



# ADRP Conference Summary

## Review No. 153 – A4 Copy Paper exported from the Federative Republic of Brazil, the Republic of China, the Republic of Indonesia and the Kingdom of Thailand

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| Panel Member | Paul O'Connor   |
| Review type  | Review of Minister's decision   |
| Date         | Friday, 10 June 2022  |
| Participants | Rhys Piper, Gavin Crooks, Larry Isaac and Billy Brine Anti-Dumping Commission (ADC Representatives) |
| Time opened  | 10:00 AEST  |
| Time closed  | 11:45 AEST  |

### Purpose

The purpose of this conference was to obtain further information and clarification in relation to the application before the Anti-Dumping Review Panel (Review Panel) in relation to A4 Copy paper exported from the Republic of Indonesia.

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 ADC Representatives to clarify aspects of REP 588 and its confidential attachments and to respond to certain claims made in each of the three applications before the Review Panel.

The conference was not a formal hearing of the review.

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.

At the time of the conference, I advised the ADC 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.
- 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, the ADC 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 ADC Representatives indicated 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

Prior to the conference I provided the ADC representatives an outline of the issues on which I sought clarification. The information provided during the conference was as follows:

1. As a general comment, the ADC's representatives noted that some of the arguments of applicants appeared to focus upon particular language and phrases adopted by REP 588 which were said to be indicative of error. However, such an approach failed to acknowledge the broader context in which such comments were made.
2. The ADC acknowledged UPM's arguments that freight rates had increased and continued to do so into 2022 such that UPM's FOB based pricing was no longer acceptable to the market. UPM's submission to the ADC (EPR 24) provided estimated freight rates, denominated in US dollars, up until the end of 2019 through to June 2020. The ADC was not able to validate the freight data as UPM's estimates were derived from a subscription service to which the ADC did not have access.
3. More importantly, during Review 551, the ADC had obtained and verified actual freight rates, denominated in US dollars, incurred by a major Australian retailer. These rates substantially differed from UPM's estimates and that difference further increased when the rates were converted into Australian dollars.
4. Nevertheless, the ADC representatives acknowledged that increasing freight rates were one of the factors acknowledged by the Australian customer which contributed to its decision to move from UPM to Australian Paper as its supplier of the product from late 2021. The ADC representatives noted that the customer also acknowledged



that the continuing measures, and the customers liability for those tariffs, were also contributing factors.

5. What was of equal relevance to the ADC was that Australian Paper had to reduce its prices to secure the business and that had UPM been successful in its offer, the ADC's comparison of trends in UPM's normal values and costs of pulp suggest that its price offer of March 2021 would likely have been below its last determined normal values.
6. The ADC representatives pointed to Confidential Attachment 10 to REP 588 to highlight that the ADC's material injury analysis did give consideration to UPM's March 2021 price offer to the Australian customer. By doing so the ADC cannot be said not to have relied upon the most contemporaneous data available.
7. The ADC representatives noted, as the current measures were based upon a floor price, UPM had no flexibility to accommodate increasing freight charges by modifying/reducing its export prices. The ADC representatives noted that if the measures lapsed, UPM would regain that ability.
8. The ADC representatives noted applicants were critical that the ADC had regard to dated information, in some cases dating back to 2010. The representatives noted that as a starting point the ADC looks to the state of the market prior to the imposition of measures as an indicator of what might likely happen in the absence of measures. The ADC representatives emphasised that the market analysis was not limited to data from 2010 to 2019 but included information relevant to likely increases in costs, the price of domestic export sales and what drives those sales right through to 2021.
9. The ADC representatives noted that UPM seeks to introduce a temporal limitation upon continuation determinations and argues for a "reasonably foreseeable" timeframe or benchmark. However, it was noted that the Act is silent as to any such limitation. Accordingly, REP 588 avoided reference to medium or long term likely outcomes. The report's focus reflected that of the Act, namely the likelihood of certain things happening if measures were to expire.
10. The ADC representatives acknowledged that the term of the 2021 supply contract between Australian Paper and its customer was for a period of two years, and that it could be argued this would confer upon it a period of grace. What was of concern to



the Commission was that the contract or supply agreement was not exclusive, meaning that the Australian customer could source imported product. Further, the contract did not impose upon the customer a minimum takeoff or purchase quantity. As a result, Australian Paper had to reduce its prices to secure the contract and to commit to those prices for a two-year period, but UPM nevertheless remained at liberty to offer similar, low, prices to others within the market which continued to be a price sensitive market and one in which participants readily adopted switching behaviour when confronted by low prices.

11. In relation to criticism from applicants alleging the Commission gave insufficient weight to increasing costs such as pulp prices, the ADC representatives first noted that applicants had not provided any data on the likely movement in the price of pulp or global trends in the price of uncoated wood free paper. Nevertheless, the Commission had obtained a whole range of information as to pulp prices around the world. The Commission also drew upon the findings of the verification processes undertaken for Review 551. The totality of this information was considered and underpinned the Commission's assessment as to the likelihood of future dumping.
12. Applicants are critical of the Commission's comparison of export prices on a delivered basis with those offered by Australian Paper. The ADC representatives suggested that there appears to be confusion amongst applicants as to the differences between comparisons to determine the presence of dumping and comparisons between delivered prices for the purposes of a material injury analysis. The ADC representatives stated competition, and any consequential material injury, occurs at the point at which a potential customer determines the relative total acquisition costs of product from various suppliers.
13. The Commission representatives acknowledged that UPM's prices, denominated in US dollars, remained constant throughout the relevant period. However, when those prices were converted into Australian dollars exchange fluctuations gave rise to varying prices. The representatives noted the issue is not whether the US dollar export price went on top or down, it is the finding that the price of those goods is still likely dumped. Nevertheless, the Commission did acknowledge that exchange rate variation was a relevant factor other than dumping which may have been a contributor to material injury.



**Australian Government**

**Anti-Dumping Review Panel**

14. In relation to Sylvamo's exports from Brazil, the Commission representative acknowledged that its exports were only of 80 GSM [REDACTED] branded paper which was sold through a single major retailer.

Paul O'Connor  
Member  
Anti-Dumping Review Panel  
22 June 2022