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19 November 2013

The Director, Operations 2
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By email: operations2@adcommission.gov.au

Submission to Dumping Investigation ADC 225 – Copy paper exported from China

The Committee for Gippsland welcomes the opportunity to provide a submission for consideration as part of the Dumping Investigation ADC 225 – *Copy paper exported from China*, as announced by the Anti-Dumping Commission in October 2013.

The Committee for Gippsland is the peak business and industry organisation for the Gippsland region. Established in 2011, the organisation represents around 80 businesses and community organisations, collectively employing nearly 10,000 people across the Gippsland region. Sector neutral, the Committee for Gippsland represents higher education providers, transport operators, manufacturing businesses, dairy and meat processors, professional services, tourism operators, power stations, hospital and healthcare providers, a pulp and paper mill, small businesses and community groups.

The Committee for Gippsland's interest in this investigation by the Anti-Dumping Commission is primarily inspired from a regional perspective, with regard to the employment and economic contribution that Australian Paper's Maryvale mill makes to the broader Gippsland region. The Committee for Gippsland is concerned that anti-competitive behaviour that potentially contravenes Australian and World Trade Organisation rules, as has been alleged in this investigation, unfairly disadvantages Australian manufacturers who abide by domestic and international competition laws.



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Background to investigation

The Committee for Gippsland notes that Australian Paper is Australia's only manufacturer of white uncoated cut sheet paper, and supplies nearly 50 per cent of Australia's requirements domestically, in addition to supplying a similar amount to the export market.

With Australian Paper supplying around half of the domestic market, the remaining 50 per cent of this market is supplied by imports from a variety of countries, primarily in Asia. The Committee for Gippsland understands that the price of cut sheet paper imported from China has been steadily declining from 2009, and in early 2011, volumes from China began to rapidly escalate, tripling from pre-2011 levels and reducing the volume and market share not only of Australian Paper's product, but also products imported from other countries.

The Committee for Gippsland notes the table provided in the *Application for a Dumping Duty Notice*, which provides information that import volumes from China have increased over the period year-on-year, with a significant increase in 2012 and a further (less pronounced) increase in 2013 (pro-rated).¹

In addition to suffering a loss of market share and sales volume, the Committee for Gippsland notes that Australian Paper has been forced to reduce its prices and, as a result, take cost containment measures which include reducing employment in both paper production and sales/distribution.

This has had a direct impact on the Gippsland region, in the context of not only injury to the Maryvale mill, but its employees and their families, other local businesses and contractors. The Committee for Gippsland is concerned that if this financial duress is proliferated, additional economic harm to the region may be further exacerbated, and may extend to other areas, for example the potential loss of rail freight to Gippsland and the threat that this would present to the overall viability of Gippsland rail services.

¹ *Application for a Dumping Duty Notice: White Uncoated A4 and A3 Cut Sheet Paper Exported from the People Republic of China*, Australian Anti-Dumping Commission, page 17:
<http://www.adcommission.gov.au/cases/documents/003-Report-Con225.pdf>



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Related impact on other Australian industries

While Australian Paper is the most significantly impacted Australian party in this case, the Committee for Gippsland notes there are other injured parties as well. On the announcement of this investigation in October 2013, the Australian Forest Products Association noted that there had been a surge of cheap Chinese paper being sold in Australia over the past 18 months, and the impact that had on local paper production. The Association's Ross Hampton also noted that the issue was entirely distinct from economic protectionism, and was about ensuring a level market playing field, and the integrity and enforcement of World Trade Organisation and Australian rules and laws: *The industry has no beef with importers. We have to compete on our own two feet and on our own merit.*²

The Association was also concerned about the impact of alleged economic dumping on the broader timber industry. Mr Hampton again stated: *But what the World Trade Organisation recognises, and what Australian law recognises, is that it's not a level playing field if a country over-produces a commodity and then simply tries to get rid of it in another market at below its sale price in its own country. That's called dumping and that's the allegation here.*³

The Committee for Gippsland is genuinely concerned about the allegations and evidence of illegal dumping of Chinese copy paper into the Australian market for several reasons, among which include the need to protect the integrity and application of international and domestic anti-dumping and competition laws.

The Committee for Gippsland is of the view that if the current alleged practices are to continue, additional injury will be incurred by domestic manufacturers, the local market, and in particularly, regional areas like Gippsland. Because of this, the Committee for Gippsland urges the Australian Anti-Dumping Commission to impose provisional antidumping measures at the earliest possible opportunity in order to minimise the ongoing injury to the Australian market, which is being caused by subsidies to the Chinese industry.

² *Timber industry welcomes paper dumping probe*, ABC Rural report by Cath McAloon, 11 October 2013: <http://www.abc.net.au/news/2013-10-11/nrn-china-paper-dump/5016568>

³ *ibid*



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The Committee for Gippsland commends the application made by Australian Paper, and supports the call for antidumping duties to be applied at the earliest possible opportunity, to redress the injury that is being suffered by Australian businesses, communities and regions.

Again, the Committee for Gippsland appreciates the opportunity to provide input to this important inquiry, and would be pleased provide further information to the Anti-Dumping Commission if appropriate.

Sincerely

A handwritten signature in cursive script, appearing to read 'Mary Aldred'.

Mary Aldred
Chief Executive Officer