



ADRP Conference Summary

Review No. 128 – A4 Copy Paper exported from the Republic of Indonesia by Pt Indah Kiat Pulp & Paper Tbk and Pt Pindo Deli Pulp and Paper Mills

Panel Member	Paul O'Connor
Review type	Review of Minister's decision
Date	18 November 2020
Participants	Anti-Dumping Commission Representatives: <ul style="list-style-type: none">• Vikki King• Tim King• Savita Kapoor
Time opened	11:30 AEDT
Time closed	12:00 AEDT

Purpose

The purpose of this conference was to obtain further information in relation to the review before the Anti-Dumping Review Panel (Review Panel) in relation to A4 Copy Paper exported from Indonesia by Pt Indah Kiat Pulp & Paper Tbk (Indah Kiat) and Pt Pindo Deli Pulp and Paper Mills (Pindo Deli).

The conference was held pursuant to section 269ZZHA of the *Customs Act 1901* (the Act).

In the course of the conference, I was able to ask the Commission representatives to clarify detail contained in REP 547 and comment on certain claims by the Applicant to the Review Panel, Paper Australia Pty Ltd (Australian Paper).

I have only had regard to information provided at this conference to the extent that it relates to relevant information within the meaning of section 269ZZK of the Act. Any conclusions reached at this conference are based on that relevant information. Information that relates to some new argument not previously put in an application or submission is not something that the Review Panel may have regard to and, therefore, is not reflected in this conference summary.

At the time of the conference, I advised the Commission representatives:

- That the conference was being recorded and transcribed by Express Virtual Meetings Pty Ltd, and that the recording would capture everything said during the conference.



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- That the conference was being recorded for the Review Panel to have regard to when preparing a conference summary. The conference summary would then be published on the Review Panel's website.
- Any confidential information discussed during the conference would be redacted from the conference summary prior to publication.

Prior to the conference, Commission representatives were provided with a copy of the Review Panel's Privacy Statement. The Privacy Statement outlines who the conference recording and transcript may be disclosed to. The Privacy Statement is available on the Review Panel's website [here](#). The Commission representatives indicated that they understood the Privacy Statement and consented to:

- The recording of the conference; and
- The recording being dealt with as set out in the Privacy Statement.

Prior to the Conference the Commission was provided with a list of discussion points which were to be addressed in the Conference.

Discussion

1. In relation to Ground in 1 of the application for review, Australian Paper argues that as both exporters were classified as uncooperative, the Commission ought not to have placed reliance upon their financial records, which were last subject to verification in 2015. Australian Paper notes that the Commission adjusted the benchmark for SG&A costs and profit levels derived from Indah Kiat's 2015 financial records.
2. Commission representatives noted the verification of Indah Kiat's CTMS data in 2015 included verification of the SG&A component of those costs. In relation to Pindo Deli, the Commission did not verify its CTMS data, and specifically its SG&A costs, in 2015. Instead the Commission compared Pindo Deli's CTMS data to that of other exporters from Indonesia and was satisfied that it was comparable (refer section 3.1 of REP 547). However, the Commission representatives noted some of Pindo Deli's SG&A costs would have been verified as part of the verification in the context of, for example, the normal value adjustments.
3. The Review Panel sought clarification of the nature and extent of the verification undertaken of the relevant exporters' SG&A and profit components of the constructed



normal values. The issue arises out of claims made in relation to Ground 2 of the application for review.

