

**APPLICATION  
FOR  
CONTINUATION OF DUMPING DUTY NOTICE**

**2,4-Dichlorophenoxy-acetic acid ("2,4-D")**

Exported from

**THE PEOPLE'S REPUBLIC OF CHINA**

5 July 2012

1. **Provide details of the name, street and postal address, of the applicant seeking the continuation.**

The company requesting the continuation of anti-dumping measures on 2,4-Dichlorophenoxyacetic acid ("2,4-D") is Nufarm Limited ("Nufarm"). Contact details for Nufarm are as follows:

Nufarm Limited ("Nufarm")  
103-105 Pipe Road  
LAVERTON NORTH Victoria 3026

ABN: 37 091 323 312

2. **Provide details of the name of the contact person, including their position, telephone number and facsimile number, and e-mail address.**

Details of the contact person at Nufarm:

Name: Mr. Bernard Lee  
Title: Industry & Government Affairs Manager  
Telephone: 03 9282 1444  
Facsimile: 03 9282 1001  
E-mail: [Bernard.Lee@au.nufarm.com](mailto:Bernard.Lee@au.nufarm.com)

This application for the continuation of measures on 2,4-D exported from China has been prepared with the assistance of:

Name: Mr. John O'Connor  
Title: Director, John O'Connor and Associates Pty Ltd  
Telephone: 07 3342 1921  
Facsimile: 07 3342 1931  
E-mail: [jmoconnor@optusnet.com.au](mailto:jmoconnor@optusnet.com.au)

A copy of an "Authority to Represent" endorsing John O'Connor as Nufarm's representative is included at Confidential Attachment 1.

3. **Name other parties supporting this application.**

Nufarm is the only fully integrated Australian manufacturer of 2,4-D and, as in previous inquiries, is considered to represent the Australian industry for the purposes of the anti-dumping provisions.

4. **Provide details of the current anti-dumping measure(s) the subject of this continuation application, including:**

- **Tariff classification;**
- **The countries or companies specified;**
- **Date of publication of the measure.**

The tariff classification(s) applicable to the imported goods is:

- 2,4-D acid:  
2918.99.00, statistical code:  
- 43 - 2,4 - Dichlorophenoxyacetic acid, and

- 44 - salts and esters of 2,4-D
- Formulations of 2,4-D:

3808.93.00, statistical code 49 (effective 1 January 2012).

The goods covered by the anti-dumping measures are exported from The People's Republic of China ("China").

The date of original publication of anti-dumping measures was 24 March 2003. On 7 May 2012, ACDN No. 2012/17 and a published in *The Australian* newspaper requested interested parties make an application for the continuation of anti-dumping measures on 2,4-D exported from China within 60 days. The measures are due to expire on 24 March 2013.

#### The goods

The goods subject to anti-dumping measures are 2,4-Dichlorophenoxy-acetic acid, a selective herbicide exported to Australia mainly in the forms of 2,4-D acid and 2,4-D ester. The anti-dumping measures apply to all forms of 2,4-D including:

- sodium salt;
- 2,4-D acid;
- 2,4-D intermediate products (salts and esters), including:
  - iso butyl ester technical;
  - ethyl ester technical;
  - 2 ethyl hexyl ester technical;
  - dimethylamine (DMA);
  - iso-propylamine (IPA);
- 2,4-D fully formulated products; and
- all other forms of 2,4-D.

2,4-D acid is used as an active ingredient in the manufacture of phenoxy herbicides. The 2,4-D acid is dedicated for this purpose and has no other known use.

2,4-D acid is used by companies known in the industry as 'formulators' who convert the 2,4-D acid into fully formulated (saleable or end use) 2,4-D products (herbicides).

There are 2 stages of formulation.

The first, or intermediate, stage is the formulation of 2,4-D acid into

- 2,4-D salts (e.g. dimethylamine (DMA) & iso-propylamine (IPA), and
- 2,4-D esters (ethyl ester or iso-butyl ester)

that are known as technical grade active constituents (TGAC's).

The purpose of the formulations is simply to convert 2,4-D acid into a soluble form.

The second stage is to fully formulate the end product using the TGAC's. This process is performed by both Nufarm and importers of acid and ester.

