



Australian Paper

a member of the Nippon Paper Group

Paper Australia Pty Ltd

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17 June 2019

Mr Paul O'Connor
Panel Member
Anti-Dumping Review Panel
c/o Anti-Dumping Review Panel Secretariat
GPO Box 2013
Canberra City ACT 2601

Email: ADRP@industry.gov.au

Public File

Dear Mr O'Connor

Application for review of a decision by Hankuk Paper Mfg Co., Ltd– A4 copy paper exported from Austria, Finland, the Republic of Korea, the Russian Federation and the Slovak Republic

I. Introduction

We refer to the application for the review of a decision of the Minister for Industry, Science and Technology ("the Minister") as published on the Anti-Dumping Commission ("the Commission") website on 10 April 2019 notifying of the publication of a dumping duty notice under subsection 269TG(1) and (2) of the Customs Act 1901 in respect of A4 copy paper ("the goods") exported from Finland, the Republic of Korea, the Russian Federation and the Slovak Republic ("the Reviewable Decision").

Paper Australia Pty Ltd ("AP") is the applicant company that requested the imposition of anti-dumping measures and is therefore an interested party in respect of the reviewable decision.

The Korean A4 copy paper exporter Hankuk Paper Mfg Co., Ltd ("Hankuk") has alleged three grounds for appeal in respect of the Reviewable Decision:

- *The injury to the Australian industry referenced in Report No. 463 has not been caused because of Hankuk's exports;*
- *The evidence referenced in Report 463 does not support the causation finding; and*
- *There is insufficient evidence contained within Report No. 463 to support the finding that the Australian industry sustained material injury.*

AP seeks to address each of the grounds of appeal nominated by Hankuk.

II. Claim that injury not caused by Hankuk

It is asserted by Hankuk *"that Paper Australia's prices were not lower in 2018 than they otherwise would have been because of Hankuk's exports of A4 copy paper to Australia in 2017."* On this basis, it is claimed by Hankuk therefore that the *"Minister cannot be satisfied that there is a basis to impose measures in relation to exports of A4 copy paper from Korea under Section 269TG(2) of the Act."*

Hankuk's mistaken understanding of the Commission's finding on injury is not the correct or preferred decision.



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Hankuk has omitted any acknowledgement that the Commission cumulated the effects of the imports from Finland, Korea, Russia and Slovakia because¹:

- *the margin of the dumping for the exporter of each of the exportations is at least two per cent of the export price or the weighted average of export prices used to establish that margin; and*
- *the volume of dumped imports from each country is not negligible; and*
- *cumulative assessment is appropriate having regard to the conditions of competition between the imported goods and the like goods that are domestically produced.*

Exports of the goods from Finland, Korea, Russia and Slovakia met the requirements of subsection 269TAE(2C) and the Commission therefore cumulated the imports from the four countries as contributing to the injury experienced by the Australian industry (in both 2017 and 2018).

The Commission established that exports of A4 copy paper from Finland, Korea, Russia and Slovakia undercut AP's prices in 2017, and that in 2018:

- Russia undercut AP's prices;
- Finland undercut AP's prices; and
- Korea undercut AP's prices for the first quarter of 2018, and did not undercut for the remainder of the year.

The effect of the price undercutting in 2017 was to suppress prices for AP in 2018 and prevent the industry from recovery following the effects of Investigation No. 341. Whilst AP's prices in 2017 were negotiated prior to this period, the dumped imports (from Finland, Korea, Russia and Slovakia) were supplied to replace exports the subject of measures in Investigation No. 341 and therefore were contributing to the suppressed prices experienced by AP in 2017. It cannot be ignored that the dumped imports from Finland, Korea, Russia and Slovakia were a significant factor that caused the ongoing price suppression to AP in 2017 (also causing suppressed profit and profitability).

The Commission's analysis confirmed that the supply of the dumped goods from Finland, Korea, Russia and Slovakia were the cause of suppressed prices in 2018 due to a significant proportion of re-negotiated contracts taking effect in 2018 based upon the 2017 dumped prices.

Hankuk's claim that it had not been a cause of the injury experienced by AP in 2017 and 2018 is incorrect. The Commission established that Hankuk's exports to Australia undercut AP's selling prices in 2017 and early 2018 and were a cause of the injury experienced by AP in 2018.

The Minister's decision that AP's prices in 2018 were lower than they otherwise would have been due to the dumping and price undercutting by Hankuk in 2017 and 2018 is the correct and preferred decision.

III. Claim that the evidence does not support causation

Hankuk contends that² "*all pricing mechanisms refer to imports is not supported by the findings elsewhere in the Report*". Hankuk then references the following extract from Report No. 463:

¹ Refer Report No. 463, P. 42.

² Hankuk Application for Review, P. 6.



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"Price reviews are set periodically over the life of a contract and offer a mechanism to increase or decrease the contract price of the goods. Depending on contracted calculation methodologies, paper prices can be reviewed with reference to:

- *price and volume of imports;*
- *price and volume of AP's exports;*
- *AP's costs of production; or*
- *any other method."*

Pricing in the Australian market for A4 copy paper is transparent, and import pricing has a significant influence on customer's decisions to either switch to the dumped imports, or a tool to negotiate lower pricing from AP. AP was able to provide the Commission with one such example where the landed into store price for an import alternative undercut AP's pricing, and was used as a price negotiation point against AP.

