**Industry Supplementary Questionnaire**

**Case number:** 565

**Product:** Ammonium nitrate

**From:** The Russian Federation

**Inquiry period:** 1 July 2019 to 30 June 2020

**Response due by:** 3 November 2020 7-November-99

**Return completed questionnaire to:** investigations2@adcommission.gov.au

**Anti-Dumping Commission website:** [www.adcommission.gov.au](http://www.adcommission.gov.au)

**DECLARATION**

I believe that the information contained in this response is complete and correct.

Signature:

Name:

Position:

Company:

ABN:

Date:

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# BACKGROUND & GENERAL INFORMATION

**Purpose of this questionnaire**

The purpose of this supplementary questionnaire is to assist the Commission to obtain further information it considers necessary to assess whether a “particular market situation” exists in the Russian Federation (Russia) domestic market and whether selling prices for ammonium nitrate in Russia are not suitable for determining normal values under subsection 269TAC(1) of the Customs Act.

**Response to this questionnaire**

Australian Industry members do not have to complete this supplementary questionnaire. However, if you do not respond, the Commission may be required to rely on information supplied by other parties.

If you choose to respond to this questionnaire, the response is due by **Tuesday, 3 November 2020**.

**If you decide to respond**

Should you choose to provide a response to this supplementary questionnaire, please note the following:

**Confidential and non-confidential versions**

You are required to lodge a “for official use only” and a “public record” version of your submission by the due date.

In submitting these versions, please ensure that each page of the information you provide is clearly marked either “**FOR OFFICIAL USE ONLY**” (for the confidential version) or “**PUBLIC RECORD**” (for the non-confidential version) in the header and footer.

All information provided to the Commission “for official use only” will be treated confidentially. The public record version of your submission will be placed on the public record, which all interested parties can access.

Your public record submission must contain sufficient detail to allow a reasonable understanding of the substance of the “for official use only” version. If, for some reason, you cannot produce a public record summary, contact the case manager (see contact details on Page 1 of this questionnaire).

**Declaration**

You are required to make a declaration that the information contained in the response is complete and correct. You must return the signed declaration with the questionnaire response.

**Lodgement**

Lodgement by email or SigBox is preferred. The email address for lodgement is shown on the front cover of this questionnaire. If you lodge by email, you are still required to provide a “for official use only” and “public record” version of your submission by the due date. If you wish to lodge your response by SigBox, please contact the case manager to make appropriate arrangements.

**Clarification**

If you have any difficulties in completing the supplementary questionnaire, or require clarification on any questions asked, contact the Commission as soon as possible.

**Future questions and verification**

Please note that after receiving the response to this supplementary questionnaire, the Commission may seek additional information.

The Commission may also seek to examine relevant records and to verify the information provided. The Commission has temporarily suspended onsite verification due to the COVID-19 pandemic (refer to Anti-Dumping Notice No. 2020/29). However, the response to the questionnaire may still be subject to onsite verification should the suspension of onsite verifications be lifted. Alternatively, we may seek to verify information remotely through email correspondence, videoconferences and teleconferences. You will be contacted in advance to make any necessary arrangements.

A complete response, including all of the documentation requested, must be submitted to the Commission before a verification meeting will be considered.

If verification meetings are unreasonably delayed or cancelled, the assessment of a particular market situation may be based on the facts available to the Commission.

The purpose of the verification meeting will be to verify the information provided in your supplementary questionnaire response. It is not intended to be a second opportunity to provide new or additional information. Accordingly, it is important that your response be as complete and accurate as possible.

# Section A Market situation

Section 269TAC(1) of the *Customs Act 1901* (Cth) (the Act) provides that, subject to this section, the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.

In addition, section 269TAC(2)(a)(ii) of the Act provides that, subject to this section, where the Minister is satisfied that because of the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1), the normal value of the goods exported to Australia cannot be ascertained under subsection (1).

Australian Industry claim that a particular market situation exists with respect to the goods within the Russian Federation (Russia)[[1]](#footnote-1).

As part of its inquiry, the Commission will consider if a market situation exists in the ammonium nitrate market in Russia during the review period. The Commission will also investigate whether any market situation, if found to exist, influences a comparison between export prices and normal values. To undertake this assessment, the Commission requires further information about the respective markets.

### A-1 Whether sales are suitable

If the Minister is satisfied a market situation exists during the inquiry period, the Minister must consider whether, because of that market situation, exporters’ domestic sales of the goods are suitable for determining a price under section 269TAC(1) of the Act.

1. In the event that the Minister is satisfied a market situation is found to exist during the inquiry period, please comment and provide any relevant evidence on:
2. the effect of the market situation on exporters’ domestic prices in Russia (as relevant);
3. the effect of the market situation on exporters’ export prices;
4. whether the effect of the market situation is such that exporters’ domestic prices and export prices cannot be properly compared.
5. Please provide any further information and evidence you may wish to submit.