Trade Measures Report Number 58 summarised the 2,4-D under consideration as follows:

*"2,4-D is a herbicidally active molecule sold in various forms throughout the world for the control of broadleaf weeds. The most common forms are salts, principally sodium and dimethylamine, and esters, principally ethyl, iso butyl and ethyl hexyl. All products' performance are measured in terms of their*

*efficacy (ability to kill plants) to the base active ingredient 2,4-D acid. While there are various routes of manufacture for the various products the base molecule is 2,4-D and this is used as the measuring tool for equivalence."*

In Trade Measures Reports No. 58 and 126 Customs and Border Protection considered that all forms of 2,4-D, including sodium salt, acid, intermediate and fully formulated forms to be like goods to the goods the subject of the investigation.

In respect of like goods Customs and Border Protection stated:

- that the physical characteristics of the Australian produced 2,4-D and the imported 2,4-D from China are very similar;
- a high degree of commercial likeness. The imported goods are formulated into goods that are directly competitive in the Australian market and it is usual that they are marketed within the same or similar price ranges;
- that functionally the imported 2,4-D and the Australian produced 2,4-D are interchangeable in end use on a same form to same form basis; and
- the goods are made in similar production processes.

Based on the evidence available from the current and previous inquiries, Customs is satisfied that 2,4-D produced by Nufarm are like goods to the 2,4-D imported from China.

Nufarm does not consider that there has been any change in the position espoused by Customs and Border Protection in the intervening period since publication of Trade Measures Report No. 126 and that Nufarm continues to manufacture like goods to the imported 2,4-D products.

5. **Provide a detailed statement setting out the reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods.**

**A. Reasons why the expiration of the anti-dumping measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping.**

(i) Application coverage

By this application Nufarm is seeking the continuation of the anti-dumping measures applicable to 2,4-D exports from China for a further five year period from 24 March 2013.

(ii) The Australian 2,4-D market

In Trade Measures Report No. 58, Customs and Border Protection identified that the market for 2,4-D in Australia comprised imports of acid (for formulation by importers) and already formulated product.

In assessing market size and share, Customs and Border Protection converted 2,4-D formulation volumes to acid equivalents, to arrive at a consistent market volume and share position. Trade Measures Report No. 126 did not disclose the size of the Australian market, however, indicated that demand for 2,4-D in Australia had increased between 2002/03 and 2006/07.

Nufarm understands that the Australian market for 2,4-D has continued to grow since 2006/07 with increases in sales volumes apparent over the intervening period.

## (iii) Imports of 2,4-D into Australia from China

**2,4-D acid Import volumes**

Australian Bureau of Statistics import data for 2,4-D over the period since the 2007 continuation inquiry has been obtained by Nufarm (Please refer to Non-Confidential Attachment 2).

**Table 1 – 2,4-D acid imports (kgs) 2007 to April 2012.**

	2007	2008	2009	2010	2011	2012
China	401,480	592,925	728,800	381,300	952,230	1,220,300
India	594,000	2,478,750	1,134,000	1,010,200	1,348,300	432,000
Poland	454,000	520,000	280,000	1,078,000	1,000,000	200,000
Malaysia		90,000	52,000	122,000		
Other	23,800	95,680		140,800	91,625	
Total	1,473,280	3,777,355	2,194,800	2,732,300	3,392,155	1,852,300

**Notes:**

1. 2012 includes imports to April 2012 only.

**Table 2 - Chinese 2,4-D acid imports (kgs) as a percentage of total imports – 2011 & 2012**

	2011	% of total imports	2012	% of total imports
China	952,230	28.1%	1,220,300	65.9%
India	1,348,300	39.7%	432,000	23.3%
Poland	1,000,000	29.5%	200,000	10.8%
Malaysia		0%		0%
Other	91,625	2.7%		0%
Total		100.0%		100.0%

Following the last continuation inquiry, imports of 2,4-D from China declined and appear to have been displaced by imports from India. The decline continued until 2010. From this point in time imports from China have increased substantially and have accounted for two-thirds of total 2,4-D acid imports in 2012.

In 2012 imports of 2,4-D acid from China represent the single largest source of import supply.

As indicated in its previous application, Nufarm is an importer of 2,4-D. Nufarm has imported 2,4-D from xxxxxx (with a single shipment from xxxxx) in the past 12 months to enable it to meet its export commitments.

