



AUSTRALIAN CUSTOMS SERVICE
Customs Act 1901 - Part XVB

TRADE MEASURES BRANCH

REPORT NO. 118

Termination of an investigation:

**Alleged dumping of transparent bi-axially oriented
polypropylene - Republic of Indonesia**

January 2007

Bi-axially Oriented Polypropylene (BOPP) exported to Australia from Indonesia

Background

Shorko Australia Pty Ltd (Shorko) lodged an application on behalf of the Australian industry, requesting that the Minister for Justice and Customs (Minister) publish a dumping duty notice in respect of transparent bi-axially oriented polypropylene (BOPP) exported to Australia from Indonesia. The investigation was initiated on 24 August 2006 as advised in Australian Customs Dumping Notice (ACDN) 2006/36.

Customs is required to place on the public record, within 110 days of initiation, a statement of essential facts (SEF) on which it proposes to base its recommendations to the Minister. ACDN 2006/36 advised that the SEF would be placed on the public record by 12 December 2006, and a report with recommendations would be made to the Minister by 26 January 2007.

To give interested parties in both Australia and Indonesia sufficient time to respond to the investigation, the Minister extended the deadline for the SEF to 23 January 2007. The extension was advised in ACDN 2006/46. Customs advised that it must report and recommend to the Minister by 9 March 2007 whether to publish a dumping duty notice in respect of the goods.

The goods under consideration

The goods the subject of the application (the goods) as described in Australian Customs Dumping Notice 2006/36 are transparent bi-axially oriented polypropylene (BOPP), between 0.015mm (15 micron) and 0.050mm (50 micron) in thickness.

They goods are classified to tariff subheading 3920.20.00 in Schedule 3 of the Customs Tariff Act 1995, and imports from Indonesia are subject to a 5% rate of duty.

The goods are generally of 3-layer co-extrusion manufacture and treated one-side and 2-side heat-sealable. They are typically supplied in reel form varying in width from 150mm to 2100mm.

The Australian industry

In the application, Shorko advised that it was the sole Australian manufacturer of the goods. It provided information in relation to another Australian manufacturer, Innovia Films (Asia-Pacific) Pty Ltd (Innovia), which it stated produced a speciality grade of BOPP but did not produce the standard packaging grade BOPP products the subject of the application.

Customs also visited importers and end-users of the goods and found no evidence to indicate that there were Australian producers of the goods, other than Shorko.

Customs visited Shorko in October 2006 and verified the data and information contained in the application.

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The dumping investigation

Dumping occurs when the export price of a product is less than the normal value of the like goods in the domestic market of the country of export.

The period of investigation for determining if dumping occurred was 1 July 2005 to 30 June 2006.

PT Trias Sentosa Tbk (Trias) and PT Argha Karya Prima Industry Tbk were nominated as the manufacturers and exporters of the goods from Indonesia to Australia.

Customs is satisfied that PT Argha Karya Prima Industry Tbk did not export the goods under consideration during the investigation period.

The quantity imported during the investigation period is at confidential attachment 1.

TRIAS

Customs visited companies in Australia who had purchased Trias product. Trias was visited in November 2006.

Export price

Customs considers that Trias is the manufacturer and exporter of the BOPP sold to Australia during the investigation period. Some sales were arranged through agents of the exporter. Customs is satisfied that the export sales were arms length transactions.

For those sales where the goods were purchased by the importer directly from the exporter, export price can be established under s.269TAB(1)(a) of the Act.

For those sales where the goods were not purchased directly by the importer from the exporter, Customs considers that the export price can be determined under s. 269TAB(1)(c) of the Act having regard to all the circumstances of the exportation.

Normal value

Trias sold like goods on the domestic market during the investigation period. Customs found there was a sufficient quantity of domestic sales of like goods in the ordinary course of trade for home consumption in sales that were arms length transactions.

Customs considers that normal value can be established under s. 269TAC(1) of the Act, using sales between Trias and its customers.

The normal value incorporates adjustments in accordance with s.269TAC(8) to ensure it is fairly comparable to the export price. Customs had due regard

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to matching domestically sold BOPP types with the BOPP types exported to Australia.

Export price and normal value are at confidential attachment 2.

Dumping Margin

A dumping margin is the amount by which the export price is less than the normal value. It is expressed as a percentage of the export price.

Customs calculated a dumping margin for the investigation period by comparing quarterly weighted average export prices with corresponding quarterly weighted average normal values as provided for in s.269TACB(2)(a).

The product dumping margin indicated that BOPP exported by Trias from Indonesia to Australia over the investigation period was not exported at dumped prices.

Dumping margin calculations are at confidential attachment 3.

Submission in response to Trias visit report

Customs report on the visit to Trias was placed on the public file in early January 2007.

Shorko provided a submission in response to the Trias report. Shorko claimed that domestic sales of the goods in Indonesia had focussed on a grade described as 'plain BOPP' and that this grade differed to the grade exported to Australia (described by Trias as 'co-extruded BOPP'). Shorko asserted that a price differential of about 15% exists between the two types of goods and asked Customs to ensure appropriate comparisons were made.

Customs requested that Shorko provide evidence to support the price differential and how that differential would apply in the Indonesian market. Shorko provided a brief explanation of the different types of BOPP and the hierarchy of classes of those types. Shorko also provided an excerpt from a journal that showed a price differential in the domestic market in China in the second quarter of 2004, and referred to information in its application.

Customs consideration of the evidence available is at confidential attachment 4.

Customs is satisfied that the appropriate comparison has been made when calculating the product dumping margin.

Conclusion

Under s.269TDA(1) of the Act, if the Chief Executive Officer of Customs (CEO) is satisfied that there has been no dumping by the exporter of any of

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those goods, the CEO must terminate the investigation so far as it relates to the exporter.

Therefore, the CEO must terminate the investigation so far as it relates to Trias.

Where the total volume of goods the subject of the application that have been, or may be, exported to Australia over a reasonable examination period from the particular country of export and dumped, when expressed as a percentage of the total Australian import volume is less than 3%, there is taken to be a negligible volume of dumped goods.

Under s.269TDA(3) of the Act, if the CEO is satisfied that the total volume of goods the subject of the application that have been, or may be, exported to Australia over a reasonable examination period from a particular country of export; and that have been, or may be, dumped is negligible, the CEO must terminate the investigation so far as it relates to that country.

The total volume of goods that have been exported to Australia over the investigation period from Indonesia and dumped is less than 3% of the total Australian import volume - a negligible volume of dumped goods.

Therefore, the CEO must terminate the investigation so far as it relates to Indonesia.