 Tradedata Indonesia exports*

a quarter or a year and are often invoiced by the importer on the supplier and so are not readily linked to the paper purchase transaction. In some circumstances, the rebate may fall in the following financial year.

For certain imports sold through Australian agents, either related or unrelated, the cost of the agents are understood to be paid through a commission directly from either the mill or paper company head office rather than through adding a margin to the selling price. As such, they would constitute an upward adjustment to the normal value. It is Opal Australian Paper's experience in operating a paper trading business (PPM), these agency fees are estimated at approximately 3 per cent of FOB.

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

The monthly FOB export price reported TradeData has been used as the basis for export prices in dumping margin calculations. Opal Australian Paper is aware that the Commission has previously verified that rebates and other financial support (not appearing in the declared FOB prices) are paid to major importers of copy paper. From Opal Australian Paper's experience, these importers have generally received rebates of around 10 per cent and also promotional support which can reduce the effective export price by a further 1-3 per cent. These further reductions have not been included in the export prices sourced from TradeData.

B-3 Selling price (normal value) in the exporter's domestic market

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

1. State the selling price for each model control code of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

Indonesian Particular Market Situation Findings

It is alleged in this application that a particular market situation prevails in Indonesia for A4 copy paper as was found to be the case in Investigation 341, and subsequently affirmed by Review 547 albeit reconsidered;

"The Commission found that there was a particular market situation in Indonesia during the original investigation period. Appendix 2 of Report 341 (REP 341) sets out the Commission's findings in respect of the market situation in Indonesia for the original investigation period.

*Subsequent to REP 341 and in light of the findings of the WTO Panel in DS529, the Commission has reconsidered whether the situation in the market in Indonesia is such that domestic sales of A4 copy paper in Indonesia are not suitable for use in determining a normal value under section 269TAC(1) of the Act."*²¹

In its Final Report relating to Review 547, the Commission summarised its findings by stating that;

"the effect of the market situation in Indonesia on the export price in Australia results in

²¹ Review 547 Section 3.2.1 – Particular market situation and suitability.

competitive advantages and disadvantages between market players. Specifically, Indonesian exporters enjoy a cost and price advantage that either manifests as an increased profit margin at the prevailing level of competitive pricing in the Australian market or a low export price that undercuts the prevailing level of competitive pricing. In other words, the effect of the market situation on export price is to modify the conditions of competition in Australia to the benefit of Indonesian exporters and, if that benefit manifests as a low price that undercuts the prevailing level of competitive pricing in Australia, to the detriment of all other market participants in that market.

Thus, the relative effect of the market situation on domestic and export prices is materially different in the relevant markets. For the reasons outlined above, the domestic sales prices are not suitable to use as the basis for “normal value” because they do not permit a proper comparison with export price for the purposes of determining the existence and margin of dumping in the Australian market.”²²

Tjiwi Kimia – 2015 PMS and Normal Value

The Commission found a negative dumping margin relating to exports to Australia of A4 copy paper by Tjiwi Kimia in the 2015 investigation period related to Inv. 341 of -2.18 per cent. The Commission calculated the margin by using quarterly weighted average export prices and corresponding weighted average normal values according to subsection 269TACB(2)(a) of the Act. This was despite the fact that a particular market situation was found to exist such that domestic selling prices were not suitable for determining normal value under subsection 269TAC(1)²³. The Commission found that normal values must be constructed²⁴ due to a finding that the cost of producing pulp was substantially less than a competitive benchmark stating;

Commission considers that the actual cost of pulp recorded by exporters in their records does not reasonably reflect a competitive market cost. As pulp is proportionally the largest cost component for the production of the goods and like goods, the Commissioner considers that the exporter’s records do not reasonably reflect competitive market costs associated with the production or manufacture of like goods. Consequently, the Commission considers that this renders this component of Indonesian producers’ and exporters’ records unsuitable for determining the cost to make A4 copy paper for the purposes of constructing normal values.²⁵

Conversely, the Commission considered that the GOI’s market distortions predominantly impacted the production of A4 copy paper from virgin fibre and considered that the raw material costs for 100% recycled paper did reasonably reflect competitive market costs in terms of subsection 43(2)(b)(ii) of the Regulations.

