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Australian Government
**Australian Customs and
Border Protection Service**

R E P O R T

TRADE MEASURES BRANCH

CONSIDERATION REPORT NO. 154

**APPLICATION FOR CONTINUATION OF
ANTI-DUMPING MEASURES**

GREYBACK CARTONBOARD

EXPORTED FROM

THE REPUBLIC OF KOREA

29 October 2009

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1 Summary and recommendations

This report provides the results of our consideration of an application for the continuation of anti-dumping measures that apply to Greyback Cartonboard exported to Australia from the Republic of Korea (Korea) from Amcor Packaging (Australia) Pty. Ltd. (Amcor Packaging).

1.1 Recommendations

We recommend that the Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (Customs and Border Protection) decide not to reject the application.

If the CEO of Customs and Border Protection accepts this recommendation, to give effect to that decision, the CEO must publish the attached notice at **Appendix A** indicating that Customs and Border Protection will inquire into whether the continuation of the anti-dumping measures is justified.

1.2 Application of law to facts

Division 6A of Part XVB of the *Customs Act 1901* (the Act¹) sets out procedures for the continuation of anti-dumping measures.

1.2.1 The role of the Trade Measures Branch

The Trade Measures Branch is responsible for preparing a report for the CEO examining an application for continuation of anti-dumping measures.

In this report, the following matters are to be considered in relation to the application:

- whether the application complies with section 269ZHC; and
- whether there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures to which the application relates might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.

1.2.2 The role of the CEO of Customs and Border Protection

The Division empowers the CEO of Customs and Border Protection, after having regard to the Trade Measures Branch report, to reject or not reject an application for continuation of anti-dumping measures.

Depending on the CEO's decision, it may be necessary for the CEO to publish a notice indicating that it is proposed to inquire whether continuation of the measures is justified.

The CEO's powers have been delegated to certain officers of the Trade Measures Branch.

¹ A reference to a division, section or subsection in this report is a reference to a provision of the Act, unless otherwise specified.

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1.2.3 Findings and conclusions

We have examined and considered Amcor Packaging's application for continuation of anti-dumping measures applying to Greyback Cartonboard exported to Australia from Korea.

We are satisfied that the application lodged by Amcor Packaging complies with the requirements of section 269ZHC. Our reasons for being satisfied are set out in Section 3 of this report.

We are also satisfied, having regard to the applicant's claims and other relevant information, that there appears to be reasonable grounds for asserting that the expiration of anti-dumping measures might lead, or might be likely to lead, to a continuation of material injury. Our reasons for being satisfied are set out in Section 4 of this report.

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2 Background

On 27 July 2009, Customs and Border Protection published a notice in *The Australian* newspaper to invite certain persons to apply to the Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (Customs and Border Protection) for the continuation of anti-dumping measures on greyback cartonboard exported from Korea².

On 9 October 2009, Amcor Packaging, the sole manufacturer of greyback cartonboard in Australia, lodged an application for the continuation of the measures on greyback cartonboard exported from Korea³.

2.1 Existing measures

On 15 December 2004, Customs and Border Protection initiated an investigation in respect of greyback cartonboard exported from Korea following an application by Amcor Packaging.

In Trade Measures Report No. 92, Customs and Border Protection concluded that:

- exports of the goods from Korea were at dumped prices;
- the Australian industry producing like goods had suffered material injury as a result of those dumped goods; and
- material injury would continue to be caused to Australian industry if the goods from Korea continue to be exported to Australia at dumped prices.

Customs and Border Protection recommended to the then Minister responsible for Customs and Border Protection (the Minister) that anti-dumping action be taken against the goods exported from Korea.

On 27 July 2005, the Minister accepted Customs and Border Protection's recommendation and published a dumping duty notice, accepting a price undertaking by Daehan Pulp Co., Ltd (Daehan Pulp), and imposing interim dumping duties on all other exporters of greyback cartonboard exported to Australia from Korea. Notification of the Minister's decision was contained in Australian Customs Dumping Notice (ACDN) No. 2005/39.

The measures have not been reviewed since the initial investigation. The measures are due to expire on 27 July 2010.

2.2 The goods subject to the measures

The goods subject to the measures (the goods) are coated greyback cartonboard, grey on one side and coated white on the other side. The goods are cellulose fibre based paperboards containing recycled fibre. Thicknesses range from 320 to 720 microns, which corresponds to a weight range of 250 to 550 grams per square metre.

² In accordance with s.269ZHB.

³ In accordance with s.269ZHC(2).

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Various terms are used to describe the goods, such as coated duplex board, duplex board, boxboard, newsback and white lined chipboard. The goods are referred to as greyback cartonboard throughout this report.

Greyback cartonboard has one white, smooth, glossy surface which is suitable for high quality graphic printing. The other side is grey or brown in colour, representing the colour of the recycled fibre used. Greyback cartonboard is supplied in sheets or in rolls.

