



Australian Paper

a member of the Nippon Paper Group

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20 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 Mondi SCP a.s. of Slovakia – 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") by Mondi SCP a.s. ("Mondi SCP") of Slovakia 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.

Mondi SCP has nominated two grounds for appeal in respect of the Reviewable Decision:

- *not correct or preferable to find that Mondi SCP's exports may be dumped in the future; and*
- *not the correct or preferable decision to find that Mondi SCP's exports caused material injury.*

AP will address both grounds of review nominated by Mondi SCP.

II. Mondi SCP's exports will not be dumped

Mondi SCP challenges the finding of the Anti-Dumping Commission ("the Commission") that the export prices for future exports by Mondi SCP will be less than Mondi SCP's normal value. Mondi SCP claims that the Commission's view is not correct and not supportable.

Mondi SCP contends that the Commission's analysis does not support a finding that there exists a future threat of dumping of A4 copy paper from Slovakia. AP rejects Mondi SCP's assertions on the basis that it was reasonable for the Commission to conclude that:



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- Mondi SCP's dumped export prices during the investigation period represent the best indication of likely future export pricing;
- the supply of A4 copy paper by Mondi SCP re-commencing from December 2016 to the non-cooperative importer Fuji Xerox AP supports a view that the dumped imports were intended to replace imports the subject of measures in Investigation 341;
- Mondi SCP has a well-established channel to the Australian market through which it can re-commence exports at any point in time in the future – including at dumped prices;
- Mondi SCP has an internally determined minimum export price for goods sold to Australia – however, there is no indication that this minimum price is not at a dumped level (and may move up or down) as appropriate;
- the relativities of export prices in 2014 and 2017 versus pulp prices at those times is relevant as it confirms that Mondi SCP engaged in dumping and that export prices were not directly linked to changes in pulp prices; and
- Slovakian product through Mondi SCP is an established supply source with the lowest prices in 2017 and 2018.

Furthermore, as confirmed by the Commission in its Final Report 463, Mondi SCP (being the only producer of the like goods in Slovakia) self-reported in the Food and Agricultural Organisation's (FAO) 'Pulp and Paper Capacities Survey 2017-2022' that it had experienced and would continue to experience significant production capacity growth over the next 5 years. Given the capital intensive nature of paper production (requiring high capacity utilisation), as well as the limited domestic consumption growth in Slovakia, coupled with global overcapacity, it is reasonable to expect that additional Mondi SCP volume would need to continue seeking export markets. This growth in the Mondi SCP exports (globally) due to unabated capacity growth and flat demand, would support the view that the domestic oversupply poses a real and ongoing risk of re-commenced dumping in the Australian market. The Minister's decision is the correct and preferred decision since, in the absence of dumping measures, Australia would continue to represent an attractive market for Slovakian exports of the like goods.

It is also relevant that Mondi SCP's export prices were at similar levels to its Russian mill (with significant dumping evident) and that Mondi SCP "trades with Australian customers via forward orders and is not limited by contractual arrangements" as it can vary export prices and volumes as appropriate. Importantly, the Commission noted that Mondi SCP had increased domestic prices "significantly" and that in the context of export prices in 2017 and 2018, Mondi SCP would need to export at dumped prices to supply into the Australian market via its established distribution channels.

Mondi SCP comments upon its "exemplary sales behaviour" and its "premium price position". These factors, however were not evident in its supply of goods from December 2016 to opportunistically supply A4 copy paper to displace exports the subject of measures in Investigation No. 341 at dumped prices.

Mondi CSP also accuses the Commission of having not examined the relevant information in an "objective" manner. This is clearly not the case. The Commission has contrasted Mondi SCP's export volumes and prices with the export volumes and prices of the exporters the subject of Investigation 463, as well as with export prices in Investigation 341 and assessed the impact of Mondi SCP's dumped exports on the Australian industry. The Commission has correctly cumulated the dumped exports from Korea, Finland, Russia and Slovakia and assessed the injurious impact on 7 per cent of AP's sales and was satisfied that in the absence of the dumping, AP's profit and profitability would be higher than that achieved.



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It is AP's view that the Minister's decision in relation to section 269TG(2)(a) that "the amount of the export price of the like goods that may be exported to Australia in the future may be less than the normal value of the goods" is the correct and preferred decision based upon the available information concerning Mondi SCP's export prices to Australia during the investigation period.

III. Mondi SCP's exports caused material injury

Mondi SCP contends that as its shipments ceased in late 2017 that it no longer represents a threat of future injury to the Australian industry manufacturing like goods. It is simply not a case of contending that as the exporter's volumes have ceased that it no longer can be considered a future threat to the Australian industry.

The Commission established that Mondi SCP has been a supplier of A4 copy paper to the Australian market since 2014. It has well established distribution links into the Australian market and its most recent exports, were to an Australian importer that sourced dumped exports from suppliers the subject of measures following Investigation 341. This willingness to supply at an opportunistic time may be readily repeated in the absence of anti-dumping measures being applied to Mondi SCP's exports to Australia.

Mondi SCP further suggests that the Commission's analysis is "*based on assumptions and remote possibilities*". This is clearly not the case. The Commission has correctly examined Mondi SCP's past behaviour as a likely indicator of future behaviour. The Commission's analysis is far from being based on assumptions or remote possibilities as it examined actual exporting behaviour by Mondi SCP from 2014 and the impact of Mondi SCP's exports on AP's pricing in 2017 and 2018.

Mondi SCP does not consider its exports should be cumulated with the dumped and injurious exports from Finland, Korea and Russia in the Commission's material injury analysis. However, the competition between the dumped exports of A4 copy paper – in terms of dumping margins, volumes and conditions of competition – establish grounds for Mondi SCP's exports to be appropriately cumulated with the dumped exports from Finland, Korea and Russia.

The Minister's decision that exports of A4 copy paper exported by Mondi SCP to Australia is the correct and preferred decision as it does satisfy the condition in each of section 269TG(1)(b) and (2)(b) "*that.....material injury to an Australian industry producing like goods has been or is being caused*".

The Mondi SCP application for review of the Minister's decision has not demonstrated that the Minister has erred in finding that Mondi SCP's exports to Australia threaten future material injury to the Australian industry. The information relied upon by the Minister supports a finding that material injury has been and is being caused to the Australian industry.

IV. Recommendations

AP considers that the Minister's decision to impose anti-dumping measures on exports of A4 copy paper exported from Finland, Korea, Russia and Slovakia is the correct and preferred decision.

Mondi SPC's assertions that its future exports will not be at dumped prices is not supported by the historic trend of its exports to Australia since 2014, including its opportunistic exports from December 2016 to supply into the Australian market to replace A4 copy exports from exporters the subject of measures in Investigation 341.



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Similarly, AP does not consider that the Minister has erred in concluding that Mondi SCP's exports to Australia have caused material injury to AP and that material injury is threatened should exports to Australia by Mondi SCP re-commence.

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