



Australian Industry Verification Report

Verification & Case Details

Initiation Date	02/07/2021	ADN:	2021/082
Case Number	588		
The goods under consideration	A4 Copy Paper		
Case type	Continuation Inquiry		
Australian Industry	Paper Australia Pty Ltd		
Verification from	July 2021	to	September 2021
Inquiry Period	1 July 2020	to	30 June 2021

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED
HEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY
NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

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PREFACE

This report details the findings, analysis, evidence relied upon and reasoning on key verification outcomes of data submitted to the Anti-Dumping Commission (commission) by the verification team for publication on the public record.

It provides interested parties with information regarding all material aspects of the verification, including explanations of any material issues identified during the verification. It outlines the nature, extent and consequences of any changes made to the data submitted, including data corrections made by the company or by the verification team.

Verification teams are authorised to conduct verifications under sections 269SMG and 269SMR of the *Customs Act 1901* (the Act).¹

¹ Reference to any sections in this report relate to provisions of the *Customs Act 1901*, unless specifically stated otherwise.

1 COMPANY BACKGROUND

1.1 Corporate structure and ownership

Paper Australia Pty Ltd (Paper Australia) is the original applicant to the measures.

Paper Australia is a manufacturer of copy paper, envelopes, stationery and pulp. It produces like goods to the goods that are the subject of this inquiry in Australia, which it manufactures at its Maryvale mill. Its head office is located in Mt Waverley, Victoria.

The name 'Opal Australian Paper' (abbreviated 'OAP') is used as a business or trading name for Paper Australia Pty Ltd and is the usual way in which Paper Australia is referred to in common use. Sales by Paper Australia were previously under the 'Australian Paper' brand.

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.

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

NPI is a Japanese paper manufacturing company and heads the group of companies referred to as the Nippon Paper Group. The company's stock is listed on the Tokyo and Nagoya Stock Exchange and on the Osaka Securities Exchange.

No individual shareholders of NPI had greater than 10% of shares as of 1 April 2014.

1.2 Related parties

The verification team examined the relationships between related parties involved in the manufacture and sale of the goods.

The verification team found that Paper Australia did not have any related party customers of the goods, or any related party suppliers, during the inquiry period.

2 THE AUSTRALIAN INDUSTRY MANUFACTURING LIKE GOODS

2.1 Manufacturing in Australia

Paper Australia's manufacturing facilities relevant to A4 copy paper production are situated at its Maryvale mill. The Maryvale mill is located in the Gippsland region of Victoria and commenced operations in 1937.

Paper Australia is the sole manufacturer of A4 copy paper in Australia.

The commission's understanding of Paper Australia's production process for copy paper, its production facilities and financial systems have been established in prior cases involving Paper Australia.² As a result, the verification team was satisfied that at least one substantial process in the manufacture of the goods is carried out in Australia.

2.1.1 Production process

The A4 copy paper produced by Paper Australia is manufactured using the process described below.

The papermaking process in all printing and 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% solids) pumped to a 'headbox' or horizontal nozzle which forms the paper sheet.

The sheet then passes through a series of press rolls and more water is removed by pressure, leaving the sheet about 40% solids (60% 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 calendared between smooth rolls at high pressures to give a smooth surface. The sheet is then rolled into parent rolls or 'Jumbos' several metres wide and over 2 metres in diameter, weighing several tonnes.

The Jumbos are then rewound into smaller reels, generally 1.5 metres in diameter and around 2.5 metres wide 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.

Scrap produced in the papermaking process (also referred to as 'broke') is returned to the papermaking process for reuse.

² Investigation No. 341, Investigation No. 463, Review of Measures Nos. 547 and 551.

2.2 Verification of model control codes

The Model Control Code (MCC) structure outlined below for this inquiry mirrors the structure applied in Review 551 and Review 547.

Category	Sub-category	Identifier	Sales Data	Cost data
Weight (grams per square metre (gsm))	70 gsm	70	Mandatory	Mandatory
	> 71 gsm to 80 gsm	80		
	> 81 gsm to 85 gsm	85		
	> 85 gsm to 90 gsm	90		
	> 91 gsm to 100 gsm	100		
Recycled content	100%	R100	Mandatory	Mandatory
	50% to 99%	R50		
	30% to 49%	R30		
	1% to 29%	R10		
	0%	N		

Table 1 MCC Structure

Paper Australia presented its sales and cost data by reference to only the recycled content of the goods it produced. This is because Paper Australia only produces 80 gsm paper.

Paper Australia proposed slightly different categories for the recycled content aspect of the MCC. This was particularly in relation to its production cost data. Sales data, however, had sufficient information to apply the MCC structure as designed. The commission is satisfied that the recycled content of the goods produced by Paper Australia aligns to the relevant sub-categories already identified in the MCC structure.

Paper Australia’s recycled content categories were grouped as follows:

Category	Recycled content
1	0-20%
2	21-79%
3	80-100%

Table 2 Paper Australia MCC proposal (Review 547)

In Review 547 the commission established that the three categories proposed by Paper Australia was largely based on its sales mix. Historically, Paper Australia has presented its cost to make and sell (CTMS) data (otherwise known as Appendix A6 in dumping applications) consistent with its proposed structure above in Table 2. Paper Australia’s presentation in this inquiry continues to be the case.

The presentation of Paper Australia’s data in the three categories outlined above is not considered to present an issue for the following reasons:

- all of Paper Australia’s copy paper is 80 gsm and
- like goods produced in each category predominately mapped to either 0% (Category 1), 50% (Category 2) and 100% (Category 3).

Production costs and sales data were presented based on models categorised by recycled content.

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Table 3 details the information that was relied on to verify that the MCC sub-categories were correctly mapped to Paper Australia's data.

Category	Determination of the sub-category
Weight (gsm)	N/A - Paper Australia only makes 80 gsm paper.
Recycled content	Based on the recycled content description shown on the commercial invoices and verified as part of the downwards sales reconciliation.

Table 3 Verification of MCC Categories

Paper Australia sold goods with the following MCCs during the investigation period:

Australian Sales	Export Sales	Costs	Relevant Category
80-R100	80-R100	80-R100	Category 3
80-R50	80-R50	80-R50	Category 2
80-R10	80-R10	80-R10	Category 1
80-N	80-N	80-N	Category 1

Table 4 Paper Australia Sales and Cost MCCs

2.3 Like goods

Like goods are defined under section 269T(1) as:

goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

The verification team considers that A4 copy paper manufactured by Paper Australia is identical to, or has characteristics closely resembling, the goods exported to Australia, as they:

- share similar physical characteristics, being white and falling within the gsm weight of between 70-100 (noting that the majority of A4 copy paper is 80 gsm)
- are produced using the same raw material inputs and manufacturing processes
- compete in the same market sectors, are interchangeable and use similar distribution channels and
- have similar end-uses.

2.4 Preliminary like goods assessment

The verification team is satisfied that:

- A4 copy paper manufactured by Paper Australia is like to the goods;³
- at least one substantial process of manufacture of A4 copy paper is carried out in Australia;⁴

³ Section 269T(1).

⁴ Section 269T(3).

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- the like goods were, therefore, wholly manufactured in Australia by Paper Australia;⁵ and
- there is an Australian industry, consisting solely of Paper Australia, which produces like goods in Australia.⁶

⁵ Section 269T(2).

⁶ Section 269T(4).

3 AUSTRALIAN MARKET

3.1 Background

Paper Australia predominantly sells cut sheet paper (copy paper, office paper or laser paper) that is A4 (210 x 297 mm) in size and 80 gsm in weight, with a much smaller quantity sold in other sizes (i.e. A3 and A5).

Imported A4 copy paper supplied to the Australian market is sourced from numerous countries, the highest volumes originating from the People's Republic of China (China) and the Republic of Indonesia (Indonesia).

Anti-dumping measures the subject of this inquiry apply to exports from

- the Federative Republic of Brazil (Brazil)
- China (dumping and countervailing)
- Indonesia, and
- the Kingdom of Thailand (Thailand)

(collectively known as the subject countries).⁷

Following the completion of Investigation No. 463, in April 2019 anti-dumping duties were imposed on all exports of the goods from Finland, the Republic of Korea (ROK), the Russian Federation (Russia) and the Slovak Republic (Slovakia) (except by Mondi SCP a.s (SK)).⁸ These countries are not the subject of this inquiry.

