Australian Government
Anti-Dumping Review Panel

# ADRP Conference Summary

## Review No. 139 – Kraft paperboard exported from the United States of America

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|---|---|
| Panel Member | S Ellis |
| Review type | Review of the Commissioner's termination decision |
| Date | 14 October 2021 |
| Participants | • Evan Schnell (ADC Representative)<br>• Matthew Williams (ADC Representative)<br>• Leisa Baynham (ADC Representative)<br>• David Peters (Kinsman Legal)<br>• Sid Trioni (Graphic Packaging Australia)<br>• Ross Becroft (Gross and Becroft Lawyers Pty Ltd)<br>• Matt Stein (Visy) |
| Time opened | 12.00 AWST; 15.00 AEDT |
| Time closed | 13.45 AWST; 16.45 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 Kraft paperboard exported from the United States of America.

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

In the course of the conference, I was able to ask parties to clarify an argument, claim or specific detail contained in their application. The conference was not a formal hearing of the review, and was not an opportunity for parties to argue their case before me.

I have only had regard to information provided at this conference to the extent that it relates to information that was before the Commissioner when the Commissioner made the reviewable decision. Any conclusions reached at this conference are based on that information that was before the Commissioner when the Commissioner made the reviewable decision. Information that relates to some new argument not previously put in an application or submission is not something that the Review Panel has regard to, and is therefore not reflected in this conference summary.

At the time of the conference, I informed the participants:

- That the conference was being recorded and transcribed, and that the recording would capture everything said during the conference.

- 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, participants 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 participants 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.

## Discussion

I had previously been provided with samples of microflute beverage packaging from Visy, in substitution for packaging previously provided to the ADC. I formally received the samples at the conference. Photographs of the samples are appended to this summary.

Dr Becroft confirmed that the costing for production of the microflute goods includes the cost of converting the microflute into beverage containers, although the cost of converting is a small proportion of the overall cost of the microflute beverage containers. The figures given in the original application for the normal values were prices relating to the Kraft paper before it was converted to packaging.

Dr Becroft outlined the production process focusing creation of the microflute laminate and the subsequent cutting into sheets and subsequently blank cartons. Dr Becroft contended that the process of converting microflute sheets into blank cartons was fairly standard. Machinery for converting sheets of microflute would work or could be made to work with kraft paper. He subsequently provided an outline of the process followed. (The public version is to be placed on the ADRP website.)

Mr Peters observed that key paper and packaging industry literature states that forming microflute is itself a conversion process and that the same is not true for kraft paperboard. Evidence by US expert Charles Klass on the public record confirmed that.

Dr Becroft contended that it was feasible to regard microflute sheets as a ‘good’ or ‘product’ because it could be sold, even if it was not Visy’s practice to do so.

Dr Becroft provided confidential details of the dimensions of the sheets of microflute.

Mr Peters provided confidential details of the dimensions of the rolls of kraft paper.

**Anti-Dumping Review Panel – Technical Questions**

**Microflute Production and Conversion– Overview of Stages**

Production stages at Visy

Stage 1: Microflute Production Line (includes corrugation and lamination processes)

The material is comprised three paper layers:

- Top sheet (printed)
- Medium (fluted)
- Back liner (inside)

These are all supplied in reel form. The width of the of the reels (deckle) is either [redacted] **– [confidential – width ]** or [redacted] **–[confidential – width ]** [redacted] **[confidential – factors that determine width ]**Approximate length of each reel is [redacted] . **– [confidential – length]**

All three reels are placed into the machine.

- In the corrugating process, the medium (fluted layer) passes through a corrugated roller to form the flutes. This is joined to the back liner (inside) lined using starch.
- The top sheet (printed layer) is then laminated to the top of the fluted medium.
- At this stage the product is still in one continuous strip.
- After the three layers are laminated together, they are sheeted into individual sheet form at the end of the line and palletised.
- The width of the sheets is either [redacted] **–[confidential – width ]**or [redacted] **– [confidential – width]** , and the length of sheets is [redacted] **–[confidential – length]** (varies depending on the end product)
- The microflute is then moved to another line at the Visy plant.

Stage 2: Conversion – Die cutting and Stripping Line

- On a new line the microflute sheets are put through a sheet fed die cutter (which cuts and creases the pack design).
- Sheets being loaded into the die cutter feeder can be seen at the 58 second mark of the Visy video.
- After the die cutting station, the sheets go through the stripping station - where any waste is stripped off.
- Each microflute sheet will have several carton blanks – for example [redacted] **– [confidential – number]** (30 pack) or [redacted] **–[confidential – number]** (24 pack) carton blanks per sheet (number dependant on blank and machine size).
- The sheets then go through the bundle breaker to separate them into individual blanks.

- Individual blanks are then palletised.
- This conversion process is not microflute specific. Imported kraft paperboard can (and does at times) undertake the same conversion process on Visy machines.

Stage 3: Conversion – Folding and Gluing Line

- On a new line the individual blanks are then pre folded and glued
- The handle is part of the design, it has been cut at the die cut stage and is formed during this folding and gluing stage. After die cutting, the handle element is held to the main body of the carton via 'nicks'. During folding and gluing the strip is folded 180 degrees and glued down. The two top halves then overlap and form the handle hole.

Stage 4: Preparation for Shipping

- The individual blanks are then counted and placed in a shipping box
- The shippers are placed on pallets, covered in stretch wrap and delivered to customer

<u>Customer site production line</u>

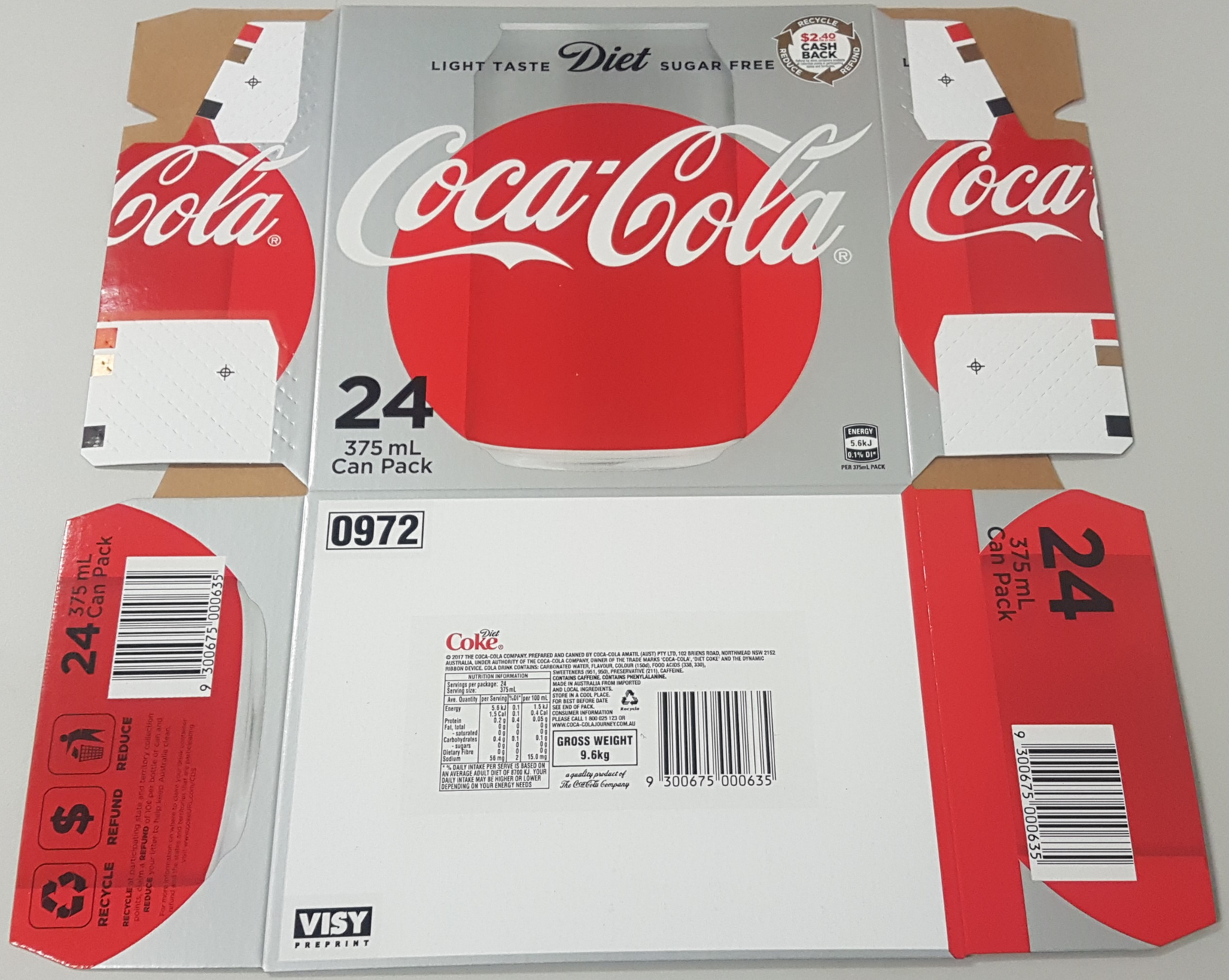
- The customer site will have packing machines that 'erect' the flat glued blanks, insert the required number of beverages cans into the pack, and close and glue the end flaps.