Consequently under 269TAC(2)(c), the Commission calculated normal values for Tjiwi Kimia as the sum of:

- the cost to make A4 copy paper based on the pulp benchmark (except for 100% recycled paper) and other manufacturing costs recorded in the exporter’s records;
- domestic selling, general and administrative expenses including adjustments under subsection 269TAC(9); and
- an amount for profit determined as the actual profit on domestic sales of like goods in the ordinary course of trade

In the conduct of the investigation it was found that during 2015 Tjiwi Kimia had exported mostly 100% recycled grades to Australia, hence the determination by the Commission that goods had not been dumped. Opal Australian Paper notes that since the imposition of measures against related APP mills Indah Kiat & Pindo Deli (which had previously produced the virgin ‘non-recycled’

²² Review 547 Section 3.2.1.1 – Summary page 23.

²³ In terms of subsection 269TAC(2)(a)(ii).

²⁴ Under subsection 269TAC(2)(c).

²⁵ Final Report 341 – Section 6.9.1 page 51

grades exported to Australia) in 2016, APP switched its virgin grade supply to Tjiwi Kimia production.

It is therefore Opal Australian Paper's contention that a normal value for Tjiwi Kimia should be recalculated based on the information available to the Commission that Tjiwi Kimia now supplies a significant volume of A4 copy paper into the Australian market which is produced from virgin fibre as opposed to the predominantly recycled grades found in 2015. i.e. If the Commission were to substitute pulp benchmarks into Tjiwi Kimia's raw material costs (excluding 100% recycled paper)²⁶, as it did in the No. 341 investigation, then, it would now calculate a substantial dumping margin as it did with Pindo Deli and Indah Kiat in 2015.

Market Intelligence Tracking Indonesian Prices since 2016.

Notwithstanding Opal Australian Paper's agreement with the Commission that a Particular Market Situation exists with respect to the Indonesian copy paper market, and that this renders selling prices unreliable for Normal Value calculation; OAP submits the following market intelligence for the Commission's consideration, see *Confidential Attachment B-3.1*.

The [confidential report] on behalf of Opal Australian Paper details market pricing for major Indonesian domestic copy paper brands including those manufactured by APP. Whilst sell prices in the domestic market are not reflective of international benchmarks and are subject to significant Government influence, the upward trend since investigation 341 suggests that costs to produce the like goods have increased since data collection commenced in 2016. This implied cost increase aligns generally with Opal Australian Paper's experience and that of paper producers globally, and further indicates that OAP's inability to achieve adequate price increases in Australia is a result of the injurious dumping i.e. price suppression. Further, it alludes to the requirement of a higher constructed normal value and therefore higher dumping margin which will be explored in Part B4 below.

2. Specify the terms and conditions of the sale, where known.

Opal Australian paper has not relied upon A4 copy paper selling prices in the Indonesian domestic market due to the existence of a Particular Market Situation, and has therefore calculated normal value on a constructed cost methodology using the best available information to the applicant (See Section B-4.1 below).

3. Provide supporting documentary evidence.

Not applicable

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

Opal Australian Paper has identified the main A4 copy paper producers in Indonesia at B-1.4 above. *Confidential Attachment B-3.1* contains the brand and company names of resellers and retailers in the Indonesian market.

B-4 Estimate of normal value using another method

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

²⁶ In accordance with subsection 269TAC(2)(c),

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
- OR
- the selling price of like goods from the country of export to a third country.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

Opal Australian Paper does not consider that normal values for Indonesian producers of the goods can be determined under s.269TAC(1) as a particular market situation for A4 copy paper is considered to exist in Indonesia.