The principal use of greyback cartonboard is in the manufacture of printed folding cartons for the packaging of a range of supermarket goods, such as breakfast cereals, biscuits and snacks, laundry detergents, dental care products, facial tissues, nappies and cake mixes.

2.3 Tariff classification of the goods

The tariff classifications for the goods include 4810.13.90, statistical code 56, 4810.19.90, statistical code 57, 4810.29.90, statistical codes 64 and 80, and 4810.99.00, statistical code 85. These classifications have been applicable to the goods since 1 January 2002. The applicable rate of Customs duty for greyback cartonboard imported from Korea is 5%.

There are a number of Tariff Concession Orders (TCOs) that apply to these tariff classifications, which may or may not be the goods. These TCOs are listed in [Appendix B](#).

2.4 Australian industry producing like goods

Amcor Packaging is the sole manufacturer of greyback cartonboard in Australia at its mill in Petrie, Queensland. The original investigation found that cartonboard is the only product manufactured at this mill (apart from small quantities of pulp for internal use) and Amcor Packaging does not manufacture cartonboard at any other site in Australia.

2.5 Australian market

Information on the Australian market has been compiled after considering the application, previous Trade Measures reports and the Customs and Border Protection import database.

The Australian market for greyback cartonboard is supplied by Amcor Packaging and imports, including imports from Korea. During the original investigation, Customs and Border Protection estimated that the size of the Australian market for greyback cartonboard at 65,000 to 70,000 tonnes in 2004/05. Amcor Packaging estimates that the current size of the Australian market for greyback cartonboard is approximately the same.

Based on the information contained in the Customs and Border Protection import database and the data supplied by Amcor Packaging in the application, we found that current size of the Australian market to be approximately 55,000 tonnes.

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3 Compliance with section 269ZHC

We are satisfied that the application lodged by Amcor Packaging complies with the requirements of section 269ZHC.

3.1 Legislative framework

Section 269ZHC(1) specifies that an application under s 269ZHB must:

- (a) be in writing;
- (b) be in an approved form;
- (c) contain such information as the form requires; and
- (d) be signed in the manner indicated in the form.

Sections 269ZHC(2) and (3) cover procedural matters in relation to lodgement of the application.

3.2 Our assessment

The application lodged by Amcor Packaging was in writing, in the approved form, contained such information as the form required and was signed in the manner indicated in the form.

The applicant also provided non-confidential versions of the application for distribution to interested parties. The non-confidential version of the application adequately reflects the reasons for seeking continuation of the anti-dumping measures.

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4 Consideration of reasonable grounds

We are satisfied, having regard to the applicant's claims and other relevant information, that there appear to be reasonable grounds for asserting that the expiration of anti-dumping measures might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.

4.1 Legislative framework

Subsection 269ZHD(2)(b) requires consideration of whether there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures to which the application relates might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.

For the purposes of considering subsection 269ZHD(2)(b), we have examined and assessed the applicants claims in accordance with the structure of Amcor Packaging's application as detailed below.

4.2 Is it likely that imports of the goods will increase?

4.2.1 Applicant's claims

Amcor Packaging stated that Korean exporters have continued to supply the Australian market with cartonboard (including greyback cartonboard) and have maintained distribution links in Australia. It also stated that Korean exports of cartonboard to Australia have increased in 2008/09 to be at levels of approximately 22% above 2007/08 volumes, according to data published by the Australian Bureau of Statistics.

Amcor Packaging asserts that as Korean exports of greyback cartonboard have continued since the imposition of anti-dumping measures in July 2005, it is considered highly likely that in the absence of measures, Korean exporters will seek to increase export volumes to Australia.

Amcor Packaging also referred to a publication of production and supply data which showed that Korean produces of cartonboard exported approximately 50% of its total production in the ten months to April 2009. It asserts that as export volumes represent a significant proportion of total Korean production, Korean exporters of greyback cartonboard would be anxious to continue to supply the goods to Australia – and in all likelihood in increased volumes if anti-dumping measures were removed.

4.2.2 Our assessment

We found that the Customs and Border Protection import database shows imports of greyback cartonboard from Korea have continued since measures were imposed. This supports the claim by Amcor Packaging that exporters have maintained distribution links in Australia. The data also shows that import volumes of greyback cardboard from Korea have increased between 2006 and

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2008. We consider that there appears to be reasonable grounds for asserting that the expiration of the anti-dumping measures might lead to an increase in import volumes of greyback cartonboard exported from Korea.

We note that Amcor Packaging's sales volume has declined between 2006/07 and 2008/09.