**2,4-D Ester****Table 3 – imports of 2,4-D ester (kgs) 2007 to April 2012**

	2007	2008	2009	2010	2011	2012
China			174,650	132,075	865,450	696,000
India	20,000	60,000		80,000		
Singapore		86,000				
Other				120,000		24,000
Total	20,000	146,000	174,650	332,075	865,450	720,000

**Notes:**

1. 2012 includes data for January to April 2012.

Imports of 2,4-D ester declined to negligible levels in 2007 and have increased substantially since 2010. Imports of ester – driven predominantly by Chinese imports – have increased in 2012 and are likely to exceed import volumes for 2011.

(iv) Chinese exports of 2,4-D (acid and ester) Summary

Chinese exports of 2,4-D continue to maintain a prominent share of the Australian market. Following the continuation of measures in 2008, Chinese exports increased, before declining in 2010. Chinese exports increased again in 2011 and have increased further again in the first four months of 2012, to be the largest import source in 2012.

2,4-D ester exports have also increased since 2008.

An examination of Chinese A\$/FOB prices to Australia in 2011 and 2012 indicates that the Chinese export prices are at levels above other source countries including India and Poland. The Chinese A\$/FOB prices would appear to be influenced by the anti-dumping measures in place.

(v) In the absence of measures, is it likely that imports of 2,4-D from China will increase?

In Report No. 126 Customs and Border Protection considered whether the imports of 2,4-D at the time were likely to increase. Customs and Border Protection further stated that the export volumes would be influenced by changes in the level of measures or by the continuation or commencement of the measures.

Nufarm has observed an increase in 2,4-D exports since the measures were continued in 2008. However as noted above the average export price for Chinese 2,4-D exports has remained above the average export prices from other sources of supply (notably India and Poland). This would suggest that the measures have influenced the export price level for Chinese 2,4-D exports to Australia.

The increasing Chinese export volumes of 2,4-D to Australia indicate that Chinese exporters have maintained distribution links into the Australian market following the continuation of measures in 2008.

Customs and Border Protection acknowledged Nufarm's concern that there were up to 300 producers of 2,4-D in China and that in 2006/07 there was significant under-utilized capacity, suggesting that in the absence of measures, Chinese exports of 2,4-D to Australia could increase.

There is no readily accessible information on production capacities of Chinese 2,4-D producers. Nufarm does not have any further information available to it that indicates Chinese production capacity has altered in any meaningful way. It is therefore assumed that Chinese 2,4-D producers continue to have under-utilized production capacity for 2,4-D.

Nufarm is of the view that, in the absence of measures, it is likely that Chinese exporters of 2,4-D will increase exports to Australia via maintained distribution links at prices that will likely undercut the export prices of exports from other countries.

(vi) Anti-dumping measures by other countries

Nufarm is unaware of any other countries that have anti-dumping measures in place on Chinese exports of 2,4-D.

(vii) Are imports of 2,4-D from China likely to be dumped?

Nufarm has obtained information on certain 2,4-D selling prices in China. The Chinese domestic prices obtained are for 2,4-D iso butyl ester. From its knowledge of production costs for 2,4-D acid and derivative products, Nufarm has been able to construct 2,4-D acid selling prices in China (based upon the 2,4-D iso butyl ester prices).

The selling prices for 2,4-D acid in China in early 2012 are estimated at between A\$3.77 (RMB 23,736) per kg to A\$4.12 (26,215) per kg. These prices are based upon information sourced by Nufarm that selling prices in China for 2,4-D iso butyl ester were approximately RMB 25,000 per kg and RMB 27,000 per kg.

Nufarm further understands that 2,4-D prices in China have remained fairly stable since mid-2011.

**Table 4 – Chinese domestic 2,4-D acid price versus export prices**

	2011	2012
Domestic price RMB	RMB 25-27,000/kg	RMB 25-27,000/kg
Domestic Price A\$/kg	A\$3.77-4.16/kg	A\$3.77-4.16/kg
Midpoint A\$/kg	A\$3.96/kg	A\$3.96/kg
Av Export Price	A\$3.62/kg	A\$3.79/kg
Dumping Margin A\$/kg	A\$0.34/kg	A\$0.17/kg
Dumping Margin as % of export price	9.4 per cent	4.5 per cent

**Notes:**

1. Please refer to Confidential Attachment 3 for details of Chinese domestic prices for 2,4-D constructed from 2,4-D iso butyl ester prices.