Opal Australian Paper does not have access to the Indonesian producers actual costs of production for A4 cut paper (including material, labour, energy rates, etc.), although OAP has obtained various reports generated by Fastmarkets RISI's ('RISI') Analytical Cornerstone tool which contains industry expert analysis of cost and consumption estimates based on a multitude of data points. A high-level summary of RISI's methodology is contained in *Confidential Attachment B-4.1.1 Fastmarkets RISI Cost Methodology.mp4* (mp4 video).²⁷

RISI's cash cost breakdown for Tjiwi Kimia production of sheeted 'Xerographic' paper (a term occasionally used to describe UCWF printing and writing papers) is contained in *Confidential Attachment B-6 Dumping Margins*. This data is considered by Opal Paper to be a reasonable approximation for actual costs incurred by the mill and has been used as the basis for constructed normal value calculations.

Given that pulp costs in Indonesia are subject to the particular market situation as described earlier in this application, Opal Australian Paper sourced global average pulp pricing contained in *Confidential Attachment B-4.1.2 RISI Pulp Benchmark* as a benchmark for reasonable pulp prices and substituted these prices into the RISI cash cost model. According to RISI's model with market benchmark pulp substitutes, the cost to make for Tjiwi Kimia on the like goods should have been approximately AU\$931.48 per tonne. Opal Australian Paper then included values sourced from Tjiwi Kimia's publicly available Annual Reports²⁸ to calculate values for Depreciation, SG&A, and Profit and added this to the constructed cost.

Opal Australian Paper has include Tjiwi Kimia's 2019 annual report as *Attachment B-6 TKIM Annual Report 2019 web.pdf*, which was used to estimate SG&A, Depreciation and Profit used in the constructed cost calculations.

'Recycled' Pulp

As a paper machine changes between paper weights or grades, there is a short period where out of spec paper is being produced and this must go back for repulping. These reels are referred to by Opal Australian Paper as 'broke' or 'BTM' (Back to Machine), and this increases the net cost to make the paper due to increased processing, although it is still cheaper than collecting, processing, and de-inking genuinely recovered UCWF paper. Internationally, some producers incorrectly claim 'broke' or 'BTM' out of spec paper for repulping as 'recycled' or 'recovered' paper/pulp. It is important that the Commission ensures in its exporter verification that this is not the case particularly in the context of the particular market situation which exists in Indonesia relating to the production of virgin pulps. i.e. If a producer refers to virgin BTM/broke paper as recovered, then all recycled pulp and paper grades produced must also be subject to the market situation.

However, OAP has not made an allowance for this practice in it's normal value calculation, nor has it calculated a constructed cost for recycled content grades due to unavailability of adequate

²⁷ More detail of RISI's Methodology is available on request.

²⁸ <https://asiapulppaper.com/investors> - Tjiwi Kimia 2019 Annual Report

supporting data/information.

2. Provide supporting documentary evidence.

Provided in Confidential Attachments referred to in Part B-4.1

B-5 Adjustments

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

OAP has determined an ex-factory constructed cost for A4 copy paper produced by Tjiwi Kimia.

As the normal value is determined at the ex-factory level and export prices are at the FOB point, at port of loading, an upward adjustment to normal value for domestic inland freight incurred by the producer is required. OAP does not have access to the cost of inland freight from the producer's factory to the port for export, hence no adjustment has been made. Similarly, any port and handling costs incurred in the port of export have not been adjusted for by OAP.

Opal Australian Paper also considers that an upward adjustment should be made to the normal value in order to account for the Australian 'selling agent' Paper Force's Australian sales in order to ensure like for like comparison on level of trade. In order for Paper Force to be considered as trading with its exclusive exporter Tjiwi Kimia at 'arms length' then there must be a cost, profit or commission paid in associated with this trade i.e. there must be adequate consideration, operational cost recovery and profit, which would require an upwards adjustment to the constructed Normal Value. OAP maintains its opinion that Paper Force is a related party to APP/SMG group of companies, however it is acknowledged that in past investigations the Commission has found these parties to be separate entities and trade at arms-length. As such OAP suggests an upward adjustment of at least 3 per cent as minimum profit and SG&A allowance for the agent. OAP would expect that if the parties are truly independent that the value of this agent selling fee would be between 6-10 per cent.

