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The Director - Investigations 3  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

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### Investigation into A4 Copy Paper exported from Brazil

Dear Director,

This submission is made on behalf of Sylvamo do Brasil Ltda (“Sylvalmo”), formerly known as International Paper do Brasil Ltda., the main exporter of A4 copy paper from Brazil. It outlines Sylvamo’s comments on the Anti-Dumping Commission’s (the Commission) preliminary findings set out in Statement of Essential Facts Report No. 588 (SEF 588).

#### **Are exports likely to continue or recur?**

Sylvamo notes the indexed import volumes shown in table 20 of SEF 588 and the Commission’s observation that sales volumes from Brazil had increased in 2020. Whilst volumes may have increased in 2020, it is important to note that in absolute terms, the increase was immaterial relative to the entire Australian market, representing a mere ■■■ MT increase.

As volumes from Brazil have remained negligible over the injury assessment period, indexed movements between periods will be misleading given the low base volumes. Whilst the Commission acknowledges ‘... *that the volume of those goods is now much lower than the levels observed for 2015 and 2016*’, there is no context provided to the higher outlier volumes observed in 2015 and 2016, which would confirm that volumes since the imposition of measures have reverted to normal levels.

As the Commission confirmed in the original dumping investigation (REP 341), approximately ■■■% of the copy paper exported from Brazil in 2015 (the original investigation period), represented orders relevant to Jackaroo Paper’s successful tender for the Complete Office Supplies (“COS”) private label business.

Outside of those volumes destined for COS in 2015 and 2016, export volumes from Brazil were immaterial, never exceeding ■■■% of the total Australian market.

So, in assessing whether continuation of the measure is warranted in so far as it relates to exports from Brazil, the key question is not whether exports are likely to continue, as posed by the Commission in SEF 588. Instead, the primary question must be whether exports from Brazil are likely to return to levels observed in 2015 and 2016, which was the basis for the imposition of the measures.

Regarding to the likelihood of exports from Brazil returning to the same levels observed in 2015 and 2016, it is important to note that Sylvamo has pre-existing commitments to its customers, both domestically and globally. As it intends to maintain its service and supply levels in order to support its strategies into each of the different regions, volumes are already allocated to meet these pre-existing customer commitments. In this situation, it is not possible and not likely, to simply redirect volumes to Australia. Therefore, the Commission's observation of excess capacity possibly being diverted to Australia is not supported.

In additional, it should be taken into consideration that the export volumes from Brazil never exceeded █% of the total Australian market, either with or without the imposition of the tariff. This further confirms that Sylvamo's support for its Australian customer has never intended at increasing sales or market share. Instead, as noted by Jackaroo Paper in its previous submissions, they are primarily focused on speciality paper and packaging products, with the subject imports representing a negligible portion.

There is no evidence that Sylvamo's exports would increase sharply to 2015 and 2016 levels in the absence of measures.

### **Exported products**

Sylvamo wishes to confirm its previous comments in its submission of 7 October 2021, that it exported products with non-standard characteristics which included:

- █ [product];
- copy paper in non-standard weights of 90gsm; and
- fully recyclable copy paper including a 100% recyclable wrapper.

As noted by the Commission in SEF 588, the HP branded paper was 80gsm. Importantly, the non-standard characteristic of the HP paper related to its █ [product characteristics], and not the paper weight.

### **Will material injury continue or recur?**

#### **Prices**

The Commission relies on the price comparative analysis depicted in Figures 15 and 16, to conclude that '*... the continued availability of dumped and subsidised goods from the subject exporters will likely prevent Paper Australia increasing its prices if the measures were to expire*'. The Commission appears to give considerable weight to the observed undercutting to support its preliminary conclusion.

Sylvamo contends that the comparative undercutting analysis undertaken by the Commission is flawed as it does not provide for a fair comparison of comparable products in the market. In particular, it appears that the Commission has compared weighted average prices of all products sold by local and exporting producers. The inclusion of vastly different products in a single weighted average price results in the distorted undercutting levels observed for exports from Brazil.

To highlight more clearly, it is noted that the Commission confirms in the industry verification report, that Paper Australia sold goods with the following model control codes (“MCC”) during the investigation period:

<b>Australian Sales</b>	<b>Export Sales</b>	<b>Costs</b>	<b>Relevant Category</b>
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**

By comparison, Sylvamo has only exported MCCs classified to 80-N and 90-N. By including all products in the undercutting analysis, the Commission has incorrectly included recycled paper products manufactured by the Australian industry, to compare with Sylvamo’s products containing no recycled content. Given that the Commission would be aware of the significant price differential between recycled and non-recycled paper in the Australian market, it is incumbent on the Commission to ensure that its findings are based on meaningful and accurate analysis. The Commission is therefore requested to reconsider its undercutting analysis by matching comparable MCCs.

Finally, it should be noted that, in order to analyse if the material injury is likely to recur or continue, the analyses must be done based on the probability and not the possibility of material injury. In accordance with that, there is no evidence that Sylvamo’s exports would increase sharply to 2015 and 2016 levels in the absence of measures and consequently there is no probability of the occurrence or continuity of a material injury.

**Conclusion**

Sylvamo reiterates its earlier comments that its exports to Australia continue to be of negligible volumes and representative of atypical products. In the absence of measures, it is not likely that Sylvamo’s export will lead to a continuation or recurrence of material injury.