<u>Also note:</u>

- Stages 2, 3 and 4 involve the 'conversion' of microflute, these stages are separate to stage 1, they are not part of what we consider the 'microflute production line'. It may be relevant to note that stages 2, 3 and 4 could be done at an alternate premises to the microflute production at stage 1 (in the same way that, for competing beverage packs, kraft paperboard is manufactured overseas, with the final 'conversion' occurring within Australia)

- Stages 2, 3 and 4 are highly automated and comprise a very small element of the overall cost of the final beverage carton pack product ([redacted]). **[confidential – percentage]** The large majority of the cost is in the materials and processes set out at stage 1.

- Stages 2, 3 and 4 are, as far as we are aware, the same for Visy microflute and GPI imported kraft paperboard. Visy can run paperboard through its machines at stages 2 – 4.


LIGHT TASTE Diet SUGAR FREE
RECYCLE
$2.40
CASH BACK
REDUCE
REFUND
Coca-Cola®
24
375 mL
Can Pack
ENERGY
5.6kJ
0.1% DI*
PER 375mL PACK
0972
Diet Coke
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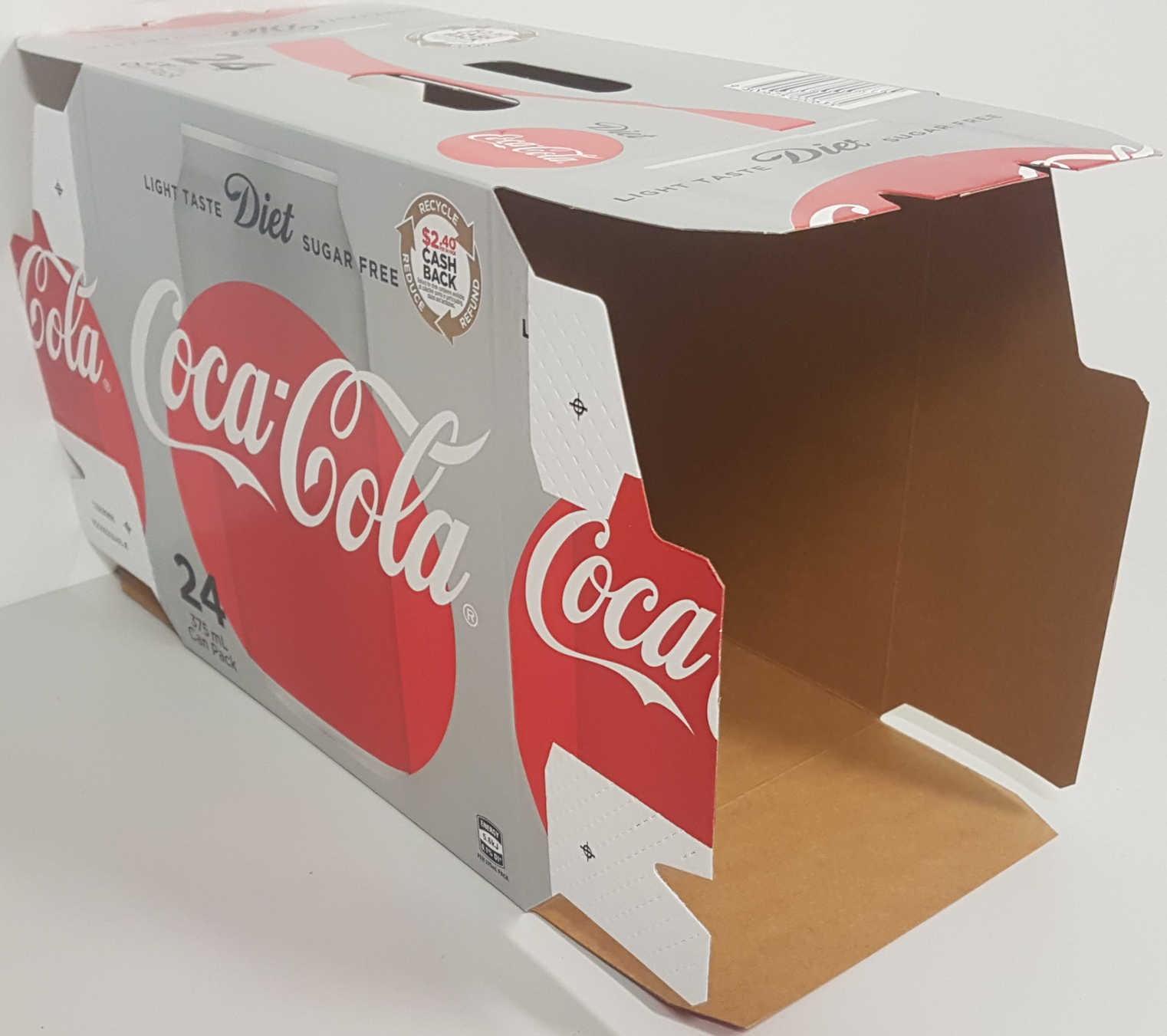
CONTAINS CAFFEINE. CONTAINS PHENYLALANINE.
