

**APPLICATION
FOR
CONTINUATION OF DUMPING DUTY NOTICES**

**2,4-Dichlorophenoxyacetic acid
from
The People's Republic of China**

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

The applicant requesting the continuation of anti-dumping measures applicable to 2,4-Dichlorophenoxyacetic acid ("2,4-D acid") exported from The People's Republic of China ("China") is Nufarm Limited ("Nufarm"). Contact details for Nufarm are as follows:

Nufarm Limited
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 email address.

The contact person at Nufarm to assist with this application is as follows:

Mr David Rumbold
Regional Lead – Regulatory Affairs, Australia and New Zealand
103-105 Pipe Road
Laverton North Victoria 3026
T/p: (03) 9282 1141
Email: david.rumbold@nufarm.com

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

Mr John O'Connor
Director
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P.O. Box 329
Coorparoo QLD 4151
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3. Provide the names, addresses, telephone numbers of other parties likely to have an interest in this matter.

Nufarm is the only integrated manufacturer of 2,4-D in Australia. Nufarm therefore is representative of the Australian Industry for the purposes of the anti-dumping provisions.

Other interested parties including exporters to this application include as follows:

P R China

- (i) Weifang Rainbow
19 & 20 Floor
Hanyu Financial Centre
Building A3-4
No 7000 East Jingshi Road
Jinan China 250101
Tel: 86 531 88875225 88875231
Fax: 86 531 888 75252 88875224
www.rainbowchem.com

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- (ii) Jiamsui Heilong Agro-Chemical
No. 114 Changan Road
Jiamusi, Heilongjiang Province, China 154005

Please note: Jiamsui Heilong is a ChemChina subsidiary. There may be other ChemChina subsidiaries exporting 2,4-D to Australia.

The following importers are considered interested parties to this application:

- (i) Adama Australia
Suite 1, Level 4, Building B
207 Pacific Highway
St Leonards NSW 2065
Tel: (02) 9431 7800
Fax: (02) 9431 7700
- (ii) Australian Independent Rural Retailers
30 Brickworks Place
Darra QLD 4076
Tel: (07) 3713 8000
- (iii) 4Farmers Australia Pty Ltd
35 McDowell St
Welshpool WA 6101
Tel: (08) 9356 3445
Fax: (08) 9356 3447
- (iv) Axichem Pty Ltd
18 Conquest Way
Wangara WA 6065
Tel: (08) 9302 4666
- (v) Conquest Crop Protection Pty Ltd
76 Walters Drive
Osborne Park WA 6017
Tel: (08) 9347 0500
Fax: (08) 9347 0551
- (vi) Imtrade Australia
17 Ocean Street
Kwinana Beach WA 6167
Tel: (08) 9419 0333
- (vii) Kenso Agcare Pty Ltd
Level 1/98 Commercial Road
Teneriffe QLD 4005
Tel: (07) 3217 9788

4. Provide details of the current anti-dumping measures the subject of this continuation application, including:

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

The goods subject to anti-dumping measures are 2,4-Dichlorophenoxyacetic acid, a selective herbicide exported to Australia mainly in the forms of 2,4-D acid and 2,4-D ester.

The 2,4-D covered by the measures include:

- 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); and
 - iso-propylamine (IPA);
- 2,4-D fully formulated products; and
- all other forms of 2,4-D.

2,4-D is classified within sub-heading 2918.99.00 and 3808.93.00 in Schedule 3 to the *Customs Tariff Act 1995*. The applicable rate of duty for China for goods exported under both classifications is as follows:

- from 1 January 2016 – 1.70 per cent;
- from 1 January 2017 – Free.

The notices concerning the Minister's decision to continue and review the measures applicable to 2,4-D were published on 31 January 2013. Please refer to Australian Customs Dumping Notices 2013/12 (review of measures) and 2013/13 (continuation of measures).