In addition to the countries named above, the Australian market is supplied by exporters from several other countries that are not subject to anti-dumping measures. In the 3 year period prior to 2021 this has predominantly included exports from

- Germany
- the French Republic
- Malaysia
- the Republic of South Africa

3.2 Market structure

The Australian market for A4 copy paper is supplied by Paper Australia and imports from other countries, which includes exporters from the countries the subject of this inquiry, i.e. Brazil, China, Indonesia and Thailand.

⁷ Following the completion of Investigation No. 341, anti-dumping measures in the form of an anti-dumping notice (ADN No. 2017/39 published on 19 April 2017) were imposed on all exporters from China, Brazil, Indonesia (except for PT Pabrik Kertas Tjiwi Kimia Tbk (**Tjiwi Kimia**)) and Thailand. Anti-dumping measures in the form of a subsidy notice (ADN No. 2017/40) were implemented on all exporters from China (except for exports by Asia Symbol (Guangdong) Paper Co., Ltd and Greenpoint Global Trading (Macao Commercial Offshore) Ltd (**collectively, Asia Symbol**)).

Following the completion of Review of Measures No. 547, with effect from 12 March 2020, the anti-dumping notice was revoked on exports from Indonesia by Pt Indah Kiat Pulp & Paper Tbk (**Indah Kiat**) and Pt Pindo Deli Pulp and Paper Mills (**Pindo Deli**) (ADN No. 2020/190 refers).

⁸ ADN No. 2019/037 refers.

3.2.1 Marketing

The commission has identified that A4 copy paper is marketed to end users in the following three broad categories:

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

Notwithstanding the existence of different brand categories, Paper Australia claims that end users are unlikely to discern significant physical or functional differences between brands. End users are most likely aware only of brand recognition and price differences, particularly where promotions are in place.

Copy paper is 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.

3.2.2 Supply, competition and distribution

Paper Australia has previously stated that A4 copy paper supply channels are concentrated through a limited number of national resellers and retailers.

The key supply channels for A4 copy paper in Australia are the retail, corporate stationery and resellers. These three supply channels then sell to three categories of end users:

- Home and home office/small office/business sectors
- Medium and large business, the government and education sectors and
- Industrial sector including instant print and in-plant printing operations.

The commission has represented this market structure graphically at Figure 1.

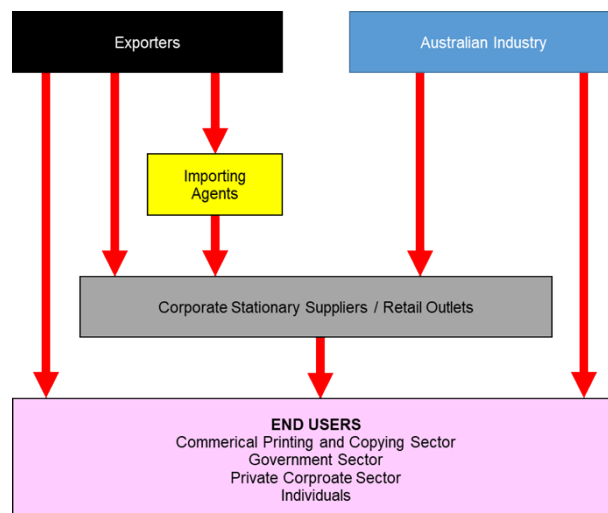


Figure 1 - The commission's representation of the Australian market⁹

⁹ EPR 463 Item No. 068, p.19.

Sellers of A4 copy paper, particularly in the corporate stationery and retail segments, commonly source a range of A4 copy paper brands and grades from multiple sources, both Australian made and imported. Therefore, consumer groups also have access to and consume A4 copy paper from a variety of sources.

A4 copy paper supply channels are concentrated through a limited number of national resellers and retailers. As there are no significant product substitutes in the market, both Paper Australia's goods and imported A4 copy paper products are sold to the same key end users, via the same supply channels, resulting in direct competition.

Paper Australia has a network of warehouses across Australia to service a broad range of customers. In addition to its production of A4 copy paper, it sells other paper products (produced at Maryvale), imported stationery items, envelopes (produced at Preston) and overprint services for the envelope market.

3.2.3 Demand

Paper Australia indicated that strongest demand exists in the medium to large business, government and education sectors. Second in ranking was the home office/small business and personal home usage sector. A market segment analysis confirmed this description.¹⁰

Paper Australia initially cited that demand drivers for copy paper historically related to population growth generally and growth in the Australian workforce. However, it indicated these are no longer accurate predictors of copy paper demand. Paper Australia attributes the decline in demand to increasing digitisation of communications and record keeping in developed economies.¹¹ Similar views were expressed by Paper Australia's parent company, NPI, in its investor relations presentations for the 2020 financial year.¹²

Noting the above, the verification team examined trends in products that are complementary to A4 copy paper usage. In particular, the verification team examined data relating to the value of imports for toner cartridges used in multi-function devices and photocopiers, printing and copying devices and machinery. Trends observed in these complementary markets were consistent with the contraction in the market for A4 copy paper.¹³

3.3 Pricing

Due to the homogenous nature of A4 copy paper, Paper Australia's products compete directly with products imported from overseas in all market segments.

In its questionnaire response for Investigation 583, Paper Australia highlighted that there is a 'great deal' of transparency in the market due to large sellers servicing

¹⁰ Confidential Attachment 1, pp.24-25 refers.

¹¹ Confidential Attachment 1, p.78 refers.

¹² [2030 VISION – MEDIUM TERM BUSINESS PLAN 2025, p.7, NPI, 14 May 2021 \(downloaded 16 September 2021\)](#)

¹³ Confidential Attachment 1, pp.78-80 refers.

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end-users across all segments (e.g. home/small offices, medium and even large sized businesses, as well as the education sector).¹⁴ Paper Australia stated that as the market is supplied primarily through a handful of resellers and retailers, price negotiation power resides with these entities.

Paper Australia stated in its submission of 23 August 2021 that it provided the commission with evidence of competitive price offers.¹⁵ In a request for information (RFI) the verification team invited Paper Australia to provide the information cited in its submission as it was not provided with its inquiry application. The RFI also invited Paper Australia to describe the resources available to participants in the market that caused prices to be transparent.¹⁶

Paper Australia's response to the RFI referred the verification team to various statements in *Anti-Dumping Commission Report No.463* (REP 463) and cited data it provided in its application for Investigation No. 583.

REP 463 examined calendar year 2017 in relation to alleged dumping of A4 copy paper from Austria, Finland, ROK, Russia and Slovakia. The price offer data relied on in REP 463 does not relate to the exporters from the countries being examined in this inquiry, nor is it contemporaneous to the current inquiry period. The relevance of this information may therefore be limited. However, REP 463 did establish that cross channel trade in the market led to price transparency.¹⁷

The market structure diagram provided at Figure 1 and the examination of the Australian market undertaken for the purpose of this verification supports a conclusion that cross channel trade continues to the current day.

In relation to Paper Australia's citation of its application for Investigation 583, the verification team notes that this investigation is examining alleged dumping by only one Indonesian exporter, Tjiwi Kimia. Notwithstanding, this information related to interactions between market participants and is therefore relevant to considerations regarding price setting practices. A summary of this information is outlined below.

Paper Australia describes the downstream market for copy paper as 'highly competitive' and very price sensitive. Paper Australia identifies that major or dominant market participants incentivise purchasers of copy paper by using marketing strategies such as:

- price beat guarantees at major/dominant retail market players
- aggressive price-pointing (or price-fighter) strategies to maximise sales in the ultra price sensitive market
- customers or 'resellers' will often use the largely indiscernible product differences to justify these price-pointing strategies despite there being little no practical difference between the goods

¹⁴ EPR 583 Item No. 004, p.11.

¹⁵ [EPR 588 Item No. 005, p.3](#)

¹⁶ Confidential Attachment 1, p.20 refers.

¹⁷ Section 5.2.1, REP 463, p.19.