Table 4 demonstrates that recent Chinese 2,4-D acid export prices to Australia have been at dumped margins of approximately 9.4 per cent during 2011 and 4.5 per cent in 2012.

Nufarm contends that it is reasonable to conclude that in the absence of anti-dumping measures, Chinese 2,4-D exports of acid and ester will likely be at dumped prices as the Chinese exporters seek to secure increased export volumes to Australia.

(viii) Chinese export prices to third countries

Nufarm has sourced Chinese 2,4-D export information to all source destinations. Data is available for all Chinese exports, by month, to all destinations for all of 2011 and the first three months of 2012.

An examination of the 2011 year export data for Chinese 2,4-D acid exporters indicates that Australia is one of the largest destinations for Chinese 2,4-D acid. Other major source destinations include Brazil and Indonesia.

Table 5 – Chinese 2,4-D acid 2011 export prices to major destinations

Country	Volume	Average US\$/kg	Lowest Price US\$/kg
Australia	2,759,000	4.06	3.28
Argentina	1,390,000	3.46	3.10
Brazil	1,705,000	3.44	3.00
Guatemala	1,580,000	3.35	3.02
Colombia	1,321,000	3.45	3.22
Russia	1,424,000	3.87	3.06
Malaysia	1,464,000	3.35	2.43
Indonesia	1,891,000	3.31	2.80

Source: XXXXXX Data – refer Confidential Attachment 4 (provided electronically).

The summarized information contained in Table 5 demonstrates that Australia is the largest export destination for Chinese 2,4-D acid. However, average export prices to Australia were higher than the average export price to all other major destinations during 2011.

The export price information in Table 5 confirms Nufarm's concerns that in the absence of anti-dumping measures it is likely that Chinese 2,4-D acid (and ester) export prices to Australia would fall. It is noted by Nufarm that the average US\$ export prices to Malaysia and Indonesia (without anti-dumping measures) were approximately 18 per cent below China's average export prices to Australia (with dumping measures) in 2011. It is further noted that the lowest Chinese export prices to Malaysia is some 40% below the average export price to Australia and 26% below the lowest export price to Australia.

(ix) Will future imports of 2,4-D from China cause injury, or threaten to cause injury, to the Australian industry?

Nufarm has included Appendix A6 schedules for each of its 2,4-D products (domestic and export) to 31 January 2012. The domestic sales schedules indicate that Nufarm has improved profit in 2011 and the first half of 2012, following very low profit levels in the preceding years of 2009 and 2010.

Please refer to Confidential Attachment 5 for Nufarm Appendix A6 cost-to-make-and-sell schedules for 2,4-D products.

Nufarm submits that the removal of anti-dumping measures on 2,4-D exported from China will likely result in a decline Chinese export prices. The export price data in table 5 shows that Chinese exporters currently export 2,4-D to third countries at prices that would significantly undercut Australian industry prices and the price of 2,4-D from other current import sources. The decline in export prices will require the Australian industry to reduce its selling prices to compete with the lower priced imports. The Australian industry would therefore experience price suppression as selling prices are reduced, thereby eroding the industry's profit and profitability.

It is Nufarm's firm position that removal of the anti-dumping measures will cause material injury to the Australian industry that the measures were intended to prevent.

(x) Conclusions on dumping and material injury in the absence of measures on 2,4-D exported from China



Nufarm contends that the anti-dumping measures applicable to 2,4-D exported from China since 24 March 2008 have had the desired effect of minimizing material injury to the Australian industry manufacturing like goods.

Chinese exporters have continued to supply the Australian market and have maintained distribution links with importers in Australia.

Nufarm has observed an increase in Chinese 2,4-D exports to Australia in 2011 and the first quarter of 2012. Import volumes from the other major supply sources of India and Poland have stabilized. Chinese 2,4-D exports would appear to have increased market share in 2011 and 2012.