- 5 **Provide a detailed statement setting out the reasons for seeking the continuation of the anti-dumping measures. An application must establish reasonable grounds for asserting that the expiration of the anti-dumping measure(s) might lead, or be likely to lead, to the recurrence of the material injury that the measure(s) are intended to prevent.**

(i) The Goods – 2,4-D

The goods the subject of this application is 2,4-D acid, including 2,4-D salts or esters and 2,4-D fully formulated product, exported from China.

(ii) Application coverage

The anti-dumping measures on 2,4-D exported from China extends to all Chinese exporters of 2,4-D (including acid, salts, esters and formulations).

Part A – Will the dumping continue or recur?

(iii) Anti-dumping actions by other countries

Nufarm is not aware that anti-dumping measures apply to exports of 2,4-D (and its derivatives) from China in any other country.

(iv) Relevant evidence as to the current normal values for 2,4-D in China

The Chinese market for 2,4-D is not transparent and obtaining domestic price information is difficult. Nufarm has, however, obtained some limited domestic pricing information for 2,4-D products as detailed below.

Table 1 – Domestic prices – 2,4-D formulations in China

Product	Price (Bottle) CYN	Container Size	Price 2,4-D acid equivalent A\$/kg
2,4-D 70% Amine	¥8.40	500 ml	A\$2.38
2,4-D butyl 57% EC	¥4.50	260 g	A\$1.90
2,4-D butyl 57% EC	¥6.50	280 g	A\$2.55

Notes:

1. Please refer to Confidential Attachment 2 for supporting evidence of Chinese domestic price, Confidential Attachment 2A for how 2,4-D acid equivalents are calculated, and Confidential Attachment 2B for the conversion of these domestic prices.

A substantial proportion of 2,4-D products manufactured in China are exported. Domestic pricing information is not readily available and relates mainly to small container-sized sales rather than the large pack sizes common in the Australian market (20 L to 1,000L).

(v) Have exports continued following the imposition of measures and estimates of export prices

The Australian market for 2,4-D is supplied as follows:

- From locally produced 2,4-D acid, 2,4-D esters (manufactured from 2,4-D acid) and formulated product containing 2,4-D in an amine salt or ester form manufactured by Nufarm;
- From imported 2,4-D acid that is formulated in Australia; and
- From imported formulated 2,4-D product.

China is the largest source country for 2,4-D acid and formulated product.

Nufarm has obtained Australian Bureau of Statistics (“ABS”) import data for 2,4-D acid and formulated 2,4-D salts and esters from China.

Table 2 – Imports (ex ABS) of 2,4-D acid (kgs) FY2012 to FY2017

Country	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	As % of 2017 Total
China	1,996,030	2,030,562	405,920	1,160,009	1,689,423	1,559,623	62.2 %
India	1,316,000	3,125	18,000	108,000	448,920	366,840	14.6 %
Poland	760,000	920,000	700,000	1,000,000	1,468,722	580,000	23.1 %
Other		36,000	38,400		125,280		0 %
Total	4,072,030	2,989,687	1,162,320	2,268,009	3,732,345	2,506,463	

Notes:

1. Financial year is July to June;
2. 2017 data for nine months to March 2017 only;
3. ABS data included at Confidential Attachment 3 and more detailed summary tables are included at Confidential Attachment 3A.

The total import volume of 2,4-D acid in 2017 is on target to replicate volumes imported in 2016, with imports from China likely to exceed the high of 2013 levels.

Table 3 – Imports (ex ABS) of 2,4-D salts and esters (kgs) 2012 to 2017

Country	2012	2013	2014	2015	2016	2017	As % of 2017 Total
China	1,507,557	175,320	659,378	533,444	1,692,519	1,213,789	81.3 %
India	310,000	410,000	568,000	119,440	620,000	280,000	18.7 %
Poland		180,000					23.1 %
Other	72,000	60,000					0 %
Total	1,889,557	825,320	1,227,378	652,884	2,312,519	1,493,789	

Notes:

1. Financial year is July to June;
2. 2017 data for nine months to March 2017 only;
3. ABS data included at Confidential Attachment 3 and more detailed summary tables are included at Confidential Attachment 3A.