MADE IN AUSTRALIA FROM IMPORTED AND LOCAL INGREDIENTS.
STORE IN A COOL PLACE.
FOR BEST BEFORE DATE SEE END OF PACK.
CONSUMER INFORMATION PLEASE CALL 1 800 025 123 OR WWW.COCA-COLAJOURNEY.COM.AU
NUTRITION INFORMATION
Servings per package: 24
Serving size: 375mL
Ave. Quantity | per Serving | %DI* | per 100 mL
Energy 5.6 kJ | 0.1 | 1.5 kJ
1.5 Cal | 0.1 | 0.4 Cal
Protein 0.2 g | 0.4 | 0.05 g
Fat, total 0 g | 0 | 0 g
- saturated 0 g | 0 | 0 g
Carbohydrates 0.4 g | 0.1 | 0.1 g
- sugars 0 g | 0 | 0 g
Dietary Fibre 0 g | 0 | 0 g
Sodium 56 mg | 2 | 15.0 mg
* % DAILY INTAKE PER SERVE IS BASED ON AN AVERAGE ADULT DIET OF 8700 KJ. YOUR DAILY INTAKE MAY BE HIGHER OR LOWER DEPENDING ON YOUR ENERGY NEEDS
GROSS WEIGHT
9.6kg
a quality product of The Coca-Cola Company
9 300675 000635
VISY
PREPRINT
RECYCLE
REFUND
REDUCE
24 375 mL Can Pack
9 300675 000635
24
375 mL
Can Pack
9 300675 000635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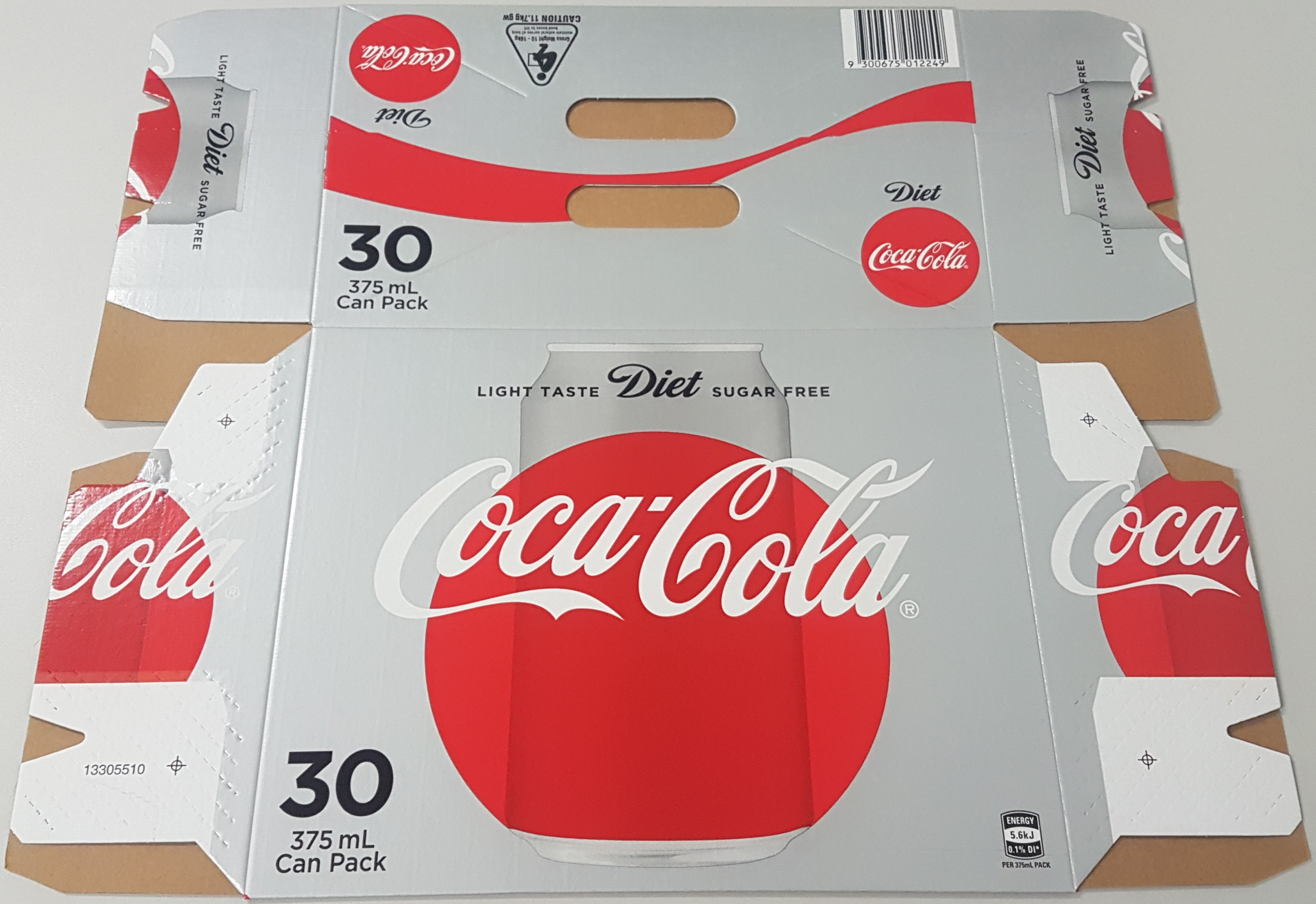
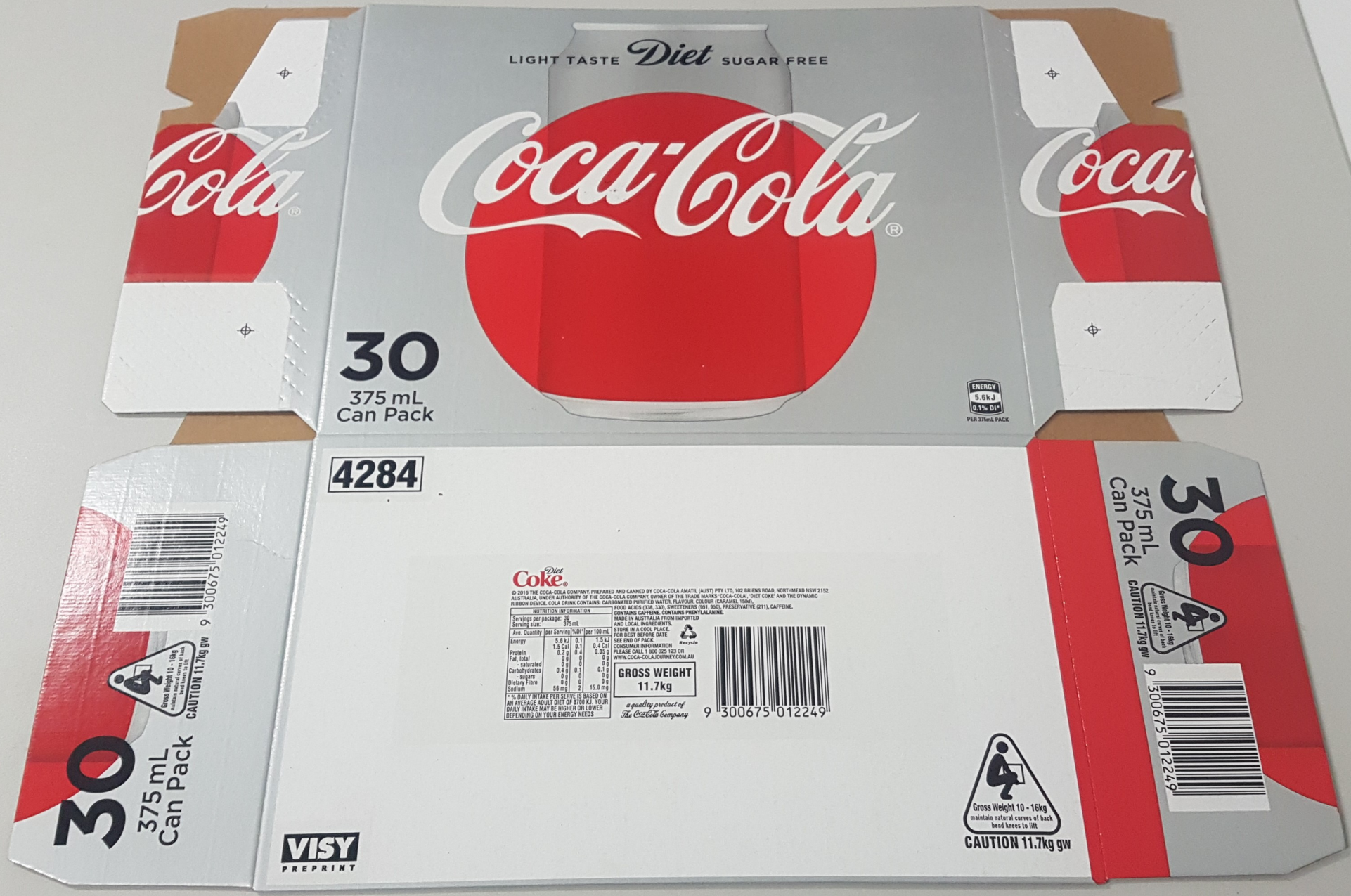
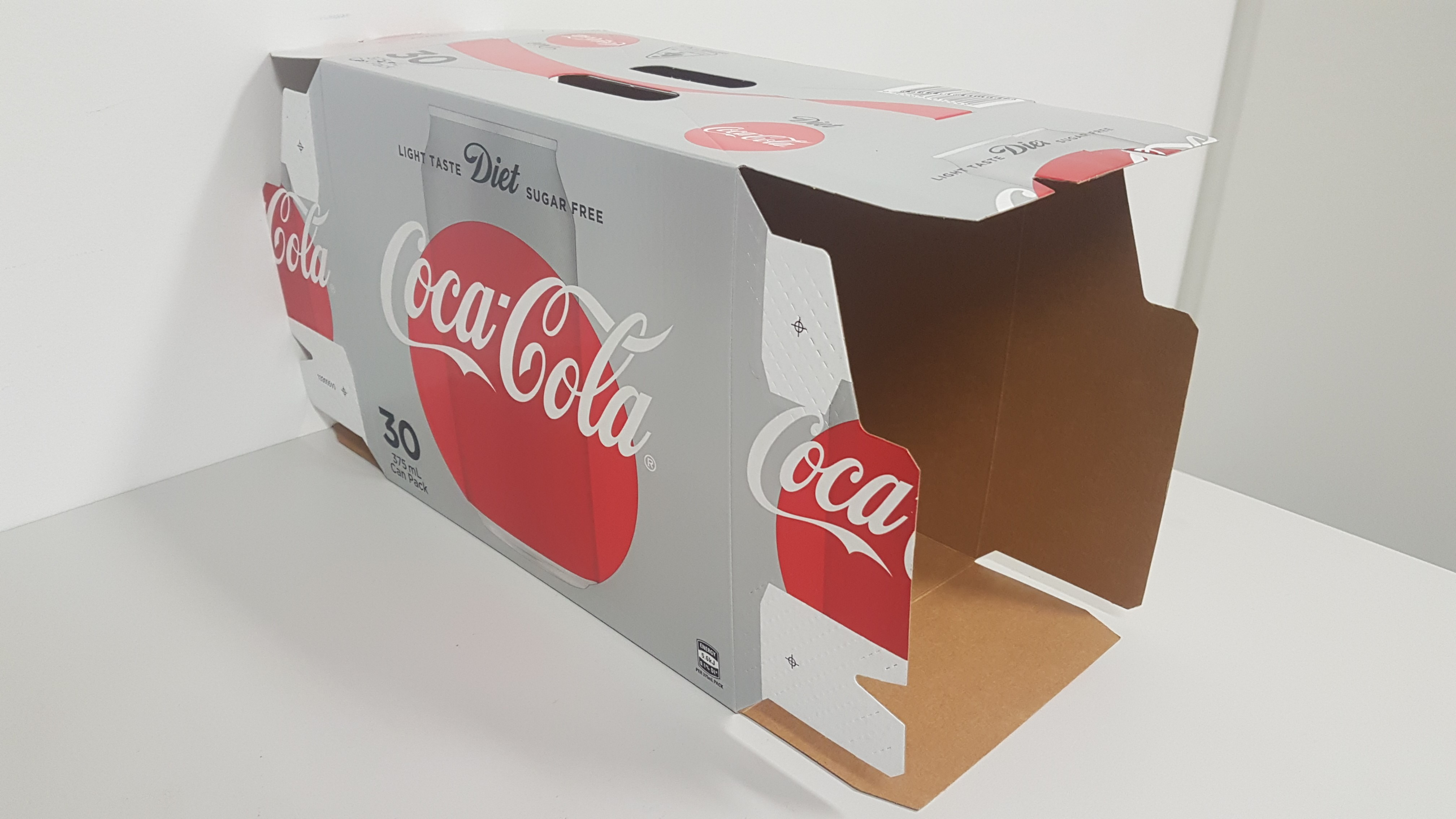
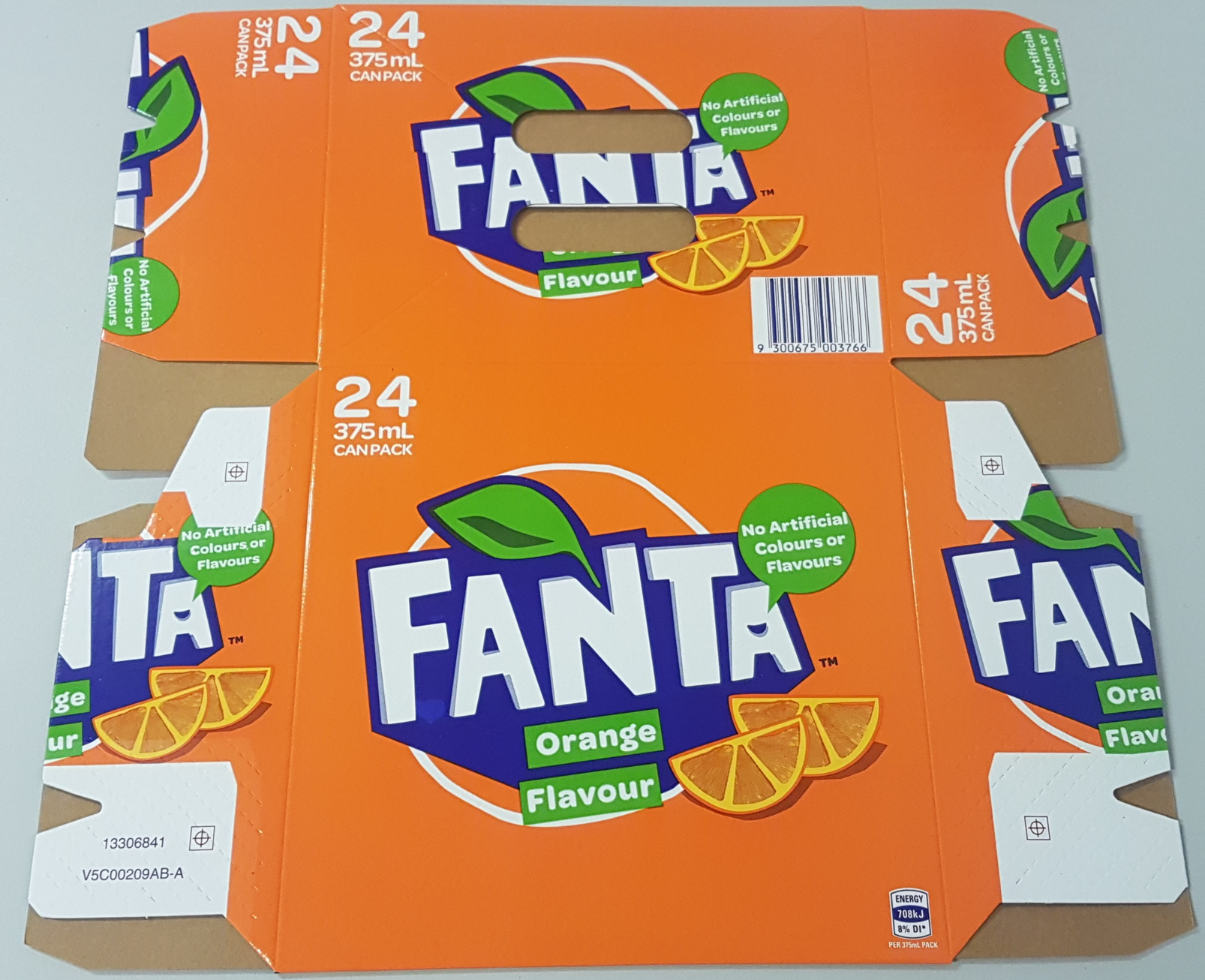
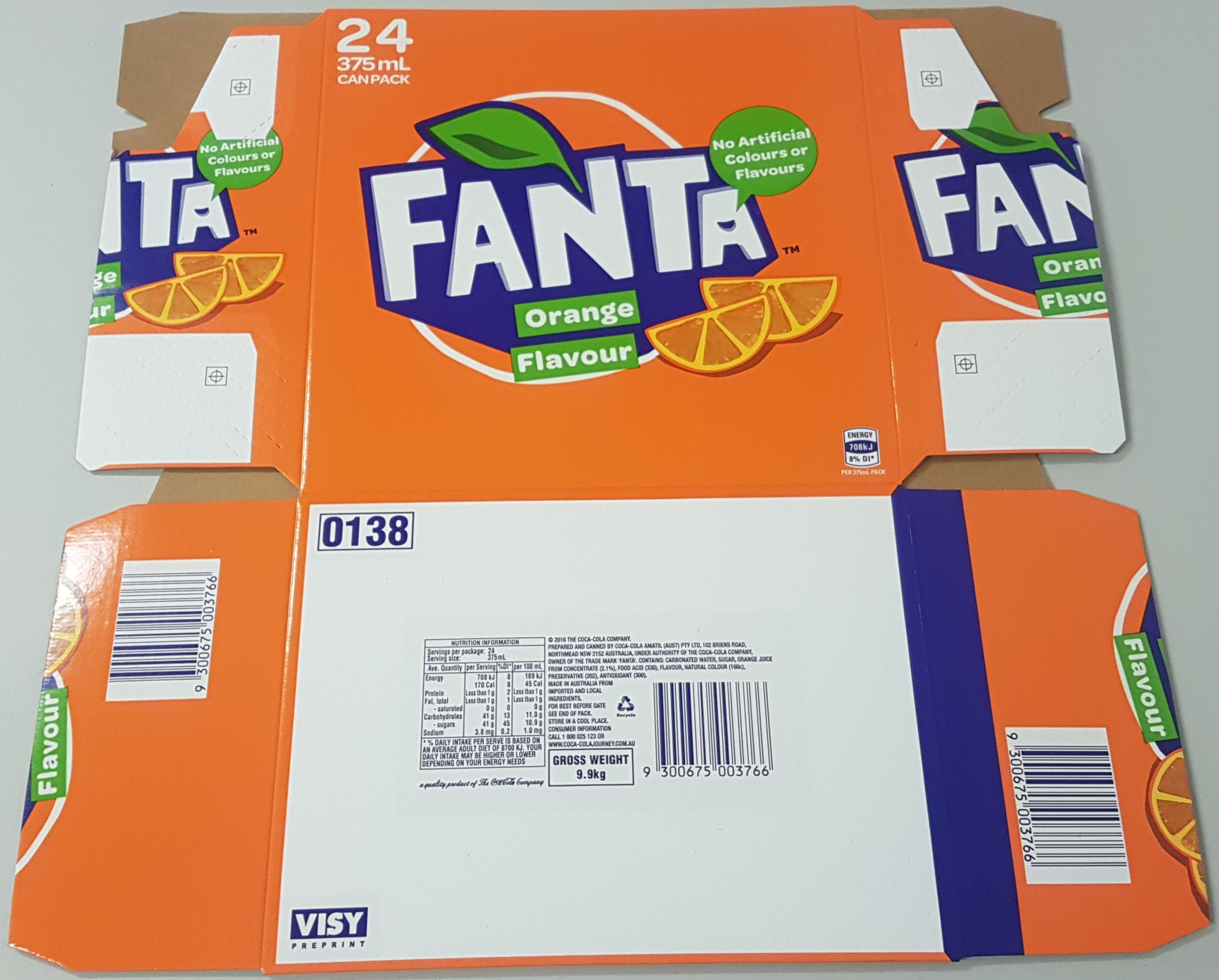
RECYCLE
$2.40
CASH BACK
REDUCE
REFUND
Coca-Cola
24
355 mL
Coca