# Section B Australian Market

### B-1 Prevailing conditions of competition in the Australian market

1. Describe the Australian market for ammonium nitrate and the prevailing conditions of competition within the market, including:
   1. an overall description of the market in Australia, which explains its main characteristics and trends over the past five years;
   2. the sources of demand for ammonium nitrate in Australia (including different customers, users or consumers of the product), and the estimated proportion of sales revenue that each source of demand comprises;
   3. the factors that influence consumption/demand variability in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
   4. any market segmentations in Australia (such as geographic or product segmentations), and the estimated proportion of sales revenue that each segment comprises;
   5. the way in which Australian manufactured, Russian and other imported goods compete in the Australian market;
   6. the ways that ammonium nitrate is marketed and distributed in the Australian market; and
   7. any other factors that are relevant to characteristics or influences on the Australian market for ammonium nitrate.

*Provide documentary evidence to support the responses to B-1(a) to (g).*

1. Provide a diagram that outlines the Australian market structure for ammonium nitrate, ensuring that all categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the Australian market.
2. Describe any commercially significant market participants (at each level of trade) in the Australian market for ammonium nitrate over the inquiry period. Include in your description:

* the name of each participant, and the relevant level of trade (e.g. manufacturer, reseller, retailer, importer);
* a description of the degree of integration (either vertical or horizontal) for each market participant; and
* an estimation of the market share held by each participant.

1. Identify the names of commercially significant importers in the Australian market for ammonium nitrate over the inquiry period, and the estimated market share held by each importer. Specify the country each importer imports from and their level of trade in the Australian market, if known.
2. Describe the regulatory framework of the Australian market for the goods as it relates to competition policy, taxation, product standards and the range of the goods. Refer the Commission to any relevant regulation described with a brief explanation of how it applies.
3. Describe any entry restrictions for new participants into the Australian market for ammonium nitrate. Your response could include information on:

* resource ownership;
* patents and copyrights;
* licenses;
* barriers to entry;
* import restrictions; and
* government regulations (including the effect of those government regulations).

*In responding to B-1.6, ensure that relevant regulations are referenced.*

### B-2 Goods in the Australian market

1. Generally describe the range of the goods offered for sale in the Australian market. The description should include all goods, including those produced by your company. Your description could include information about:

* differences in quality;
* differences in price;
* differences in supply/availability;
* differences in technical support;
* the prevalence of private labels/customer brands;
* the prevalence of generic or plain labels;
* the prevalence of premium labels; and
* product segmentation.

1. Describe the end uses of ammonium nitrate in the Australian market from all sources.
2. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influences in order of importance.
3. Identify if there are any commercially significant market substitutes in the Australian market for ammonium nitrate.
4. Identify if there are any commercially significant market complements in the Australian market for ammonium nitrate.
5. Have there been any changes in market or consumer preferences in the Australian market for ammonium nitrate in the last five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

### B-3 Relationship between price and cost in Australia

1. Describe (and provide evidence to support) the importance of the Australian market to your company’s operations. This should include:
2. the proportion of your company’s sales revenue derived from sales of ammonium nitrate in Australia; and
3. the proportion of your company’s profit derived from sales of ammonium nitrate in Australia.
4. Do you consider your company to be the price leader for ammonium nitrate in the Australian market? If no, please explain why and specify the name(s) of the relevant price leaders.
5. Describe (and provide evidence to support) the nature of your product pricing in Australia (e.g. market penetration, inventory clearance, product positioning, price taker, price maker etc.).
6. Describe your price strategies in Australia (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing). If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these.
7. Explain the process for how the selling prices of ammonium nitrate for the Australian market are determined by your business. Provide copies of internal documents that support how pricing is determined.
8. How frequently are your Australian selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review. Provide the names and positions of all persons involved.
9. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:

* competitors’ prices;
* purchase price of raw materials;
* cost to make and sell the goods;
* level of inventory;
* value of the order;
* volume of the order;
* value of forward orders;
* volume of forward orders;
* customer relationship management;
* supplier relationship management;
* desired profit;
* brand attributes;
* other [please define what this factor is in your response].