4.3 Are imports of the goods likely to be dumped?

4.3.1 Applicant's claims

Amcor Packaging considers that there is a very strong likelihood that Korean exporters will resume exporting to Australia at dumped prices should anti-dumping measures be allowed to expire. It calculated dumping margins using prices of recent supplies by Daehan Pulp to a third country and Korean domestic prices for coated duplex greyback (350gsm) in the second quarter of 2009. Supporting documentation was attached at confidential attachments 4 and 5 to the application. Amcor Packaging calculated the dumping margins to be in the range of 30% to 35%.

Amcor Packaging asserts that it is apparent that the Korean exporters which contributed to the material injury experienced in Australia from 2003/04 are presently dumping greyback cartonboard into other countries. Therefore, it claims that in the absence of present effective anti-dumping measures in Australia, Korean exporters would again recommence dumping greyback cartonboard into Australia.

4.3.2 Our assessment

Amcor Packaging provided evidence of third country sales prices and normal values in confidential attachments to its application. The evidence provided by Amcor Packaging appears to show that exports of greyback cartonboard from Korea to another country without anti-dumping measures are being dumped. We consider that there appears to be reasonable grounds for asserting that the expiration of the anti-dumping measures might lead to the recurrence of imports of dumped greyback cartonboard exported from Korea.

However, we note that the free-on-board prices of exports to Australia as declared in the Customs and Border Protection import database are significantly higher than the export prices of greyback cartonboard exported to a third country as calculated in the application.

4.4 Will future imports of the goods cause injury, or threaten to cause injury, to the Australian industry?

4.4.1 Applicant's claims

Amcor Packaging referred to Trade Measures Report No. 92 which found that dumped imports of greyback cartonboard from Korea has caused the Australian industry to suffer injury in the forms of price undercutting; price depression; price suppression; loss of market share; reduced profits; and reduced profitability.

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Amcor Packaging states that current anti-dumping measures have had the desired impact of ensuring Korean exports of greyback cartonboard have not been imported into Australia at dumped prices. It claims that it is evident from recent third country export prices that in the absence of measures, it is likely that Korean export prices to Australia would have significant dumping margins and would have caused material injury to Amcor Packaging.

Amcor Packaging also states that its profitability for the cartonboard business has remained relatively stable, however, profitability in the most recent period has been impacted by the global financial crisis. It claims that if anti-dumping measures were allowed to expire, it would be vulnerable to the impacts of a resumption of dumping by Korean exporters.

Amcor Packaging further claims that although anti-dumping measures have not resulted in a return to profitability achieved prior to the on-set of dumping, the measures have 'stemmed the flow' of incremental material injury to the Australian industry.

4.4.2 Our assessment

We have analysed the cost to make and sale data provided in the application and consider that it reflects Amcor Packaging's claims that profitability has remained stable and anti-dumping measures have 'stemmed the flow' of incremental material injury. In addition, evidence provided by Amcor Packaging shows that dumping margins are likely to be significant in the absence of anti-dumping measures. We consider that there appears to be reasonable grounds for asserting that the expiration of the anti-dumping measures might lead to material injury to the Australian industry.

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Appendix A

Customs Act 1901 – Part XVB

Greyback cartonboard

exported from the Republic of Korea

Initiation of continuation inquiry

Notice under s. 269ZHD(4) of the *Customs Act 1901*

The Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (Customs and Border Protection) will inquire into whether the continuation of anti-dumping measures in respect of greyback cartonboard, exported from the Republic of Korea (Korea) is justified. The inquiry will commence on 4 November 2009.

The goods subject to anti-dumping measures, in the form of a dumping duty notice and a price undertaking, are coated greyback cartonboard, grey on one side and coated white on the other side (greyback cartonboard are cellulose fibre based paperboards containing recycled fibre; thicknesses range from 320 to 720 microns, which corresponds to a weight range of 250 to 550 grams per square metre).

The current anti-dumping measures were initially imposed by public notice on 27 July 2005 following consideration of Trade Measures Report No. 92. The measures are in the form of an undertaking by Daehan Pulp Co., Ltd and interim anti-dumping duties on all other exporters.

The goods are classified under tariff subheading 4810.13.90, statistical code 56, 4810.19.90, statistical code 57, 4810.29.90, statistical codes 64 and 80, and 4810.99.00, statistical code 85 in Schedule 3 to the *Customs Tariff Act 1995*.

The rate of duty for greyback cartonboard from Korea is five percent.

Interested parties are invited to lodge written submissions concerning the continuation of the measures not later than **14 December 2009** with:

The Director
Operations 3
Australian Customs and Border Protection Service
Trade Measures Branch
Customs House
5 Constitution Avenue
Canberra ACT 2601

or by facsimile number 02 6275 6990, or by email tmops3@customs.gov.au.

Confidential submissions must be clearly marked "in-confidence" and be accompanied by two non-confidential versions suitable for placement on the public record. All non-confidential submissions will be placed on the public

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record for this inquiry together with a copy of all relevant correspondence between Customs and Border Protection and other persons.