LIGHT TASTE Diet SUGAR FREE
30
375 mL
Can Pack
Diet
Coca-Cola
CAUTION 11.7kg gw
9 300675 012249
LIGHT TASTE Diet SUGAR FREE
LIGHT TASTE Diet SUGAR FREE
Coca-Cola
30
375 mL
Can Pack
13305510
ENERGY
5.6kJ
0.1% DI*
PER 375mL PACK


LIGHT TASTE Diet SUGAR FREE
Coca-Cola
30
375 mL
Can Pack
ENERGY
5.6kJ
0.1% DI*
PER 375mL PACK
4284
Diet Coke
© 2016 THE COCA-COLA COMPANY. PREPARED AND CANNED BY COCA-COLA AMATIL (AUST) PTY LTD, 102 BRIENS ROAD, NORTHMEAD NSW 2152 AUSTRALIA, UNDER AUTHORITY OF THE COCA-COLA COMPANY, OWNER OF THE TRADE MARKS 'COCA-COLA', 'DIET COKE' AND THE DYNAMIC RIBBON DEVICE. COLA DRINK CONTAINS: CARBONATED PURIFIED WATER, FLAVOUR, COLOUR (CARAMEL 150d), FOOD ACIDS (338, 330), SWEETENERS (951, 950), PRESERVATIVE (211), CAFFEINE.
CONTAINS CAFFEINE. CONTAINS PHENYLALANINE.
MADE IN AUSTRALIA FROM IMPORTED AND LOCAL INGREDIENTS.
STORE IN A COOL PLACE.
FOR BEST BEFORE DATE SEE END OF PACK.
CONSUMER INFORMATION PLEASE CALL 1 800 025 123 OR WWW.COCA-COLAJOURNEY.COM.AU
Recycle
NUTRITION INFORMATION
Servings per package: 30
Serving size: 375mL
Ave. Quantity | per Serving | %DI* | per 100 mL
Energy 5.6 kJ 0.1 1.5 kJ
1.5 Cal 0.1 0.4 Cal
Protein 0.2 g 0.4 0.05 g
Fat, total 0 g 0 0 g
- saturated 0 g 0 0 g
Carbohydrates 0.4 g 0.1 0.1 g
- sugars 0 g 0 0 g
Dietary Fibre 0 g 0 0 g
Sodium 56 mg 2 15.0 mg
* % DAILY INTAKE PER SERVE IS BASED ON AN AVERAGE ADULT DIET OF 8700 KJ. YOUR DAILY INTAKE MAY BE HIGHER OR LOWER DEPENDING ON YOUR ENERGY NEEDS
GROSS WEIGHT 11.7kg
a quality product of The Coca-Cola Company
9 300675 012249
Gross Weight 10 - 16kg
maintain natural curves of back
bend knees to lift
CAUTION 11.7kg gw
VISY
PREPRINT


LIGHT TASTE
Diet
SUGAR FREE
Coca-Cola
30
375 mL
Can Pack


24
375mL
CAN PACK
FANTA
No Artificial Colours or Flavours
Orange
Flavour
9 300675 003766
13306841
V5C00209AB-A
ENERGY
708kJ
8% DI*
PER 375mL PACK