China is the largest exporter of formulated 2,4-D product to Australia in 2017, accounting for more than 80 per cent of product supplied.

(vi) Have exporters in China maintained distribution links in Australia?

In the last three years, imports of 2,4-D acid and formulated 2,4-D from China have increased substantially from the levels of 2014. China continues to export the vast majority of its 2,4-D production, and producers remain export-focused to supply agricultural markets such as Australia.

Nufarm is also aware of an increase in the number of competitors sourcing 2,4-D from China for supply into the Australian market (please refer to a Summary of Australian market offers at Confidential Attachment 4, a collation of market offers at Confidential Attachment 4A and a collation of background on competitors at Confidential Attachment 4B). The increasing volumes of 2,4-D (acid and formulation) confirms that Chinese exporters have maintained distribution links into the Australian market.

In Trade Measures Report No. 189A, the then Customs and Border Protection Service concluded that exports of 2,4-D to Australia were likely to continue from China¹:

“Customs and Border Protection considers this is likely to be the case irrespective of whether new Chinese exporters enter the Australian 2,4-D market, based on the observed trends of Chinese 2,4-D in the Australian market over recent years, and the anticipated behavior of 2,4-D importers”.

With the benefit of hind-sight it can be seen that Chinese exports of 2,4-D continued post 2013 (the time of publication of Report No. 189A) and the export volumes from China have been steadily increasing.

(vii) Do producers/exporters of 2,4-D in China retain excess capacity that may be directed to Australia?

Nufarm understands that China is continuing to grow exports of 2,4-D with global demand showing no signs of a contraction. According to an article published by Guangzhou CCM Information Science and Technology Co.², China's exports of 2,4-D technical acid are expected to grow driven by

¹ Trade Measures Report No. 189A, P. 32.

² Non-Confidential Attachment 5.

"Weifang Rainbow's "ambitious expansion plans" that was expected to increase by 45 per cent in 2015.

The growth in exports is attributed to "a favourable RMB-USD exchange rate, an increase in export rebates, and the aggressive strategies of leading Chinese producers such as Weifang Rainbow".

The available information confirms that China will continue to increase exports of 2,4-D on the global market.

(viii) Will future exports of 2,4-D from China be at dumped prices?

Tables 2 and 3 above indicate that the highest volumes of exports to Australia are represented by 2,4-D acid, followed by formulated product. China publishes export data for 2,4-D acid, salts and esters (formulations) and this information is considered by Nufarm to be more reliable than published ABS data that will likely include mixtures of acid and formulated product under the same codes.

The published export prices for 2,4-D acid, formulated 2,4-D amine salt, and 2,4-D acid equivalent from formulated 2,4-D amine salt (during the period 1 March 2016 to 30 March 2017) are reflected in Table 4.

Table 4 – China monthly export prices to Australia – 2,4-D acid and formulations

Month	2,4-D acid Average Price, A\$/kg	2,4-D amine formulated product Average Price, A\$/kg	2,4-D acid equivalent (2,4-D amine) Average Price, A\$/kg
Mar 2016	\$2.76	\$1.84	\$1.82
Apr 2016	\$2.53	\$1.91	\$1.89
May 2016	\$2.82	\$2.26	\$2.24
Jun 2016	\$2.82	\$2.00	\$1.98
July 2016	\$2.73	\$1.94	\$1.93
Aug 2016	No exports	\$1.97	\$1.96
Sep 2016	No exports	\$1.79	\$1.78
Oct 2016	\$3.23	\$1.94	\$1.92
Nov 2016	\$2.98	\$2.05	\$2.03
Dec 2016	\$2.86	\$2.52	\$2.50
Jan 2017	\$2.84	\$1.98	\$1.97
Feb 2017	No exports	\$2.14	\$2.12
Mar 2017	\$2.92	\$2.58	\$2.56
Av.	\$2.82	\$2.02	\$2.00

Notes:

1. China Export data included at Confidential Attachment 6, detailed summary tables are included at Confidential Attachment 6A, and the rationale for China Export products that are comparable with Nufarm products is included at Confidential Attachment 6C.
2. 2,4-D acid equivalent is calculated according to a formula detailed in Confidential Attachment 2A.