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- using the low priced copy paper to entice customers to visit stores and possibly purchase higher margin items in the same visit.¹⁸

Paper Australia stated it was not the price leader for sales of copy paper in Australia. Paper Australia claims that market pricing expectations are determined by the price of imported goods which are in turn cited by its customer's during price negotiations.¹⁹

Paper Australia further explained it is a price taker on account that the barriers for customers to seek alternate supply are very low. Paper Australia describes that customers hold a strong bargaining position which requires it to track the price offers for goods sourced from subject exporters.²⁰

In relation to considerations other than the price offers from exporters, Paper Australia set out that it also had regard to input costs such as key raw materials (wood/fibre), utility expenses and logistic and warehousing costs.²¹

On the basis of the price suppression finding at chapter 5.4.2 and the profit results at chapter 5.5, it was not clear to the verification team as to whether cost was a core consideration. It was observed, however, that Paper Australia's prices were at least sufficient to recover the variable manufacturing cost component.

As directed by Paper Australia, the verification team also undertook an examination of the case study data outlined in Paper Australia's application for Investigation No. 583.²² The price negotiations outlined in the evidence supplied with its application related to tenders to supply customers in the 2020 calendar year.

The competing overseas exporter's price offers were not specifically mentioned in the correspondence examined. However, it was possible to validate Paper Australia's claims that an overseas supplier of the goods had been selected in preference to Paper Australia.

Paper Australia's price offer evidence was useful to demonstrate how negotiations between Paper Australia and a potential customer were conducted and how the negative outcome impacted Paper Australia's sales volumes and revenue. It was noted, however, that the evidence provided did not relate to the exporters the subject of this inquiry.

3.4 Market size

The commission has estimated the size of the Australian market for A4 copy paper using the domestic sales data from Paper Australia and data sourced from the Australian Border Force (ABF) import database. The information sourced from the

¹⁸ Section B-2.3, EPR 583 Item No. 004, p.23.

¹⁹ Section B-3.1, EPR 583 Item No. 004, p.24.

²⁰ Section B-3.3, EPR 583 Item No. 004, p.25-26.

²¹ Section B-3.4, EPR 583 Item No. 004, p.26.

²² Item A-9.1.1 and A-9.1.2, EPR 583 Item No. 001, p.40-42.

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ABF import database was determined using the following tariff codes for A4 copy paper:

Tariff Subheading	Statistical Code	Description
4802		UNCOATED PAPER AND PAPERBOARD, OF A KIND USED FOR WRITING, PRINTING OR OTHER GRAPHIC PURPOSES, AND NON PERFORATED PUNCH-CARDS AND PUNCH TAPE PAPER, IN ROLLS OR RECTANGULAR (INCLUDING SQUARE) SHEETS, OF ANY SIZE, OTHER THAN PAPER OF 4801 OR 4803; HAND-MADE PAPER AND PAPERBOARD:
4802.56		Weighing 40 g/m ² or more but not more than 150 g/m ² , in sheets with one side not exceeding 435 mm and the other side not exceeding 297 mm, in the unfolded state:
4802.56.10		<i>Printing and writing paper, 297 mm x 210 mm (A4 paper): Weighing 40 g/m² or more but less than 90 g/m²:</i>
	03	<i>White</i>
	09	<i>Weighing 90 g/m² or more but not more than 150 g/m²</i>

Table 5 - General tariff classification for the goods

Figure 2 depicts the commission’s estimate of the Australian market size for A4 copy paper from 1 January 2012 to 31 December 2020. The entities relating to each data series covers the following:

- Australian industry – Paper Australia
- Subject exporters (341) – entities that were examined for the purpose of Investigation No.341 and remain subject to measures
- Non-subject exporters (341) - entities that were examined for the purpose of Investigation No.341 and are no longer subject to measures
- All other exporters – exporters from countries examined for the purpose of Investigation No. 463 and all other countries not subject to measures.

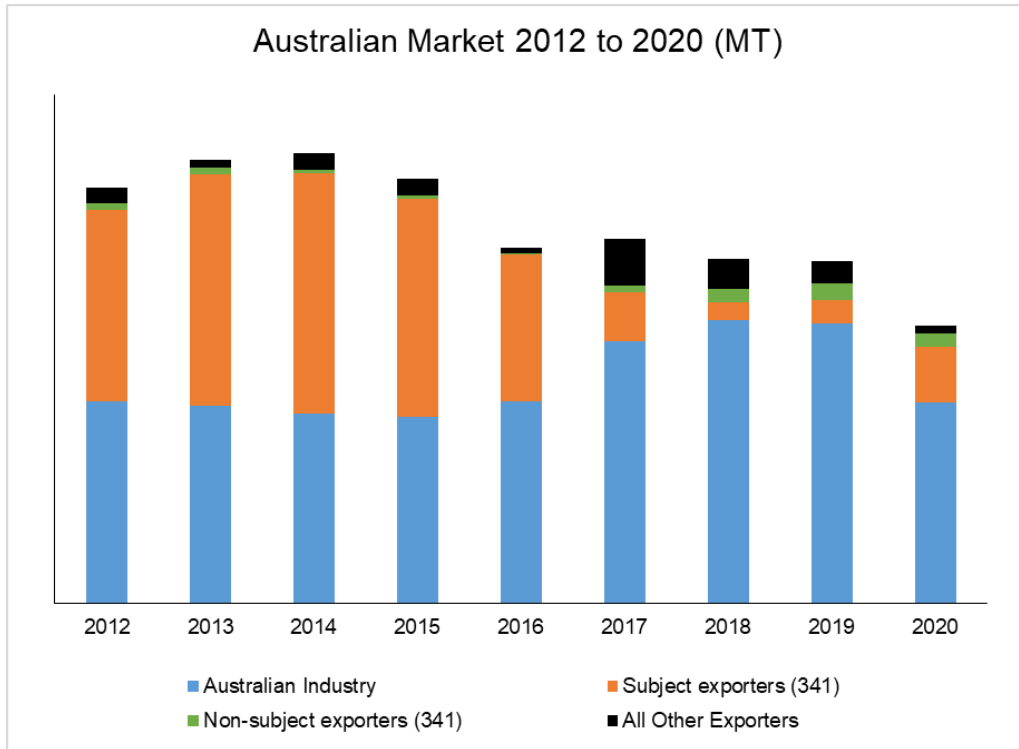


Figure 2 - Australian Market Size²³

The market depicted in Figure 2 shows that the size of the Australian market for A4 copy paper has decreased since 2015. This is consistent with Paper Australia’s claims that there has been a lack of growth in the market.

²³ Table 6 in worksheet ‘588’ Attachment GP18-A to Confidential Attachment 1.

4 VERIFICATION PROCESS

Paper Australia's application provided data to cover the period 1 January 2010 to 31 March 2021. Data provided for the majority of this period has been subject to verification undertaken for the purpose of Investigations 341 and 463 and Review 547 (which verified data for 2019).

Therefore, in assessing the completeness, relevance and accuracy of both sales and CTMS data provided by Paper Australia, the verification team applied a modified approach. This approach was taken on the basis that Paper Australia's data filed in prior cases has been subject to numerous verifications.

In assessing the sales and CTMS data reported by Paper Australia the verification team had regard to the following:

- Findings of previous verification outcomes where the inquiry periods were relevant:
 - Investigation 341 (Investigation period: calendar year 2015)
 - Investigation 463 (Investigation period: calendar year 2017) and
 - Review of Measures 547 (Review period: calendar year 2019).
- Assurance over the completeness and relevance of sales data was obtained through a reconciliation to Paper Australia's audited accounts for the financial year ending 31 December 2020.
- Performing a variation analysis of CTMS data in order to identify any preparation issues for data that had not been verified in prior cases.

With the exception of Paper Australia's calculation of its return on investment (ROI) figures, no other exceptions were identified during the verification process.

Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5 ECONOMIC CONDITION

5.1 Background

The anti-dumping measures, in the form of a dumping duty notice and a countervailing duty notice, were initially imposed on 19 April 2017 by the then Assistant Minister for Industry, Innovation and Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science following consideration of *Anti-Dumping Commission Report No. 341* (REP 341).²⁴

The original investigation and the imposition of the anti-dumping measures resulted from an application made under section 269TB by Paper Australia who represented the Australian industry producing like goods to the goods subject to the anti-dumping measures.