24
375mL
CAN PACK
FANTA
No Artificial Colours or Flavours
Orange Flavour
ENERGY
708kJ
8% DI*
PER 375mL PACK
0138
NUTRITION INFORMATION
Servings per package: 24
Serving size: 375mL
Ave. Quantity | per Serving | %DI* | per 100 mL
Energy 708 kJ | 8 | 189 kJ
170 Cal | 8 | 45 Cal
Protein Less than 1 g | 2 | Less than 1 g
Fat, total Less than 1 g | 1 | Less than 1 g
- saturated 0 g | 0 | 0 g
Carbohydrates 41 g | 13 | 11.0 g
- sugars 41 g | 45 | 10.9 g
Sodium 3.8 mg | 0.2 | 1.0 mg
* % DAILY INTAKE PER SERVE IS BASED ON AN AVERAGE ADULT DIET OF 8700 KJ. YOUR DAILY INTAKE MAY BE HIGHER OR LOWER DEPENDING ON YOUR ENERGY NEEDS
a quality product of The Coca-Cola Company
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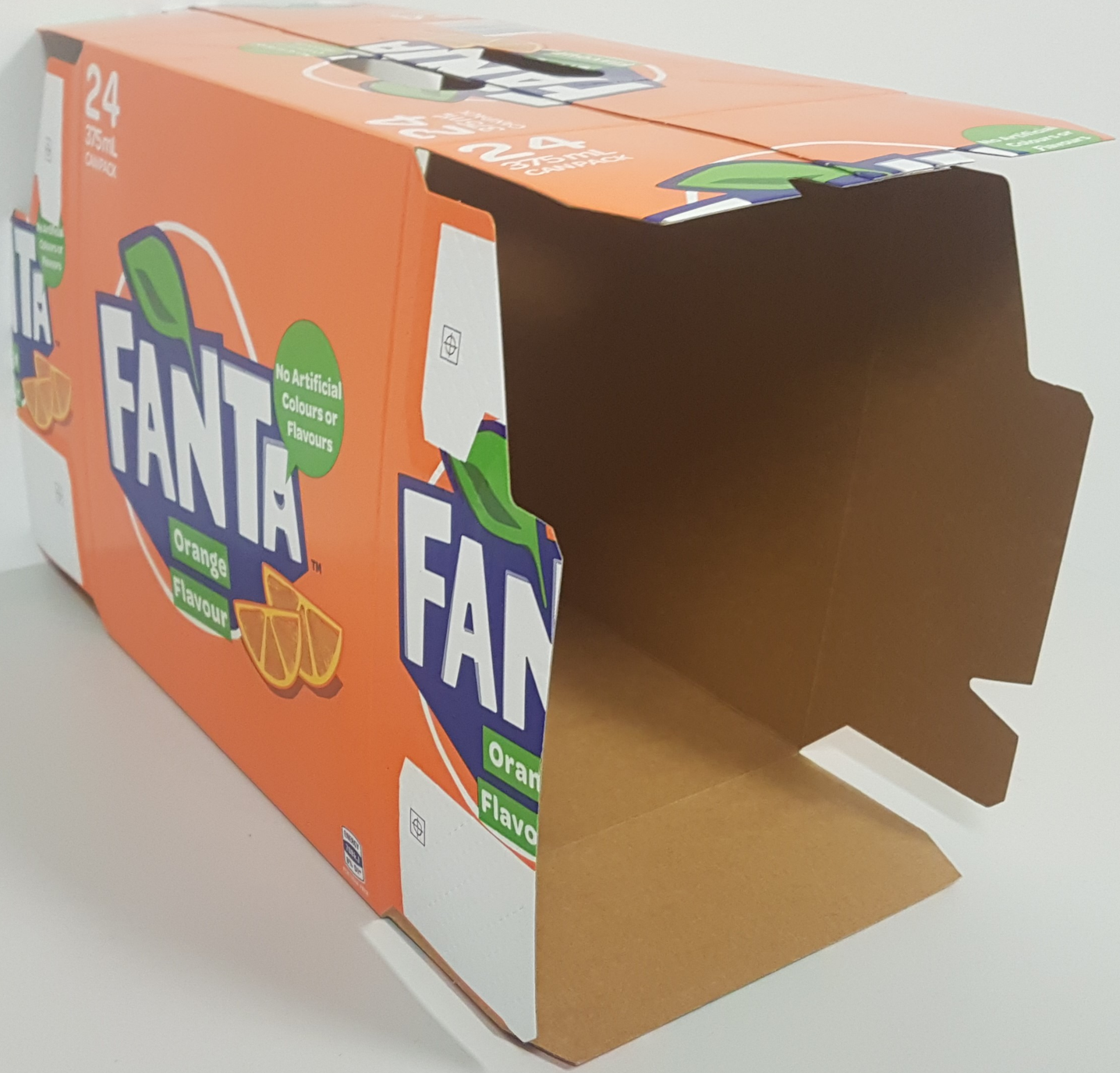
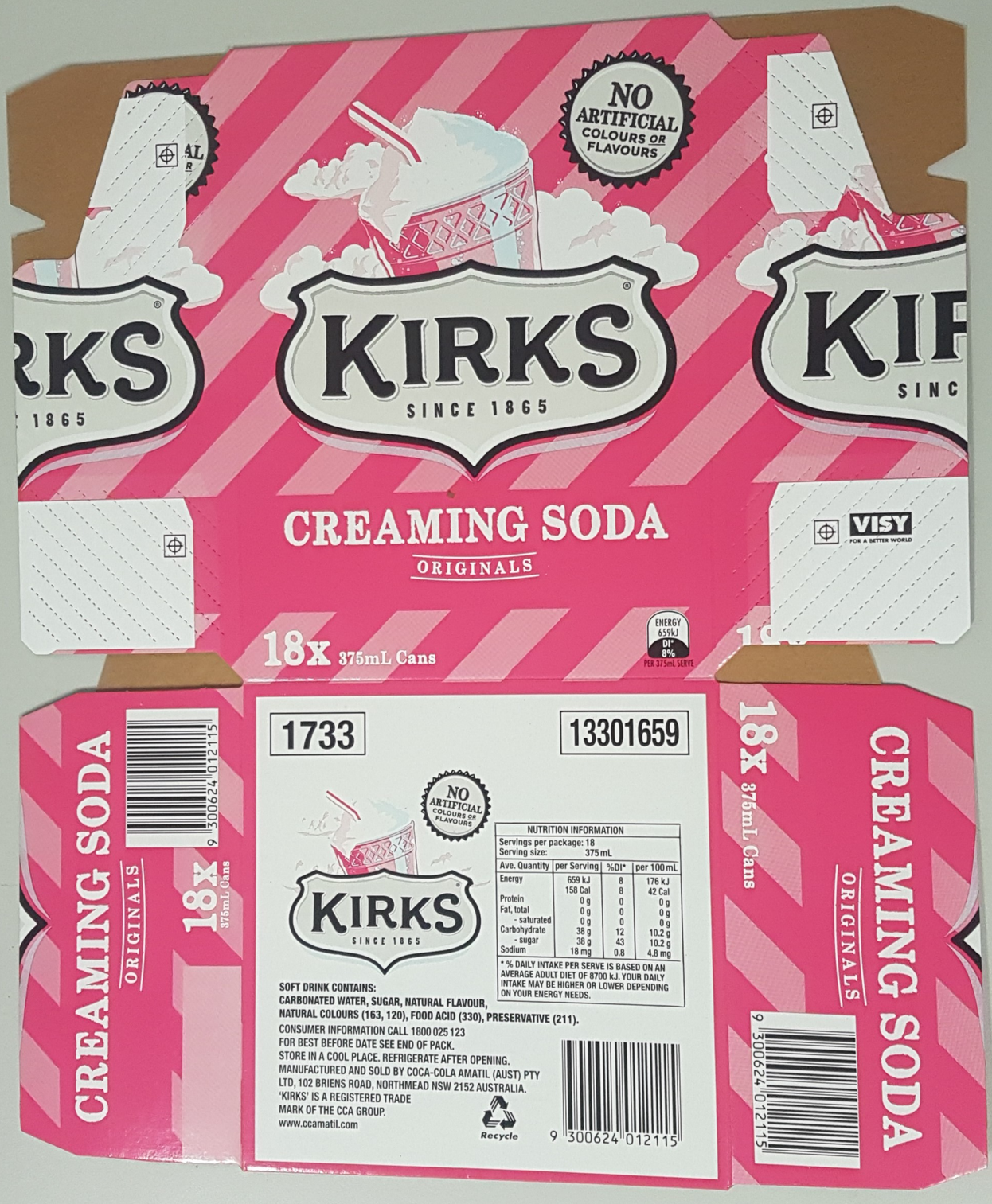
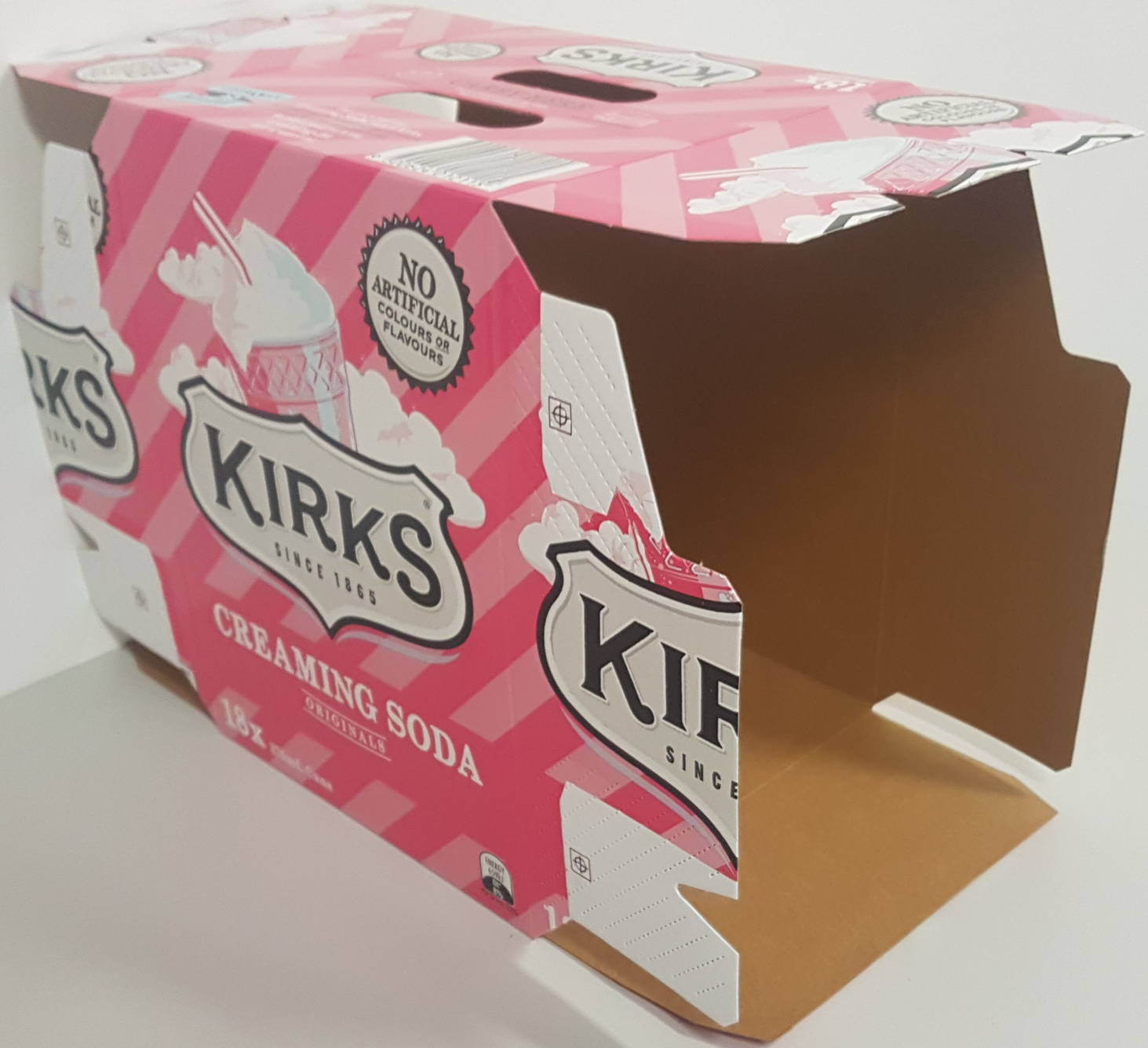
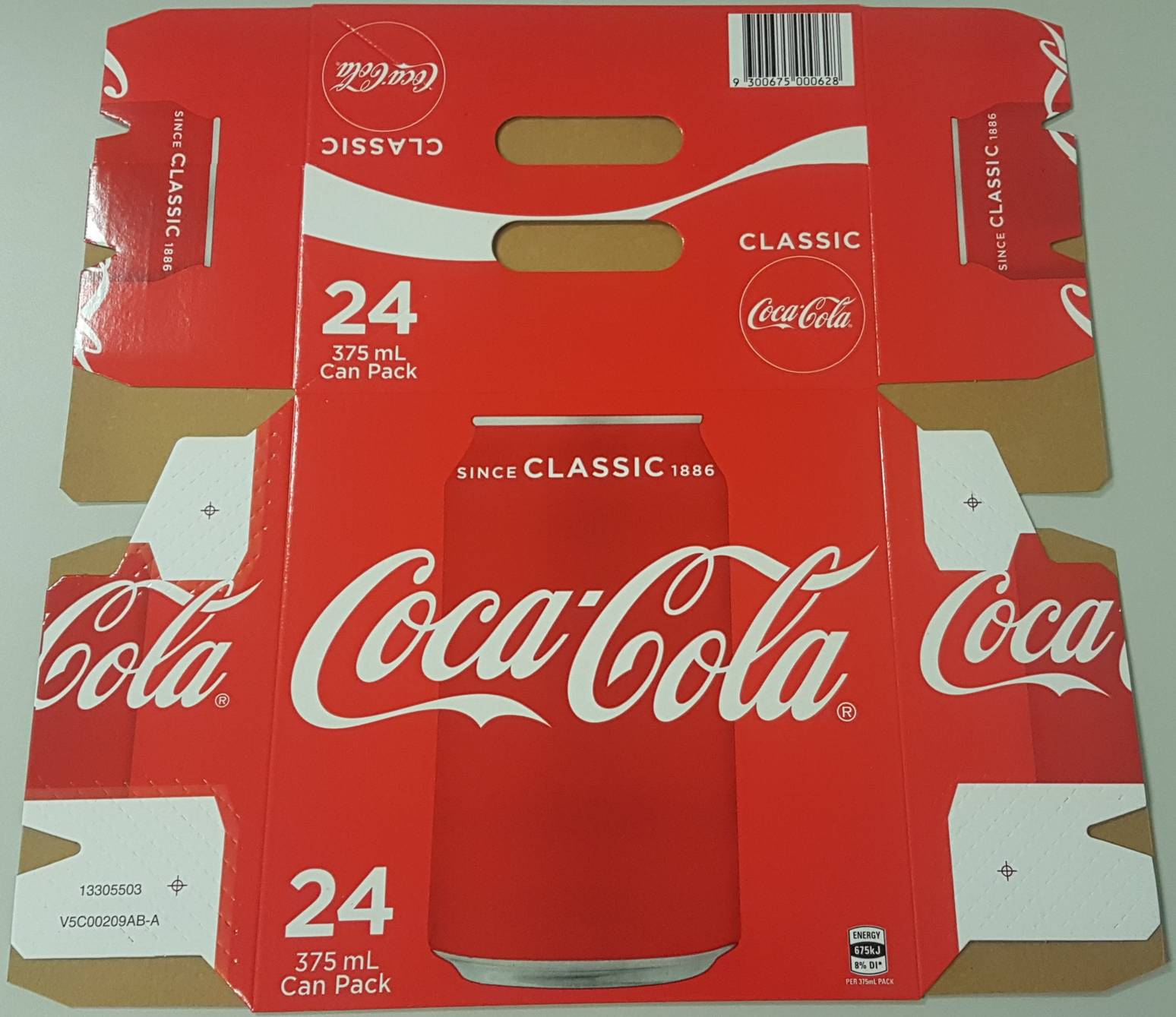
MADE IN AUSTRALIA FROM IMPORTED AND LOCAL INGREDIENTS.
FOR BEST BEFORE DATE SEE END OF PACK.
STORE IN A COOL PLACE.
CONSUMER INFORMATION CALL 1 800 025 123 OR WWW.COCA-COLAJOURNEY.COM.AU
GROSS WEIGHT 9.9kg
9 300675 003766
VISY PREPRINT
Flavour
9 300675 003766