A statement of the essential facts (SEF) on which the CEO proposes to base a recommendation to the Minister for Home Affairs (the Minister) will be placed on the public record by 22 February 2010, or such longer period as the Minister allows under s. 269ZHI of the *Customs Act 1901* (the Act). Interested parties are invited to lodge submissions in response to the SEF within 20 days of that statement being placed on the public record. Submissions to the SEF should also be lodged with Customs and Border Protection at the above mail, fax or email addresses.

A report and recommendation to the Minister will be made on or before 8 April 2010 (or such longer period as the Minister allows under s. 269ZHI of the Act).

Unless the Minister, after considering that report, decides to take steps to secure the continuation of the anti-dumping measures, they will expire on 27 July 2010. Therefore, on and from 28 July 2010, the anti-dumping measures would no longer apply.

Particulars of the reasons for the decision to initiate this inquiry are shown in Consideration Report No 154 held on the public record. Interested parties wishing to examine the public record may do so on the internet at adpr.customs.gov.au/Customs or at Customs House, 5 Constitution Avenue, Canberra ACT during business hours by contacting Trade Measures office management on telephone number 02 6275 6547.

Enquiries about this notice may be directed to the case team on telephone number 02 6275 5755 or email tmops3@customs.gov.au. Consideration Report No 154 and all dumping notices are also available on the Customs and Border Protection website at www.customs.gov.au.

Geoff Johannes
National Manager
Trade Measures Branch

4 November 2009

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Appendix B

Tariff concession orders

The following tariff concession orders (TCOs) apply to the tariff classifications listed at section 2.3 above.

Tariff classification	TCO number	Description
4810.13.90	TC 0107123	PAPER, clay coated one side, having ALL the following: (a) weight between 43 g/sq m and 47 g/sq m; (b) smoothness (Bekk) NOT less than 3000 seconds; (c) brightness NOT less than 82%; (d) opacity NOT less than 72%; (e) moisture NOT exceeding 5%; (f) Cobb not exceeding 26 g/sq m; (g) stretch (machine direction) NOT less than 1.5%; (h) stretch (cross direction) NOT less than 3.8%
4810.13.90	TC 0108499	WET STRENGTH LABEL BASE PAPER, being paper pigment coated on one side, having ALL of the following: (a) grammage 55 g/sq m or greater but NOT exceeding 72 g/sq m; (b) wet tensile strength values (Newton/15 mm) M.D. min 14.0 at 55 g/sq m min 16.0 at 72 g/sq m C.D. min 8.0 at 55 g/sq m min 9.5 at 72 g/sq m; (c) in rolls exceeding 1 000 mm OD
4810.13.90	TC 0709262	PAPER, POSTER, MACHINE GLAZED, china clay coated one side, in rolls
4810.13.90	TC 0825248	LABEL BASE PAPER, pigment coated one side, in rolls
4810.13.90	TC 0924323	INKJET PAPER, in rolls, having BOTH of the following: (a) calcium carbonate coated on one side AND clay coated on the reverse side; (b) paper width exceeding 15 cm

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Tariff classification	TCO number	Description
4810.19.90	TC 0108501	BOARDS, playing card, being a laminated coated board consisting of two outer layers of laminated coated stock with an inner liner of black, blue or grey material giving a complete opacity to the final substrate, in sheets having a thickness of 250 microns or greater but NOT exceeding 295 microns
4810.19.90	TC 0200279	WET STRENGTH LABEL BASE PAPER, pigment coated one side, in sheet form
4810.19.90	TC 0512195	WET STRENGTH LABEL BASE PAPER, clay coated one side, having ALL of the following: (a) sheet sizes NOT less than 445 mm x 630mm; (b) grammage NOT less than 60 g/sq m but NOT greater than 90 g/sq m; (c) wet tensile strength values (newtons/15 mm), as follows: (i) M.D. min 2.0 (ii) C.D. min 0.0
4810.19.90	TC 0709292	PAPER, POSTER, MACHINE GLAZED, china clay coated one side
4810.19.90	TC 0816893	PAPER, LABEL BASE, high white gloss, inorganic pigment coated one side, having a weight NOT less than 75 g/sqm and NOT greater than 105 g/gsm
4810.19.90	TC 0825247	LABEL BASE PAPER, pigment coated one side, in sheets
4810.29.90	TC 0108498	CLAY COATED EMBOSSSED PAPERBOARD, coated by a cast coating process, having a grammage exceeding 205 g/sq m, NOT adhesive coated, printed or calendered
4810.29.90	TC 0108502	BOARDS, playing card, being a laminated coated board consisting of two outer layers of laminated coated stock with an inner liner of black, blue or grey material giving a complete opacity to the final substrate, in sheets having a thickness of 250 microns or greater but NOT exceeding 295 microns