On the basis of Chinese 2,4-D iso butyl ester selling prices in 2011/12, Nufarm has constructed 2,4-D selling prices in China. A comparison with Chinese average export prices to Australia in 2011 and 2012 indicates that the Chinese 2,4-D exports prices were at dumped prices of approximately 9.4 and 4.5 per cent.

Nufarm obtained Chinese monthly export volume and price information for 2,4-D acid and ester to all export destinations in 2011 and 2012. The data indicates that Australia is the largest export destination for Chinese 2,4-D producers. Chinese average export prices to all other major destinations including Malaysia and Indonesia were at prices substantially below Chinese export prices to Australia (Chinese average export prices to Malaysia and Indonesia were approximately 18 per cent below export prices to Australia).

The Chinese export price data to third countries suggests that in the absence of dumping measures in Australia, Chinese export prices for 2,4-D would likely fall.

Nufarm has included revised Appendix A6 schedules for 2,4-D products manufactured and sold domestically by the company in Australia. Nufarm has operated profitably in 2011 and 2012 (year-to-date) on its sales of locally produced 2,4-D, following significantly reduced profits in 2009 and 2010.

Nufarm asserts that in the absence of anti-dumping measures there exists a very strong likelihood that the Australian industry will again suffer material injury from dumped Chinese exports of 2,4-D.

This application demonstrates that should the anti-dumping measures applicable to 2,4-D exported from China be allowed to expire on 24 March 2013 it is likely that:

- Exports of 2,4-D from China to Australia will increase;
- Chinese exports of 2,4-D to Australia will be dumped;
- The selling prices for 2,4-D exported to Australia from China will fall and undercut Nufarm's selling prices for locally-produced 2,4-D; and
- The Australian industry manufacturing 2,4-D will experience a recurrence of material injury that the anti-dumping measures were intended to prevent.

It is Nufarm's considered view that in the event the anti-dumping measures applicable to 2,4-D are allowed to expire, the Australian industry would experience a recurrence of, or be threatened with, material injury from dumped 2,4-D exports from China.

Nufarm therefore requests that the CEO of Customs and Border Protection commence an investigation into the continuation of anti-dumping measures on 2,4-D exported from China for a further five years from 24 March 2013.

6. Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter, eg Australian manufacturers, importers, exporters, users.

Nufarm understands the following may be interested parties to a continuation of the measures investigation:

Exporters

1. Dalian Songlio Chemical Industry Corporation  
No. 22 Gongxing Road  
Ganjingzi District  
Dalian, Liaoning Province, China 116031
2. Jiamusi Heilong Agro-Chemical Group  
No. 114 Changan Road  
Jiamusi, Heilongjiang Province, China 154005

Importers

1. 4 Farmers Pty Ltd  
1/70 McDowell Street  
Welshpool, W.A. 6106  
Tel: (08) 9356 3445  
Fax: (08) 9356 3447
2. Accensi Pty Ltd  
60-76 Potassium Street  
Narangba Qld 4504  
Tel: (07) 3897 2000
3. Farnoz Pty Ltd  
Suite 1, Level 4, Building B  
207 Pacific Highway  
St Leonards NSW 2065
4. Gulmohar Pty Ltd  
Unit 14/1 Ricketts Road  
Mount Waverly Victoria 3149  
Tel: (03) 9544 6980  
Fax: (03) 9544 6946
5. Kenso Agcare Pty Ltd  
3C/59 Oxford Street  
Bulimba Qld 4171  
Tel: (07) 3217 9788  
Fax: (07) 3217 9733
6. Sanonda (Australia) Pty Ltd  
Suite 822 St Kilda Road Towers  
1 Queens Road  
Melbourne Victoria 3004  
Tel: (03) 9863 8081  
Fax: (03) 9863 8083

7. Titan AG Pty Ltd  
Princess Street Marina  
Suite 15/16 Princes St  
Newport NSW 2106  
Tel: (02) 9999 6655  
Fax: (02) 9999 0483

**List of Attachments**

No.	Description	Confidential/Non-Confidential
1	Authority to Represent	Confidential
2	ABS import data for 2,4-D acid and 2,4-D ester	Non-Confidential
3	Supporting information of domestic prices for 2,4-D in China	Confidential
4	Chinese Third Country Export Data 2011 & 2012	Confidential
5	Nufarm Appendix A6 data	Confidential