On 7 July 2021, the Minister for Industry, Science and Technology varied the anti-dumping and countervailing measures to have effect as if different variable factors had been fixed in respect of exporters generally, relevant to the determination of duty, following consideration of *Anti-Dumping Commission Report No. 551* (REP 551).²⁵

An assessment as to whether the expiration of measures would lead, or would be likely to lead, to a continuation or recurrence of the material injury that the anti-dumping measure is intended to prevent involves a consideration of future outcomes based on an evaluation of the present position. To assist with that assessment, this chapter considers the economic condition of the Australian industry from 1 January 2015. Economic data from prior periods has been used where relevant.

5.2 Approach to economic condition analysis

The analysis detailed in this chapter is based on verified financial information submitted by Paper Australia and data from the ABF import database.

The verification team has assessed the economic condition of the Australian industry from 1 January 2015 using the information provided by Paper Australia and the ABF. The figures presented have been compiled on an annual basis for calendar years ending 31 December. Where relevant the verification team has also had regard to data provided for the quarter ending 31 March 2021. This preliminary assessment is at **Confidential Appendix 2 and 3**.

5.3 Volume effects

5.3.1 Sales volume

The verification team examined Paper Australia's sales volumes in the period 2010 to 2020. Figure 3 shows sales of all like goods declined year on year to 2015.

²⁴ ADN Nos. 2017/39 and 2017/40 refer. REP 341 is available on the commission's website.

²⁵ ADN No. 2021/075 refer. REP 551 is available on the commission's website

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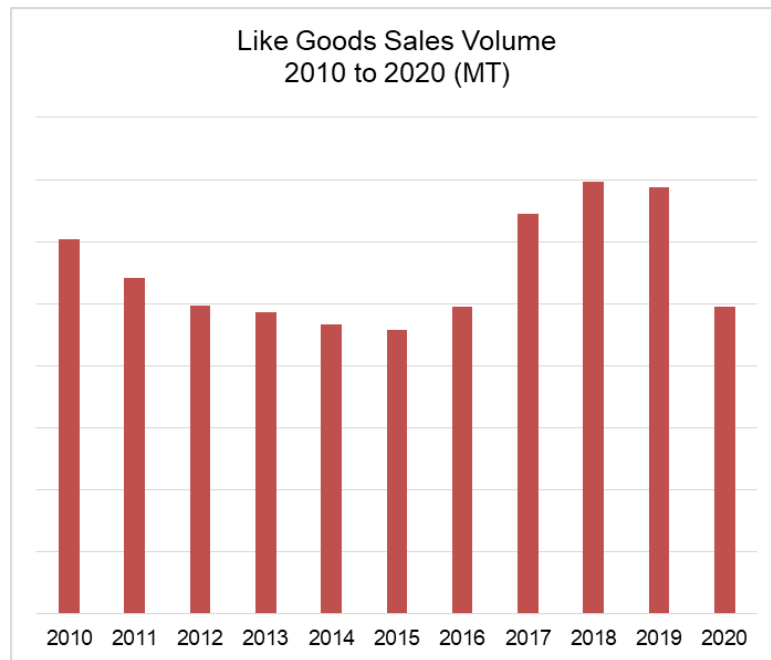


Figure 3 - Paper Australia Like Goods Sales Volume 2010 to 2020

Following the imposition of measures in April 2017, Paper Australia's sales increased to a 10 year high in 2018. Sales at the 2018 level were largely sustained in 2019 before a sharp decline in 2020. Sales in 2020 had returned to 2016 levels, the year after the period examined in Investigation No. 341.

The data also shows that sales in the 0% to 20% category were consistently sold in the highest volume and influenced overall sales. Historically, fluctuations in sales for like goods in the other two categories were minimal. The verification team's analysis indicated that the majority of sales within the 0% to 20% category were 0% recycled like goods. This suggests that Paper Australia's economic condition is most sensitive to sales of this type of like goods.

5.3.2 Market share

Figure 4 indicates that, in relation to the period of analysis:

- Australian industry secured increasing market share from 2015 to 2018 which was held through 2019.
- In 2020 the subject exporters acquired market share from the Australian industry and exporters from all other countries.
- Since 2017 there was increasing market share held by exporters who were examined in Investigation 341 but are not subject to measures. [Data Series 'Non Subject Exporters (341)']

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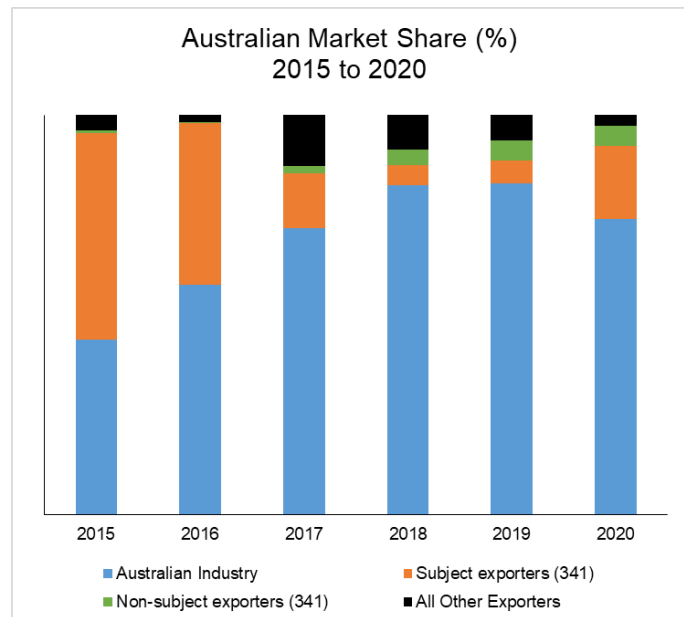


Figure 4 - Market Share²⁶

5.3.3 Conclusion – volume effects

In the period since 2015 Paper Australia has broadly experienced an improved economic condition in relation to increasing sales volume and market share. However, Paper Australia's economic condition in relation to these factors exhibited deterioration in 2020, particularly in relation to sales volume which returned to levels observed for 2016.

5.4 Price effects

5.4.1 Price depression

Price depression occurs when a company, for some reason, lowers its prices.

Figure 5 shows that Paper Australia experienced reducing selling prices from 2015 to 2017. Subsequent to the imposition of measures in April 2017, unit selling prices stabilised in 2018 before increasing in 2019. The price increase in 2019 was not sustained into 2020. Data available to the verification team for the quarter ending 31 March 2021 indicated that prices continued to decline in 2021.

²⁶ Confidential Attachment 1, p.59 refers.

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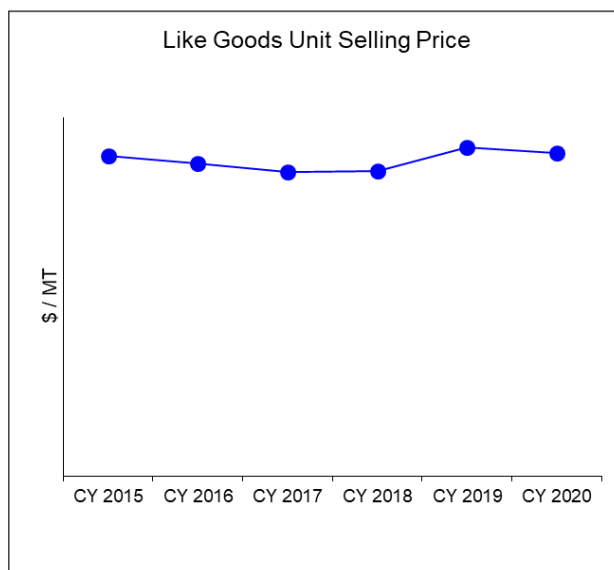


Figure 5 - Unit Selling Price²⁷

Paper Australia has previously claimed that the expected positive effect on its economic condition did not transpire when measures were imposed in April 2017 after the conclusion of Investigation 341. Rather, it cites the emergence of dumped imports from countries that were examined in Investigation 463 as the cause of the flat price trend throughout 2017 and 2018. It wasn't until after measures flowing from Investigation 463 were implemented that it started realising an increase in price.