It is recognised that the selling prices for Hankuk's A4 copy paper undercut AP's selling price in 2017 and, along with dumped imports from Finland, Russia and Slovakia (which accounted for 10 per cent market share in 2017 and, were of a proportion to significantly influence market prices), were used to negotiate suppressed prices in 2018 that were lower than they otherwise would have been.

Furthermore, it is also recalled that Hankuk's exports to Australia to Fuji Xerox (via Central National) replaced exports from China and Thailand that were the subject of measures from late 2016. It is therefore fanciful for Hankuk to argue that its dumped exports did not influence or, could not be causally linked to, the injury experienced by the Australian industry. It is AP's firmly held view that the dumped exports in Investigation 463 were a cause of material injury in 2017 and further in 2018.

AP concurs with the findings in Report 463 that the Australian industry was materially injured by the dumped exports which suppressed selling prices in 2017 and caused material injury in 2018. The Minister's decision therefore is the correct and preferable decision.

IV. Claim that injury to the Australian industry has not been established

Hankuk argues that the Commission has not 'factually' determined that AP was materially injured in the 2017 investigation period by the dumping of exports of like goods from Finland, Korea, Russia and Slovakia. AP disagrees with Hankuk's attempts to blur the facts that demonstrate AP did in fact suffer material injury in 2017.

The Commission's counterfactual analysis confirmed that the exports from the nominated countries undercut AP's selling prices in 2017 (and in early 2018)³. The Commission further confirmed that AP experienced price suppression and price depression in 2017. The Commission's assessment is not surprising as the exports from Finland, Korea, Russia and Slovakia increased from 1 per cent market share in 2016 to 10 per cent in 2017 – logically, and supported by the facts, this would only have been achievable if the selling prices for A4 copy paper exports were at prices below those of AP.

It is here where AP diverges with the Commission's conclusions. The impact of the dumped exports in 2017 was significant to such an extent it caused the Australian industry's profit and profitability to decline substantially. Imports from the countries the subject of measures had declined substantially and were not competitive with the subject countries in Investigation 463. The dumped imports from Finland, Korea, Russia and Slovakia displaced import supply from Brazil, China, Indonesia and Thailand and were the cause of the injury experienced by AP. This injury was material and continued

³ Refer Report No. 463, P. 69 and 70.



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– as correctly concluded by the Commission – into 2018. Anti-dumping measures on imports from Finland, Korea, Russia and Slovakia are required to prevent further injury to AP beyond 2018.

AP notes that the Commission only received limited cooperation from the importer of the dumped exports from Korea and Slovakia – Fuji Xerox Australia Pty Ltd – and no cooperation from the Australian importer of the dumped goods from Finland (UPM Kymmene Pty Ltd). The Commission there was hindered from fully understanding the impact of the price undercutting on AP during 2017. The factual evidence is that the dumped imports rose dramatically in 2017 to hold 10 per cent market share whereas in the year immediately prior, the exports from the nominated countries accounted for only 1 per cent of the Australian A4 copy market.

AP submits that the injury caused from the dumped exports was material in 2017 as these exports displaced the exports the subject of measures during 2017 and caused the sharp decline in the Australian industry's profit and profitability in 2017.

AP considers that the Commission's conclusion at Section 12 of Report 463 is the correct and preferable decision that *"the dumping of A4 copy paper exported to Australia from Finland, Korea, Russia and Slovakia has caused material injury to the Australian industry producing like goods."* Whilst the Commission did conclude that AP had suffered price suppression and price depression in 2017, it was subject to price undercutting from the dumped exports in 2017, and was unable to increase prices to recover higher costs in 2017 due to the dumping. AP points to the rapid and dramatic increase in volumes from Finland, Korea, Russia and Slovakia as indicative of the materiality of injury suffered from dumping in 2017 by the Australian industry.

V. Recommendations

AP contends that Hankuk has not demonstrated that the Minister has erred in accepting the Commission's findings and recommendations that the Australian industry has suffered material injury from the exports of A4 copy paper at dumped prices from Finland, Korea, Russia and Slovakia.

The Minister's decision as detailed in Report 463 is the correct and preferred decision based upon the available evidence – which was made difficult by the limited or no cooperation from importers. AP considers that it is not in the interests of the importers to fully cooperate as full cooperation would likely divulge the injurious effects of the dumped imports. Nevertheless, the analysis of the Commission confirmed that the Australian industry suffered material injury from the dumping of A4 copy paper exports to Australia from Finland, Korea, Russia and Slovakia and that anti-dumping measures are necessary to remedy the injurious dumping. The Minister's decision, therefore, is the correct and preferred decision.

If you have any questions concerning this submission, please do not hesitate to contact me on (03) 8540 2451.

Yours sincerely

Matt Decarne
Trade Affairs Manager