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

Please refer to OAP's response at B-5.1.

B-6 Dumping margin

1. Subtract the export price from the normal value for each model control code of the goods (after adjusting for any differences affecting price comparability).

Opal Australian Paper has calculated weighted average dumped value for all Tjiwi Kimia exports to Australian in 2020 of **AU\$126 per tonne**²⁹ in accordance with Section 269TACB. Opal AP has used a weighted average dumping margin and did not segment normal values into model control codes as data supporting calculations at MCC level was not available.

²⁹ Confidential Attachment B-6 Dumping Margins

2. Show dumping margins as a percentage of the export price.

Opal Australian Paper has calculated weighted average dumping margin for all Tjiwi Kimia exports to Australian in 2020 of **12.31 per cent**³⁰ in accordance with Section 269TACB. Opal AP has used a weighted average dumping margin and did not segment normal values into model control codes as data supporting calculations at MCC level was not available.

Calculation and detailed methodology is contained in Confidential Attachment B-6 Dumping Margins

³⁰ Confidential Attachment B-6 Dumping Margins

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be mandatory for certain applications.

C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
 - (i) the nature and title of the subsidy;
 - (ii) the government agency responsible for administering the subsidy;
 - (iii) the recipients of the subsidy; and
 - (iv) the amount of the subsidy.

C-2. Threat of material injury

You must complete this section if the application includes a claim that material injury is threatened to an Australian industry because of the exportation of goods into the Australian market.

1. Identify the change(s) in circumstances that would make material injury foreseeable and imminent unless dumping or countervailing measures were imposed, for example by having regard to:
 - (i) the rate of increase of dumped/subsidised imports;
 - (ii) changes to the available capacity of the exporter(s);
 - (iii) the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
 - (iv) inventories of the product to be investigated;
 - (v) for applications claiming subsidisation, the nature of the subsidies in question and the trade effects likely to arise therefrom; or
 - (vi) any other relevant factor(s).
2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that material injury is both foreseeable and imminent.

This question is not applicable as the applicant has sustained material injury from the dumped exports in 2020.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury

assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Commission’s client support section before completing this section.**

1. Fully describe the locally produced raw agricultural goods.

A4 copy paper is not a raw agricultural good.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

This question is not applicable.

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

This question is not applicable.

4. Provide information to establish **either**:

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; **or**
- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

This question is not applicable.

C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.

The countries the subject of this application are not considered “economy-in-transition” countries for the purposes of Australia’s Anti-Dumping and Countervailing System.

2. Nominate a comparable market economy to establish selling prices.

Not applicable.

3. Explain the basis for selection of the comparable market economy country.

Not applicable.

4. Indicate the selling price (or the cost to make and sell) for each model control code of the goods sold in the comparable market economy country. Provide supporting evidence.

Not applicable.

C-5 Exports from an 'economy in transition'

An 'economy in transition' exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an 'economy in transition' are covered by the application. **Applicants are advised to contact the Commission's client support section before completing this section**

1. Provide information establishing that the country of export is an 'economy in transition'.

The countries the subject of this application are not considered "economy-in-transition" countries for the purposes of Australia's Anti-Dumping and Countervailing System.

2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.

Not applicable.

3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.

Not applicable.

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

Not applicable.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be

included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
Total				

* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at [Appendix A.2](#) (Australian Market) to complete the table.

The goods the subject of this application exported from the nominated countries exceed the negligible 4 per cent of the total import volume into Australia in 2020.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B6	Constructed Normal Value