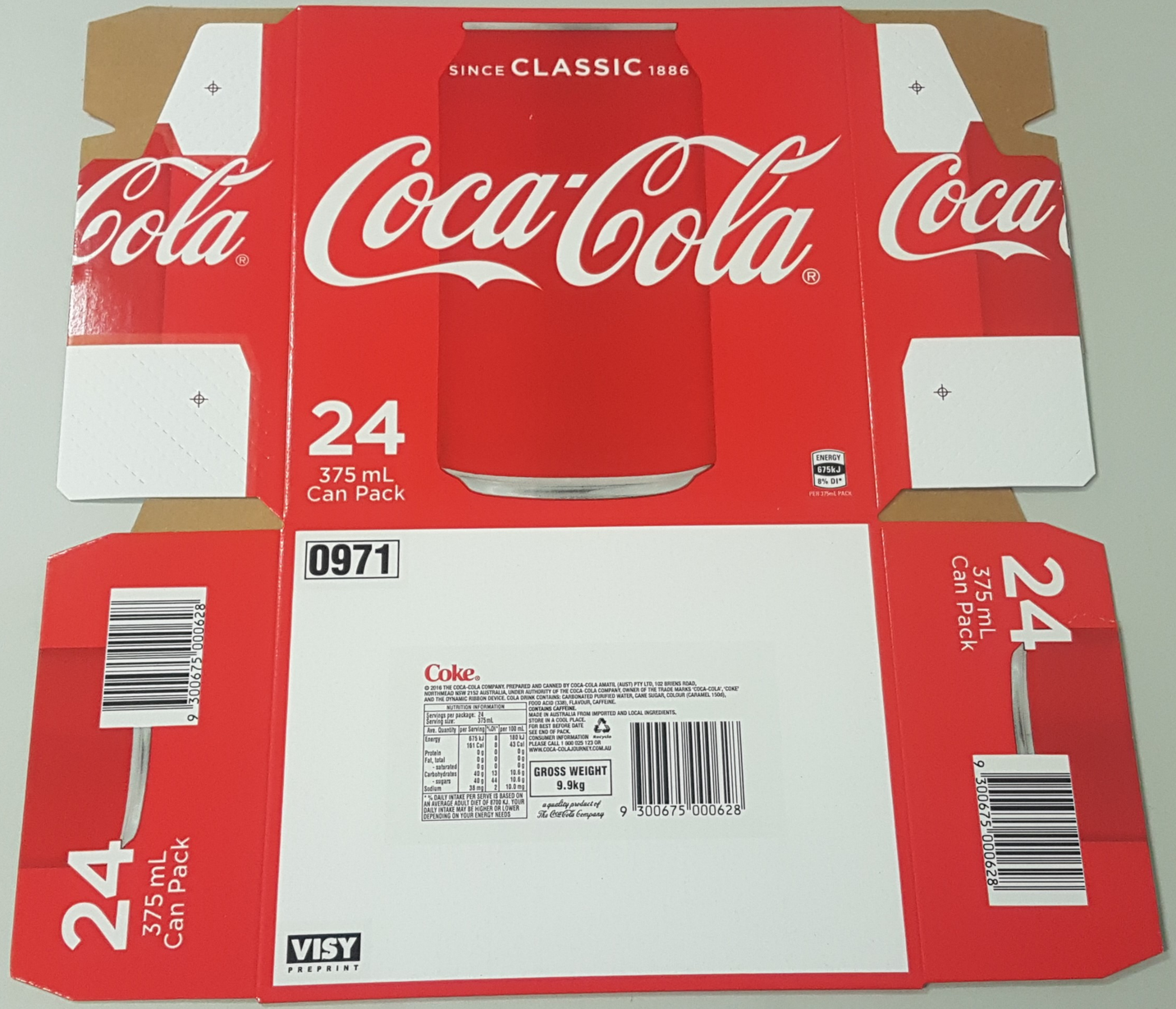

24
375mL
FANTA
No Artificial Colours or Flavours
Orange
Flavour

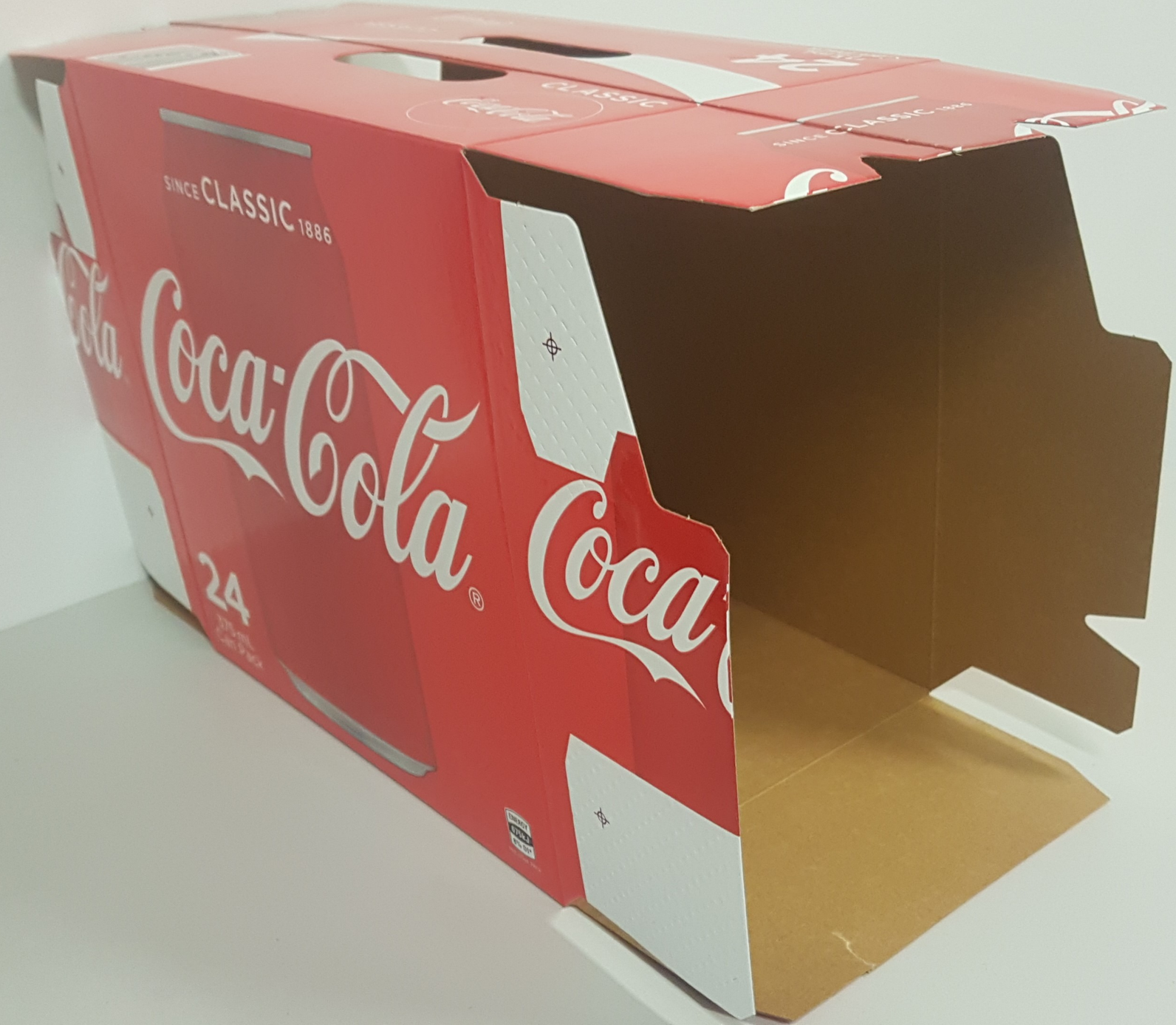
KIRKS
SINCE 1865
18x
375mL Cans
NO ARTIFICIAL COLOURS OR FLAVOURS
NO ARTIFICIAL COLOURS OR FLAVOURS
CARRY HERE
For convenience, place the whole box in your refrigerator
EASY TO CARRY
EASY TO STORE
AUSTRALIAN MADE
This ain't just any Creaming Soda, this is Kirks, as classic as the sound of an icecream truck on a hot summer's day. We hope you give it the creaming-ist lick of approval.
9 300624 012115
NO ARTIFICIAL COLOURS OR FLAVOURS
KIRKS
SINCE 1865
CREAMING SODA
ORIGINALS
18x 375mL Cans
ENERGY 659kJ
8%
PER 375ML SERVE