4. The Applicant alleges the level of profit deducted from the benchmark woodchip price is based upon Indah Kiat's profit on non-A4 copy paper sales during 2015 and the profit on a further manufactured downstream product would be expected to be significantly higher than that of a raw material, high-volume, wood chip processing function.
5. The Commission representatives responded indicating that Australian Paper did not raise this issue during the course of the review, consequently it was not specifically addressed in REP 547.
6. The Commission representatives confirmed that the profit relied upon was taken from Indah Kiat's non-A4 copy paper sales and as such included sales of other paper and pulp products. Relevant information had been requested from Indah Kiat regarding the profit figure for woodchips and pulp specifically in the Exporter's Questionnaire, but the information was not forthcoming. Accordingly, the Commission had regard to the profit levels of downstream products as the best information available.
7. That said, the Commission representatives noted Australian Paper did not propose an alternative profit figure during the course of the review. Whilst Australian Paper claims that the raw material product would have had a lower profit figure or level, there was no evidence before the Commission to suggest that would in fact be the case.
8. In relation to Pindo Deli's SGA costs, the Commission representatives confirmed that its costs were used in determining the adjustments to the benchmarks. Pindo Deli is not an integrated producer of pulp, it purchases pulp for use as a raw material in the production of a range of products. As the benchmark was based upon internationally traded prices, inclusive of transport and other components, and as Pindo Deli purchased pulp domestically, the benchmark prices needed to be adjusted. The Commission therefore had regard to Pindo Deli's financial accounts to try and differentiate between domestic selling costs and export selling costs as being the best information available. The Commission representatives confirmed that the Commission did not have before it any specific costs relating to the SG&A costs relating to the sale of pulp.



9. Following publication of the SEF, Australian Paper lodged a submission which contained woodchip price data from traded data international for export sales of woodchips to China and Japan sourced from a number of countries. The Commission representatives confirmed that this data was at the CIF level but that Australian Paper had not offered a suggestion as to how those prices should be adjusted to FOB level.
10. With respect to Pindo Deli, the focus of the relevant adjustment was on pulp prices rather than on wood chip prices, as Pindo Deli is not an integrated producer. Australian Paper notes the pulp benchmark data was set at a CIF level which the Commission adjusted for freight and SGA. Australian Paper asserts adjustments were incorrect and unreliable due to such costs not relating specifically to the pulp product.
11. The Commission representatives confirmed they did not have any information relating specifically to bulk freight rates for pulp. The Commission did however look to the costs incurred by Pindo Deli in relation to its export freight costs incurred in relation to a range of its products and it was these costs i.e. Pindo Deli's freight costs, which were used to calculate the adjustment to the benchmark to bring it back to a FOB level.
12. Australian Paper argues that Indonesian export prices of pulp would have been affected by government policies and that a more appropriate benchmark would have been one based upon market pulp prices sold domestic in Korea and Japan.
13. The Commission representatives noted the Commission, in determining the appropriate pulp benchmark, had regard to a publication which provided import pricing data for pulp supplied into the Asian region. The Commission then compared the Indonesian export prices of pulp into the Asian region and noted the Indonesian export prices were broadly aligned with the imports pricing of pulp supplied into the region from Canada, the US and East Asian economies and that such exports obviously were not the subject of any government of Indonesia policy influence. The Commission representatives went on to note that Australian Paper's arguments to the Review Panel seeking reliance upon Japanese and Korean domestic prices were not raised in the course of the review and accordingly was not addressed specifically in REP 547.



14. The Commission representatives confirmed that when determining the timing adjustment index value, the Commission did exclude all recycled grades of A4 copy paper. Accordingly, the timing adjustment was based exclusively on Tjiwi Kimia PT Pabrik Kertas Tjiwi Kimia Tbk's (Tjiwi Kimia) virgin fibre grades. The Commission disagrees with Australian Paper's assertion that the amount of Tjiwi Kimia's exports to Australia of virgin fibre grades were negligible, noting the volume exported by Tjiwi Kimia was approximately [REDACTED] MT, accounting for [REDACTED] of all Indah Kiat's exports and was [REDACTED] the amount of exports by Pindo Deli. The Commission is of the view that the volume of Tjiwi Kimia's exports of virgin fibre A4 copy paper provided a substantial basis upon which to calculate the adjustment index value.

Paul O'Connor
Member
Anti-Dumping Review Panel
30 November 2020