5.4.2 Price suppression

Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

To assess whether Paper Australia has experienced injury in the form of price suppression, the verification team has had regard to Paper Australia's per unit selling prices and CTMS in Figure 6.

²⁷ Confidential Attachment 1, p.65 refers.

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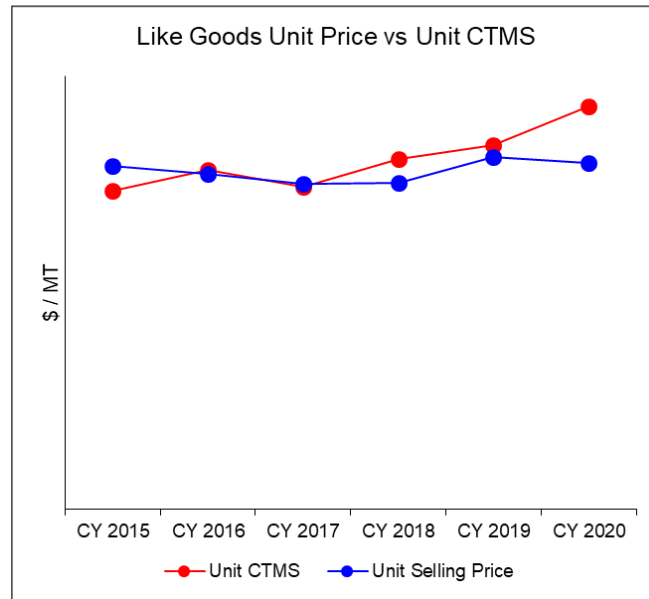


Figure 6 - Unit Selling Price and CTMS²⁸

Having regard to the relationship between the trends in Figure 6, the verification team makes the following observations:

- Unit CTMS increased throughout the period of analysis, particularly from 2017.
- Selling prices have generally not kept pace with increasing CTMS.

The verification team observes that Paper Australia has not been able to increase unit selling prices in conjunction with the upward trend in per unit CTMS.

²⁸ Confidential Attachment 1, pp.65-66 refers.

5.5 Profit and profitability

Figure 7 charts Paper Australia's profit and profitability for all like goods sales as a percentage of revenue across the period of analysis.

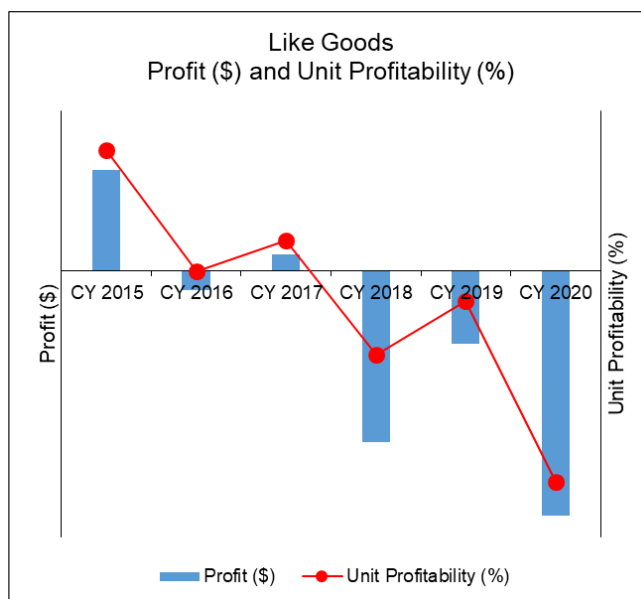


Figure 7 - Profit and profitability²⁹

The chart shows that in the period that was examined for the purpose of Investigation 341, Paper Australia was profitable, notwithstanding that it was found to have experienced injury caused by dumping in 2015.

In contrast, Paper Australia has experienced a significant deterioration of its profit and unit profitability since 2015, particularly in the period following the imposition of anti-dumping measures following Investigation 341 and Investigation 463. The data examined by the verification team for the quarter ending 31 March 2021 indicated that Paper Australia had reduced net losses by 50%.

5.5.1 Conclusion – profit effects

The verification team considers that Paper Australia has experienced a deterioration in its economic condition due to the overall decline in profit and profitability across the period of analysis.

5.6 Other economic factors

Paper Australia provided data relating to the period of analysis for a range of other economic factors.

As part of its application, Paper Australia provided data in relation to a range of other economic factors which may also be indicative that injury has occurred. This included data for the period covering calendar years 2015 to 2020 in relation to:

- assets

²⁹ Confidential Attachment 1, pp.70-76 refers.

- capital investment
- revenue
- return on investment
- capacity
- capacity utilisation
- employment
- wages
- productivity
- stocks
- cash flow measures.

5.6.1 Assets

Assets deployed in the production of like goods has been calculated as relevant revenue divided by total assets.

Paper Australia’s initial figures indicated a significant increase in assets reported for 2020. In response to questions on this trend the company confirmed that the increase was the result of a preparation error that incorrectly included the assets acquired as part of Paper Australia’s 2020 purchase of Orora Fibre Packaging.

Based on records available to the Commission, the value of assets deployed in the production of like goods increased in 2016 after Paper Australia commissioned a de-inking facility. Installation of the de-inking facility provided Paper Australia the capability produce the pulp required for recycled like goods rather than acquire it from external source.

In real terms though Paper Australia’s production capacity has not increased. The fluctuations shown in the table below were found to be a function of the allocation basis utilised by Paper Australia.

Correcting for the above preparation error the total ‘Assets’ is very close to figures reported in previous periods. Table 6 depicts the indexed variation of assets used in the production of like goods (as corrected).

Assets	2015	2016	2017	2018	2019	2020
Production of like goods	100	119	144	159	147	147

Table 6 - Goods Production Assets Deployed 2015 to 2020³⁰

5.6.2 Capital Investment

In place of ‘capital investment’ data Paper Australia provided fixed asset balances. The yearly trends observed in fixed assets for the production of like goods (Table 7 below) is relatively consistent with the asset deployment trends in Table 6 above. Taking the effects of depreciation into account the balance of fixed assets observed for production of like goods in 2019 and 2020 suggests minimal outlays of capital investment.

³⁰ Confidential Attachment 1, pp.51-52 refers.

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Fixed Assets, or PPE	2015	2016	2017	2018	2019	2020
Production of like goods	100	120	144	163	152	152

Table 7 - Goods Production Fixed Assets 2015 to 2020³¹

5.6.3 Revenue

Table 8 depicts the variation of Paper Australia's revenue across the period of analysis.

The like goods index variation analysis indicates that revenue from like goods increased year on year from 2015 to 2019, but fell significantly in 2020. The increasing revenue up to 2019 corresponds with Paper Australia securing a larger share of the market and increasing sales volumes. Likewise, the decline in 2020 was largely due to the reduction in sales volume and share of market observed in this period.

Revenue	2015	2016	2017	2018	2019	2020
Like goods	100	114	126	131	135	106

Table 8 - Index Revenue Variation 2015 to 2020³²

5.6.4 Return on Investment (ROI)

Figure 8 shows Paper Australia's ROI, recalculated by the verification team as operating profit divided by the value of assets deployed in the production of like goods as reported by Paper Australia.

The chart indicates that the overall trend shows declining returns, despite a short-lived recovery to positive ROI in 2017. This result is consistent with other observations that Paper Australia has experienced low or no profits since 2015 and an asset base that has remained largely unchanged since the installation of a de-inking plant at the end of 2015.

³¹ Confidential Attachment 1, p.52 refers.

³² Confidential Attachment 1, p.53 refers.