1. Describe the relationship between selling price and costs to make and sell in the Australian market. Does your company maintain, or seek to maintain, a desired profit margin for ammonium nitrate? Provide copies of internal documents that support your response to this question.
2. Do you offer price reductions (e.g., commissions, discounts, rebates, allowances or credit notes) in the Australian market? If yes, provide a description and explain the terms and conditions that must be met by the customer to qualify. Explain how the cost to make and sell are considered in establishing these price reductions. Provide copies of internal documents that support your claims in response to this question.
3. Do you offer bundled pricing[[2]](#footnote-2) in the Australian market? If yes, explain how the pricing for bundled sales is determined. Explain how the cost to make and sell is considered in establishing these bundled prices for the goods. Provide copies of internal documents that support your claims in response to this question.
4. Does the volume of sales to a customer or the size of an order influence your selling price in Australia? If yes, advise how volume is used to determine selling prices. Explain how the cost to make and sell is considered in establishing volume based prices for the goods. Provide copies of internal documents that support your claims in response to this question.
5. Does your business utilise sales contracts in the Australian market? If yes, provide a list of all customers under contract during the inquiry period, including copies of the two largest contracts (by sales revenue). In addition, describe:
6. the proportion of sales revenue derived from contracted versus uncontracted sales;
7. the proportion of sales revenue related to contracts that include exclusivity terms (if applicable);
8. the frequency that particular sales contracts are renegotiated;
9. the frequency that price is reviewed during the life of the contract;
10. the opportunities to review price during the life of a contract, including a description of the process and an explanation of the circumstances that might lead to a price review (e.g. due to changes in the cost to make and sell).
11. Provide copies of any price lists for ammonium nitrate used in the Australian market during the inquiry period. If you do not use price lists, describe the transparency of your prices in the Australian market.
12. How do you differentiate pricing for different products/models of ammonium nitrate in the Australian market? Describe how your products are grouped for price differentiation and the methodology used. Describe any cost to make or selling cost differences between differentiated products. Describe how these cost differences (if any) influence pricing decisions. Provide copies of internal documents that support your claims in response to this question.
13. Do you tier or segment your Australian customers for ammonium nitrate in terms of pricing? If yes, provide:
14. a general description of how this is done;
15. list the factors that influence pricing in different tiers or segments; and
16. explain how cost to make and selling costs are considered in making pricing decisions for different tiers or segments.
17. Do you sell the goods to related entities in Australia? If yes, describe how prices are set for related party transactions and specify what proportion of your sales in terms of sales revenue are to related party entities. If available, provide a copy of any internal documents relevant to establishing pricing to related parties.

### B-4 Marketing and sales support in the Australian market

1. How does your company market the goods in the Australian market? Include in your response the value proposition used (e.g., competitive price, superior quality, reliability, availability, etc.).
2. Does your company conduct brand segmentation in the Australian market for ammonium nitrate? If yes, describe the brand segmentation used and provide the proportion of sales revenue derived from each brand segment.
3. Provide examples of your Australian advertising of ammonium nitrate over the past five years. If you have not used advertising in Australia, provide examples of any other promotional campaigns for the goods you have conducted over the inquiry period.
4. How many people are in your Australian market sales team and where are they located? In general terms, how are they remunerated? If they are offered performance pay based on sales, describe the performance indicators used to establish the performance pay. Provide copies of internal documents that support your claims in response to this question.
5. Describe what parameters are provided to sales staff to assist in establishing pricing for the goods when negotiating sales with customers. Provide copies of internal documents that support your claims in response to this question.

# Section C Production and production costs

In responding to the questions in section C, please respond to these questions only in relation to the inquiry period.

### C-1 Production of the goods

1. Describe how your company determines its volume of production for the goods, product mix of production and the factors that contribute to these decisions. How frequently are production volumes determined? How frequently is the product mix determined? Provide copies of internal documents which support your claims in response to this question.
2. What lead times are typically needed to adjust volumes of production for the goods? Provide copies of internal documents which support your claims in response to this question.
3. Do you have warehousing facilities for the goods? If no, what do you do with excess inventory? If yes:
   1. What is the volume capacity of these facilities?
   2. What was the monthly amount of inventory maintained during the review period?
   3. What is the average period of time that inventory is retained (describe how this is calculated)?

*Provide copies of internal documents which support your claims in response to this question.*

1. Have there been any changes to the type of capital or technology utilised by your company in the manufacturing of the goods in the last five years? If yes, provide details.
2. For each plant capable of producing inputs that could be utilised to make the goods, provide the date that production facility came into operation and the production capacity of the plant over the past five years. The production capacity should be based on an actual production capacity, not a budgeted production capacity. Provide copies of internal documents which support your claims in response to this question.
3. Confirm whether management reports are prepared on production costs. If yes:
   1. specify how often these cost reports are prepared;
   2. describe the level of detail in those reports and whether they enable the establishment of costs of producing the goods; and
   3. specify to whom within the company these reports are provided; and
   4. provide copies of these reports for each month of the review period.

1. EPR document number 1 [↑](#footnote-ref-1)
2. See definition of ‘bundled pricing’ in Glossary. [↑](#footnote-ref-2)