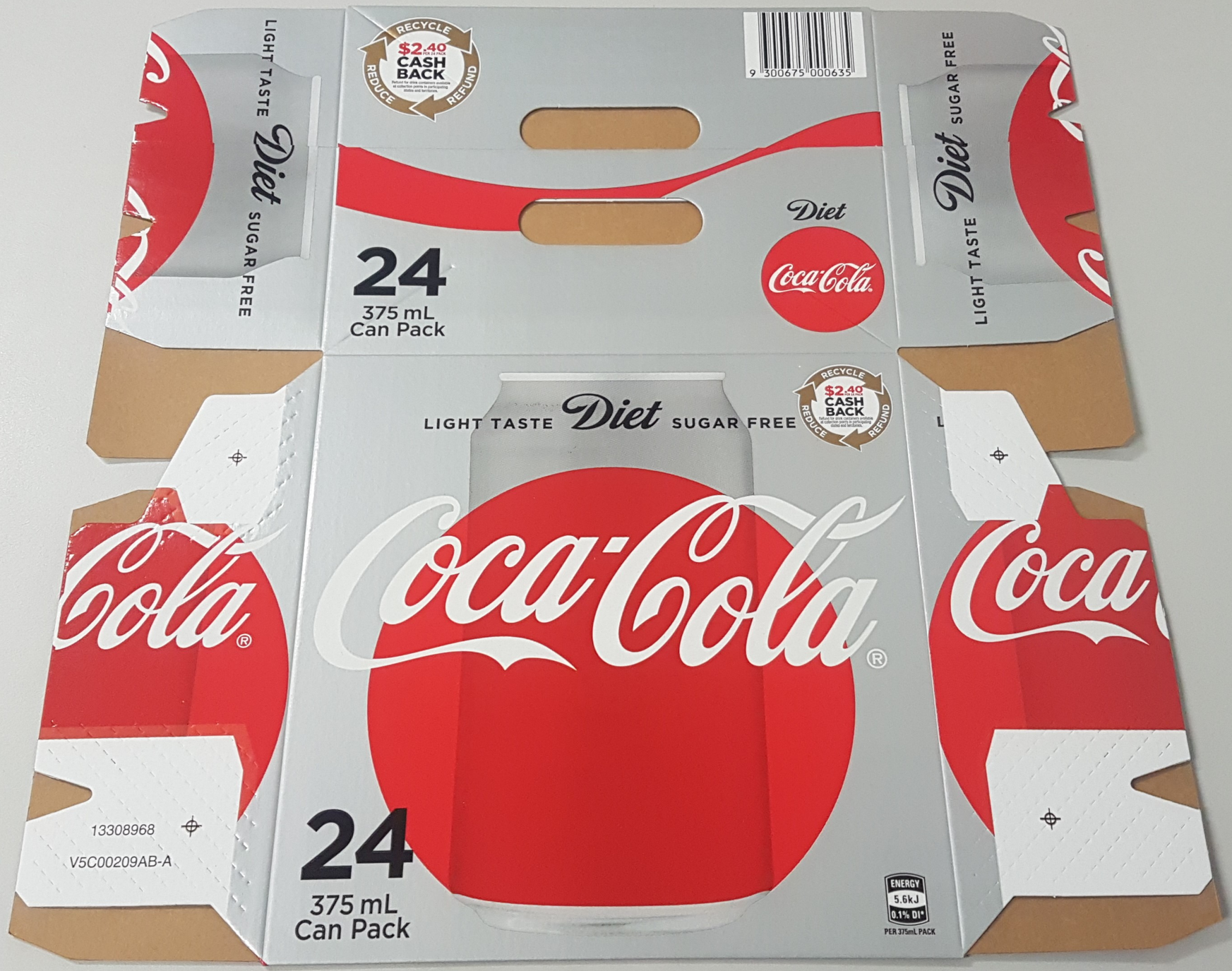

NO ARTIFICIAL COLOURS OR FLAVOURS
KIRKS
SINCE 1865
CREAMING SODA
ORIGINALS
18x 375mL Cans
ENERGY 659kJ
DI* 8%
PER 375mL SERVE
VISY
FOR A BETTER WORLD
1733
13301659
NUTRITION INFORMATION
Servings per package: 18
Serving size: 375mL
Ave. Quantity | per Serving | %DI* | per 100mL
Energy 659 kJ 158 Cal | 8 8 | 176 kJ 42 Cal
Protein 0 g | 0 | 0 g
Fat, total 0 g | 0 | 0 g
- saturated 0 g | 0 | 0 g
Carbohydrate 38 g | 12 | 10.2 g
- sugar 38 g | 43 | 10.2 g
Sodium 18 mg | 0.8 | 4.8 mg
* % DAILY INTAKE PER SERVE IS BASED ON AN AVERAGE ADULT DIET OF 8700 kJ. YOUR DAILY INTAKE MAY BE HIGHER OR LOWER DEPENDING ON YOUR ENERGY NEEDS.
SOFT DRINK CONTAINS:
CARBONATED WATER, SUGAR, NATURAL FLAVOUR, NATURAL COLOURS (163, 120), FOOD ACID (330), PRESERVATIVE (211).
CONSUMER INFORMATION CALL 1800 025 123
FOR BEST BEFORE DATE SEE END OF PACK.
STORE IN A COOL PLACE. REFRIGERATE AFTER OPENING.
MANUFACTURED AND SOLD BY COCA-COLA AMATIL (AUST) PTY LTD, 102 BRIENS ROAD, NORTHMEAD NSW 2152 AUSTRALIA.
'KIRKS' IS A REGISTERED TRADE MARK OF THE CCA GROUP.
www.ccamatil.com
Recycle
9 300624 012115


NO ARTIFICIAL COLOURS OR FLAVOURS
KIRKS
SINCE 1865
CREAMING SODA
ORIGINALS
18x


9 300675 000628
CLASSIC
SINCE CLASSIC 1886
24
375 mL
Can Pack
CLASSIC
SINCE CLASSIC 1886
SINCE CLASSIC 1886
Coca-Cola
Coca-Cola
Coca
13305503
V5C00209AB-A
24
375 mL
Can Pack
ENERGY
675kJ
8% DI*
PER 375mL PACK


SINCE CLASSIC 1886
Coca-Cola®
24
375 mL
Can Pack
ENERGY
675kJ
8% DI*
PER 375mL PACK
0971
Coke
© 2016 THE COCA-COLA COMPANY. PREPARED AND CANNED BY COCA-COLA AMATIL (AUST) PTY LTD, 102 BRIENS ROAD, NORTHMEAD NSW 2152 AUSTRALIA, UNDER AUTHORITY OF THE COCA-COLA COMPANY, OWNER OF THE TRADE MARKS 'COCA-COLA', 'COKE' AND THE DYNAMIC RIBBON DEVICE. COLA DRINK CONTAINS: CARBONATED PURIFIED WATER, CANE SUGAR, COLOUR (CARAMEL 150d), FOOD ACID (330), FLAVOUR, CAFFEINE.
CONTAINS CAFFEINE.
MADE IN AUSTRALIA FROM IMPORTED AND LOCAL INGREDIENTS.
STORE IN A COOL PLACE.
FOR BEST BEFORE DATE SEE END OF PACK.
CONSUMER INFORMATION PLEASE CALL 1 800 025 123 OR WWW.COCA-COLAJOURNEY.COM.AU
NUTRITION INFORMATION
Servings per package: 24
Serving size: 375mL
Ave. Quantity | per Serving | %DI* | per 100 mL
Energy 675 kJ 8 180 kJ
161 Cal 8 43 Cal
Protein 0 g 0 0 g
Fat, total 0 g 0 0 g
- saturated 0 g 0 0 g
Carbohydrates 40 g 13 10.6 g
- sugars 40 g 44 10.6 g
Sodium 38 mg 2 10.0 mg
* % DAILY INTAKE PER SERVE IS BASED ON AN AVERAGE ADULT DIET OF 8700 KJ. YOUR DAILY INTAKE MAY BE HIGHER OR LOWER DEPENDING ON YOUR ENERGY NEEDS
GROSS WEIGHT
9.9kg
a quality product of The Coca-Cola Company
9 300675 000628
VISY
PREPRINT
24
375 mL
Can Pack
9 300675 000628
24
375 mL
Can Pack
9 300675 000628


SINCE CLASSIC 1886
Coca-Cola
24


RECYCLE
$2.40 PER 24 PACK
CASH BACK
REDUCE
REFUND
9 300675 000635
LIGHT TASTE Diet SUGAR FREE
24
375 mL
Can Pack
Diet
Coca-Cola
LIGHT TASTE Diet SUGAR FREE
Coca-Cola
13308968
V5C00209AB-A
24
375 mL
Can Pack
ENERGY
5.6kJ
0.1% DI*
PER 375mL PACK