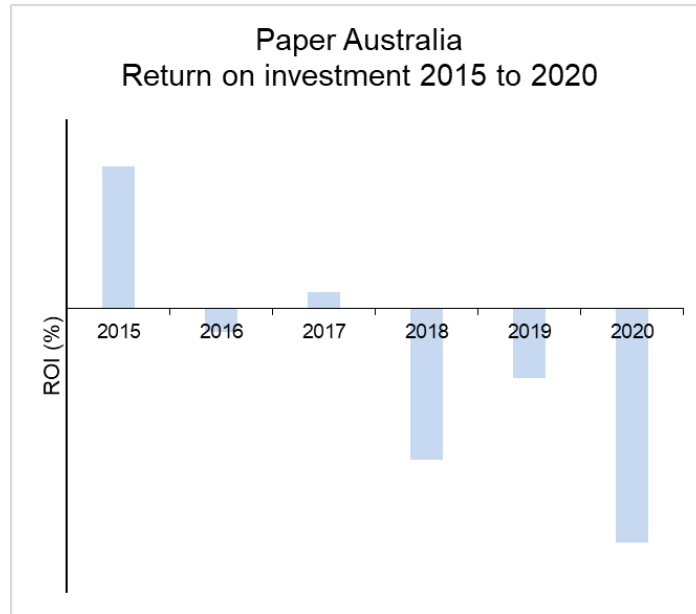


Figure 8 - Return on Investment 2015 to 2020³³

5.6.5 Capacity and Capacity Utilisation

Table 9 shows capacity of like goods production increased in 2016 and then remained relatively stable over the next 4 years. The verification team ascertained that actual like goods production capacity has not increased since 2015, despite the figures below indicating this to be the case. The fluctuation in capacity was the result of the allocation methodology used by Paper Australia, which the verification team accepted.

Capacity	2015	2016	2017	2018	2019	2020
Like goods	100	122	122	124	127	119

Table 9 - Index Capacity Variation 2015 to 2020³⁴

Table 10 shows that capacity utilisation of like goods remained at similar levels from 2015 to 2019. The reduction in capacity utilisation during 2020 corresponded with Paper Australia’s decision to reduced production levels.

Capacity utilisation	2015	2016	2017	2018	2019	2020
Actual production of like goods	100	127	123	127	131	99
Capacity utilisation of like goods	100	104	101	103	103	83

Table 10 - Index Capacity Utilisation Variation 2015 to 2020³⁵

³³ Confidential Attachment 1, pp.53-54 refers.

³⁴ Confidential Attachment 1, p. 54 refers

³⁵ Confidential Attachment 1, pp.54-55 refers.

5.6.6 Employment and Wages

Table 11 depicts the variations in the number of people employed in the production of like goods at Paper Australia’s facility in Maryvale, Victoria. The number of employees involved in like goods production increased to 2017 where it then remained at similar levels through to 2019, before reducing in 2020.

Paper Australia confirmed that the reduction in employment numbers observed for 2020 was the result of:

- a hiring freeze due to uncertainty in the market arising because of COVID and
- relocation of existing staff (particularly the finishing and converting room) to other functions.

Employment	Unit	2015	2016	2017	2018	2019	2020
Like goods	Persons	100	119	123	122	123	108

Table 11 - Persons Employed in Production of Goods 2015 to 2020³⁶

In addition to number of persons employed, the verification team also examined the wages data reported by Paper Australia. The trend in annual average wages per employee across the analysis period exhibited modest variation compared to the base year of 2015.

5.6.7 Productivity

Productivity was calculated by dividing the actual production of goods by the number of persons employed. Table 12 shows that productivity of like goods remained relatively stable in the period from 2015 to 2019, but reduced in 2020. The high number of employees relative to what were lower production volumes in 2020 is a likely explanation for the reduction in productivity.

Productivity	2015	2016	2017	2018	2019	2020
Like goods	100	107	100	105	107	92

Table 12 - Index Productivity Variation 2015 to 2020³⁷

5.6.8 Closing stock levels

As depicted in Table 13 below the average closing stock holdings fluctuated over the 5 year period and were higher in 2020 than the base year of 2015.

Inventory Metric	2015	2016	2017	2018	2019	2020
Like goods production	100	121	123	124	148	107
Like goods domestic sales	100	108	141	152	150	108
Closing stock	100	168	115	89	146	135

³⁶ Confidential Attachment 1, p.55 refers.

³⁷ Confidential Attachment 1, p.56 refers.

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Table 13 - Index Stock Movement Variation 2015 to 2020³⁸

In response to questions put to Paper Australia it explained that the reduction in 2018 closing stock levels was the combined result of two events:

- unbudgeted increase in demand from customers who had previously secured inventories from overseas suppliers and
- temporary production issues.

The increase in Paper Australia's sales volumes observed in Figure 3 supports its comments regarding demand during 2018.

Paper Australia claimed the unbudgeted demand in 2018 coincided with the implementation of anti-dumping measures arising out of Investigation No. 463.

Data relating to imports of the goods subject to Investigation No. 463 indicated that volumes from the relevant subject countries reduced just after the Commissioner made a preliminary affirmative determination (PAD) on imports from Austria, Finland, ROK, Russia and Slovakia in May 2018.³⁹ The increase in sales during 2018 correlates with Paper Australia's views regarding unbudgeted demand.

Paper Australia further explained that the higher closing stock levels observed for 2019 was the result of depleting inventory levels being restored to 'normal' levels and softening demand.⁴⁰

5.6.9 Cash Flow Measures

Paper Australia provided data in relation to three measures of cash flow:

- accounts receivables
- receivables turnover and
- inventory turnover.

The indexed variations of each of the above measures are detailed in Table 14 below.

Cash flow measures (like goods)	2015	2016	2017	2018	2019	2020
Accounts receivable	100	103	104	124	125	121
Receivables turnover	100	100	97	90	81	78
Inventory turnover	100	132	102	114	116	58

Table 14 - Index Variation of Cash flow Measures 2015 to 2020⁴¹

³⁸ Confidential Attachment 1, p.56 refers.

³⁹ During Investigation No. 463 a PAD resulted in the taking of securities in relation to imports from Austria, Finland, ROK, Russia and Slovakia in May 2018. With the exception of Austria, anti-dumping measures were subsequently implemented in April 2019.

⁴⁰ Confidential Attachment 1, p.56 refers.

⁴¹ Confidential Attachment 1, p.57 refers.

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Accounts receivable balances relating to like goods increased year on year from 2015 to 2019 but reduced slightly in 2020.

The indexed variation depicted in Table 14 shows a steady decline in Paper Australia's receivables turnover. Receivables turnover has been calculated by dividing like goods revenue by accounts receivable of like goods. The cash flow measure of receivables turnover provides an indication of how efficiently Paper Australia collects on credit sales made. The decline in the receivables turnover metric appears to have been driven by the increasing trend in accounts receivable balances. The reduction in receivables turnover is an indicator of the deterioration in a company's liquidity (e.g. reduced cash flow).

Inventory turnover identifies how quickly Paper Australia can convert stock into revenue. Higher inventory levels due to reduced demand for products can lead to reduced inventory turnover performance. Paper Australia's figures for inventory turnover are worked out by dividing the like goods revenue with the average stock of the relevant year. The resulting figures indicates that inventory turnover fluctuated within the analysis period but declined significantly in 2020.

6 IMPACT OF EXPIRY OF MEASURES

6.1 Background and approach to analysis

Under the terms of section 269ZHF(2), in order to recommend that the Minister take steps to secure the continuation of the anti-dumping measures, the Commissioner must be satisfied that the expiration of measures would lead, or would be likely to lead, to a continuation or recurrence of:

- dumping and/or subsidisation and
- the material injury,

that the anti-dumping measure is intended to prevent.

Accordingly the verification team sought Paper Australia's views on these matters, and collected evidence to support those claims. This evidence will be considered further during the course of the inquiry.

6.2 Continuation or recurrence of dumping and subsidisation

6.2.1 Analysis of dumping during the inquiry period

In response to question 4(i)(b) of its application, Paper Australia provided normal value information applicable to the exporters of the goods subject to measures.

Paper Australia contends that increasing raw material costs should result in normal values now (circa 2020/21) being higher than the amounts observed in the original investigation (2015). According to the evidence cited in Paper Australia's application, domestic prices for like goods in all subject countries have increased.

The verification team confirmed that the data used by Paper Australia in its application was generally representative of the trends in the data the commission relied on in Review 551.

With the exception of exporters from Thailand, all other exporters examined in Review 551 had seen an increase in their raw material costs, CTMS levels and selling prices in the period between 2015 and 2019. In relation to Thailand, the price of like goods and CTMS was found to have reduced.⁴²

Review 551 also confirmed that export prices had followed the upward trend in raw material expenses. However, the rate of increase in domestic prices was higher than export prices. The result being that exporters who were found to be dumping in Investigation No. 341 were again found to be dumping in 2019.⁴³

6.2.2 Ongoing level of imports from countries subject to measures

Paper Australia's application at section 4(i)(c) submits that imports of the goods from the subject countries continued after the imposition of measures in 2017. Paper

⁴² Confidential Attachment 1, p.72 refers.

⁴³ REP 551, Case 551 Public Record Item No. 40.

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Australia claimed that imports from the subject countries accounted for 85% of all imports in the 12 month period preceding March 2021.

The verification team's analysis of the ABF import database at Figure 4 confirms that imports have continued from the countries subject to measures.⁴⁴

The figure of 85% cited by Paper Australia was accurate for the period it referenced and resembles the volumes observed in 2015 and 2016 before measures were imposed in 2017.⁴⁵ The increase observed at Figure 9 below in relation to 2019 imports from 'All Other countries' was the result of imports by Paper Australia (chapter 5.6.8 refers).

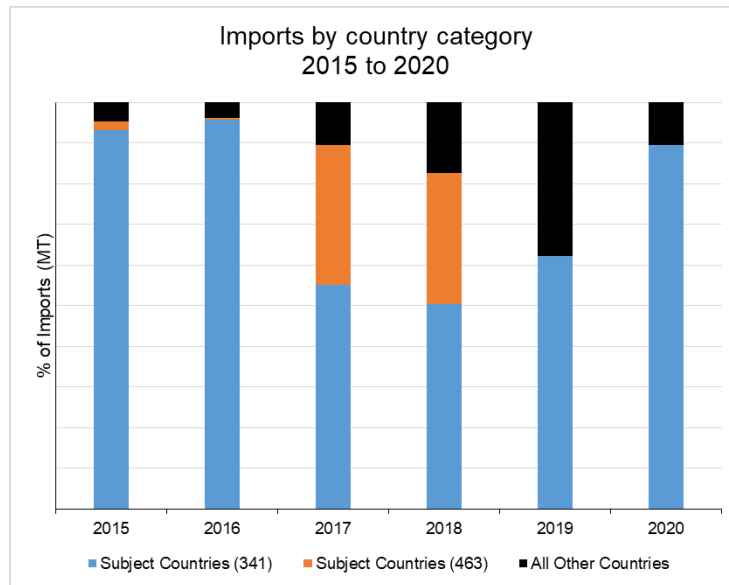


Figure 9 – Import share by country category⁴⁶

Paper Australia's response to question 4(i)(c) of its application states that imports from Brazil and Thailand have prevailed in the 12 month period ending 31 March 2021. The verification team confirmed that the goods continue to be exported from Brazil and Thailand, however producers from these countries were not the prevailing source of supply. Rather, producers in China and Indonesia represented the largest share of imports.

Figure 10 outlines that the majority of imports from Indonesia since 2018 have been from non-subject exporter Tjiwi Kimia.⁴⁷ Exports from APRIL Far East (Malaysia) Sdn. Bhd., which are subject to measures, as they are sourced from PT Riau Andalan Kertas (RAK), occurred sporadically after measures were imposed in April 2017 and are down on the volumes observed before this time.

⁴⁴ Identified by data series 'Subject Countries 341'.

⁴⁵ Paper Australia acknowledged the figures for Indonesia included volumes from non-subject exporter Tjiwi Kimia.

⁴⁶ Table 11 in Attachment GP18-A to Confidential Attachment 1 refers.

⁴⁷ Investigation 341 was terminated as it related to exports by Tjiwi Kimia on account of the dumping margin for Tjiwi Kimia being negligible.

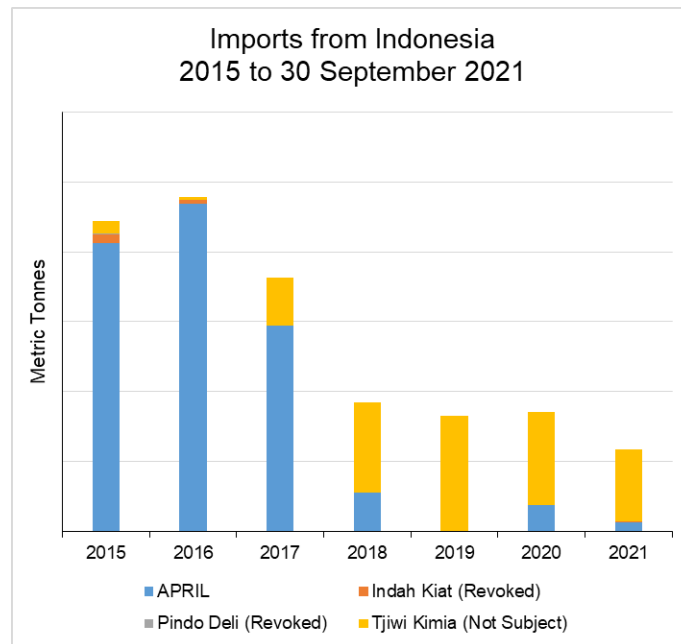


Figure 10 - Imports from Indonesia 2015 to 30 September 2021⁴⁸

The verification team also examined data in relation to Paper Australia’s comments regarding a resumption of exports from China following the imposition of measures after the completion of Investigation No. 463 in April 2019.⁴⁹ The examination of market share at Figure 4 in chapter 5.3.2 supports Paper Australia’s claim that trade flows switched from suppliers in Finland to suppliers in China.

6.2.3 Maintenance of distribution links in Australia

Paper Australia’s application at section 4(i)(d) submitted that exporters of the goods from the subject countries have maintained distribution networks in the Australian market.

The verification team analysed the ABF import database for the period of time since measures commenced. The analysis found that exporters of the goods from the subject countries have continued trading with the same Australian importers. Paper Australia’s claim regarding the maintenance of distribution links is therefore valid.

6.2.4 Excess production capacity of exporters

The production capacity data outlined in Paper Australia’s application relied on the RISI Fastmarket’s ‘Mill Asset Database’.⁵⁰

Paper Australia highlighted the following in respect of each subject exporter:

- China, UPM (China) Co., Ltd has an installed capacity of 650,000 tonnes per annum (p.a.).

⁴⁸ Confidential Attachment 1, p.61 refers.

⁴⁹ Case 588 Public Record Item 001, p.10.

⁵⁰ Section 4(i)(e), Case 588 Public Record Item 001, p.12.

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- Indonesia, RAK has an installed capacity of 640,000 tonnes p.a.
- Brazil, International Paper do Brasil Ltda (IP Brazil) has an installed capacity across their three mills of 675,801 tonnes p.a.⁵¹
- Thailand, Double A (1991) Public Company Ltd (Double A) has an installed capacity of 425,000 tonnes p.a.

Relying on the data provided by exporters who cooperated with Review 551 the verification team ascertained that the production capacity figures quoted by Paper Australia seemed accurate.⁵²

A detailed analysis of how each exporter's capacity may be directed to the Australian market will be outlined in the Statement of Essential Facts No. 588 (SEF 588).

6.3 Continuation or recurrence of material injury

In relation to questions on volume injury, Paper Australia's estimations that subject exporters held a 65% share of all imports in the 12 months prior to March 2021 was slightly overstated.⁵³ Notwithstanding, Paper Australia's assertions were correct in terms of the subject exporters continuing to hold market share since measures were imposed in 2017 (Figure 4 refers).

Paper Australia also claimed that the subject exporters have continued exporting the goods to Australia at prices which undercut its prices. In Paper Australia's opinion this confirms that injury in the form of reduced sales volume and price erosion will recur if measures are not continued.

Using data examined in Review 551 the verification team observed that Paper Australia's delivered prices in 2019 were comparable to or undercut by the fully landed duty inclusive price of the goods from the subject exporters.⁵⁴ Information relevant to calendar year 2020 exhibited similar results. Further details of price undercutting will be discussed in SEF 588.

Commenting on the state of the Australian market in 2020, Paper Australia acknowledged the contraction in the size of the Australian market, and indicated that this is largely due to the COVID-19 pandemic. It was of the view that all market participants would be equally affected. Paper Australia also highlighted that the reduced size of the Australian market required it to seek out trade with export markets which were less profitable.⁵⁵

Paper Australia's comments on profitability were presumably a comparison to the profitability of its Australian market sales of like goods. Its assessment of profitability was found to be correct in terms of its export sales being less profitable than its

⁵¹ On 4 August 2021 IP Brazil was renamed to Sylvamo do Brasil Ltda (**Sylvamo**). Related trading entity International Paper Exportadora Ltda. was renamed to Sylvamo Exports Ltda.

⁵² Confidential Attachment 1, p. 64.

⁵³ Response to 4(ii)(a)(i), Case 588 Public Record Item 001, p.14.

⁵⁴ Confidential Attachment 1, p.68 refers.

⁵⁵ Response to 4(ii)(a)(iii), Case 588 Public Record Item 001, p.15.

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domestic sales. The reason why Paper Australia may have resorted to supplying less profitable markets is discussed in chapter 6.5.2.

An analysis of the domestic sales reported by exporters examined in Review 551 revealed that their domestic markets appeared more profitable than their sales into the Australian market in 2019.

The data outlined at Figure 2 and Figure 4 suggests that exporters from the subject countries increased their sales volumes in 2020 and secured a higher market share in a contracting market. In contrast, Paper Australia experienced reduced sales volumes and a decline in its market share.

Paper Australia was correct in identifying that prices have not improved since injury caused by dumping was identified in 2015. An analysis of the data in Table 15 revealed that Paper Australia experienced an increase in price during 2019 after several years of negative price trends. However, the price increase during 2019 was a momentary improvement as prices reduced again in 2020. Data examined during verification indicated that prices for the quarter ending March 2021 further reduced to below 2019 levels.⁵⁶

Unit selling price	2015	2016	2017	2018	2019	2020
Like goods	100	98	95	95	103	101

Table 15 - Index of Unit Selling Price Variation⁵⁷

Paper Australia continues to have the opinion that the pressures on pricing are symptomatic of a contracting market which creates a situation where market share can only be retained or increased by winning sales volume at competitive prices.

Having regard to Paper Australia's assessment, the verification team observed that Paper Australia's increased sales volumes and market share in a contracting market across 2015 to 2018 was accompanied by a decreasing price trend. Figure 3 shows that Paper Australia's sales volume in 2018 was the highest achieved since 2010.

Paper Australia did secure an 8% price rise in 2019, notwithstanding the modest reduction in sales volume compared to the high of 2018. Although sales volumes in 2020 plunged, price levels appeared to hold. First quarter indications for the 2021 calendar year show Paper Australia's annual sales volume in 2021 is likely be comparable to 2020 on a pro-rata basis with prices further reducing.

The above analysis is broadly consistent with Paper Australia's claim that it has responded to the highly competitive and contracting market by reducing prices (or avoiding price increases) in order to maintain sales volumes and market share.

Verification of Paper Australia's data also established that the nature of the agreements between market participants has changed. It is no longer the case that customers are obliged to enter into agreements that bind those customers to source their inventory from Paper Australia for any fixed period. This, according to Paper Australia, causes it to be vulnerable to customers making decisions to switch

⁵⁶ Worksheet 'A6.1 CTMS domestic Total' in Attachment GP10-A to Confidential Attachment 1 refers.

⁵⁷ Confidential Attachment 1, p.65 refers.

suppliers if Paper Australia does not agree to accept prices that are comparable to those offered by the subject exporters.⁵⁸

Paper Australia's application outlines that it has experienced a deterioration in its profit and profitability since 2016.⁵⁹ The verification team has considered Paper Australia's claims in respect of profit and profitability at chapter 5.5 and concluded that Paper Australia has experienced a deterioration in these economic factors. The CTMS data provided by Paper Australia for the quarter ending March 2021 indicated it has experienced an improved profit result, but remained unprofitable overall.

6.4 Likelihood of material injury in the absence of anti-dumping measures

In response to question 4(ii)(b) of its application regarding the likelihood of material injury in the absence of anti-dumping measures, Paper Australia cited the following:

- The volume of dumped goods that have been exported to Australia.
- The low prices of dumped goods that have been exported to Australia.
- The outcomes of Review 551 which found that the goods were dumped.
- The market share held by the subject exporters in 2015 before measures were imposed.
- The maintained distribution networks of the exporters.
- Overcapacity amongst producers located in the South East Asian region. Paper Australia maintained during verification that capacity in China and Indonesia exceeds domestic demand in those countries.
- The forced closure of its production facilities and the loss of jobs that may result.⁶⁰

Further analysis on the likelihood of material injury in the absence of anti-dumping measures will be examined as part of SEF 588.

6.5 Injury caused by factors other than dumping

During verification of Paper Australia's economic condition it was requested to comment on the following which were considered factors other than dumping:

- increases in manufacturing costs and
- reduced demand for A4 copy paper in Australia.

Factors in addition to those listed above may be identified during the course of the inquiry.

6.5.1 Increased manufacturing costs

The verification team has established that Paper Australia experienced an increase in its raw material expenses and its CTMS generally in the period 2015 to 2020

⁵⁸ Confidential Attachment 1, pp.22-23 refers.

⁵⁹ Response to 4(ii)(a)(iii), Case 588 Public Record Item 001, p.18.

⁶⁰ Case 588 Public Record Item 001, p.19.

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(Figure 6 refers). This observation was consistent with the trends observed in relation to the exporters examined in Review 551. However, the rate of increase in Paper Australia's costs exceeded that of other suppliers to the Australian market.

Responding to questions on what was behind its increasing levels of CTMS, Paper Australia cited an increase in pulp costs, energy and other non-specific factors.

6.5.2 Reduced demand for A4 copy paper in Australia

Having regard to the information depicted in Figure 11, the verification team observed what appears to be a structural contraction in the Australian A4 copy paper market since 2015. The most obvious sign of this decline is the distinct change in the average annual size of the Australian market.

In the period 2016 to 2020 the average annual size of the market was 25% down on the average size of the market in the 4 year period to 2015. Paper Australia cited one cause being a reduction of per capita A4 copy paper usage in developed economies as a result of increasing digitisation of communications and record keeping. Details regarding demand drivers are further discussed in chapter 3.2.3.

Paper Australia has claimed that the contraction in the Australian market has required it to seek alternative (export) markets in an effort to maintain production levels. However, as these alternative markets attract prices that are lower than the Australian market, these export sales are currently also not profitable.

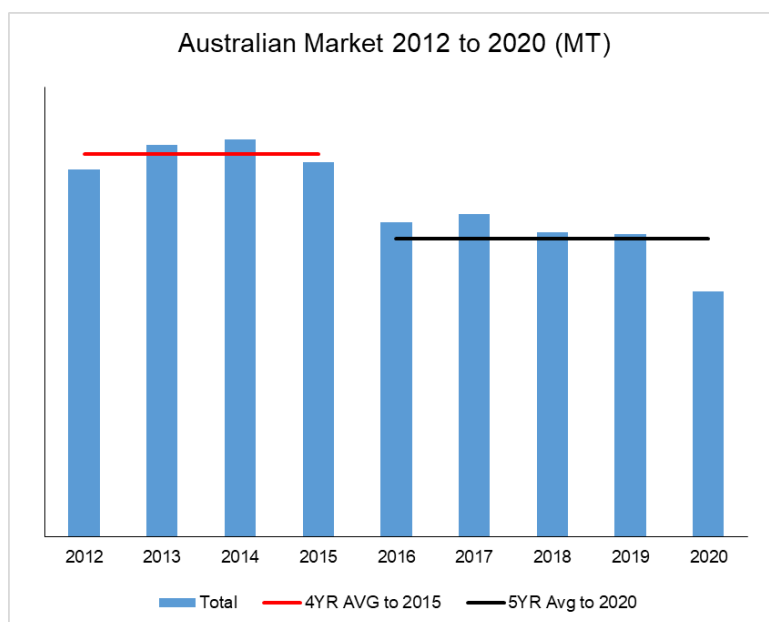


Figure 11 - Market Size Analysis⁶¹

⁶¹ Confidential Attachment 1, p.78 refers.

7 APPENDICES AND ATTACHMENTS

Confidential Attachment 1	Verification work program
Confidential Appendix 1	Like Goods Sales (1 January 2020 to 31 March 2021)
Confidential Appendix 2	Injury Analysis (CTMS, Price, Profit)
Confidential Appendix 3	Injury Analysis (Other Economic Factors)