The average monthly export price for 2,4-D acid exported to Australia during the period 12 months to 30 March 2017 was approximately A\$2.82 per kg; however, when only 2,4-D acid equivalents from 2,4-D amine formulated product are considered, the average price is \$2.00. This can be compared on a like-for-like basis with an estimated Chinese domestic 2,4-D acid price equivalent (calculated from a comparable formulated product price sold on the Chinese domestic market as shown in Table 1) of A\$2.38 per kg. This indicates a dumping margin of approximately 15% which will vary on a case-by-case basis due to difference in price on individual consignments and products.

The available data indicates that the current anti-dumping measures appear to impact the Chinese export prices to Australia.

Part B – Will material injury recur?**(ix) In the absence of measures, will future imports of 2,4-D from China cause injury, or threaten to cause injury, to the Australian industry?**

In Report No. 189A the then Customs and Border Protection found the following³:

- *Chinese 2,4-D is directly competitive with 2,4-D produced by the Australian industry, being virtually identical in composition, sold through similar distribution channels, and used for the same applications by end users (i.e. virtually interchangeable); and*
- *The Australian 2,4-D market is price sensitive, with pricing factoring heavily into the purchasing decisions of end users of 2,4-D formulations (the point at which Australian 2,4-D and Chinese imports are directly competitive).*

The Australian 2,4-D market remains price sensitive in 2017 with the number of competitors in the market having increased since the time of the 2012 continuation inquiry. China is the largest import source of supply for 2,4-D (acid and formulated products) into Australia and is the price-setter on the Australian market.

China exports 2,4-D to other destinations. The following Tables 5 and 6 confirm Chinese 2,4-D export prices to other destinations are lower than export prices to Australia.

Table 5 – Chinese export volumes of 2,4-D acid to all major countries (kgs)

Country	FY 13	FY 14	FY 15	FY 16	FY 17
Australia	1,755,137	810,170	1,038,620	3,440,130	1953,515
Argentina	3,204,960	3,370,000	6,106,000	6,333,000	3,725,400
Brazil	1,314,000	2,966,200	3,415,400	4,563,640	3,970,400
Indonesia	1,169,180	980,945	961,480	2,382,180	3,923,055
Russia	1,958,000	488,000	1,211,900	4,113,850	2,901,275
USA	6,595,600	3,880,440	1,390,000	8,014,400	10,339,120
Vietnam	549,680	956,360	739,069	1,187,552	1,725,561
All Other Countries	8,782,090	7,448,304	6,978,588	12,043,711	12,164,724
Total	25,328,647	20,900,419	21,841,057	42,078,463	40,703,050

Notes:

1. Years are July to June;
2. FY 17 is for nine months to March.

Table 6 – Chinese export volumes of 2,4-D acid equivalent to all major countries (kgs)

Country	FY 13	FY 14	FY 15	FY 16	FY 17
Australia	1,755,137	1,226,516	2,119,970	5,376,108	5,119,530
Argentina	3,204,960	6,101,478	6,678,146	7,681,147	4,544,696
Brazil	1,314,000	4,669,522	5,021,612	8,140,171	5,828,301
Columbia	891,600	2,547,855	2,107,384	2,451,211	2,294,375
Indonesia	1,169,180	1,887,302	2,277,342	3,544,652	5,182,236
Ivory Coast	2,090	2,368,448	2,186,890	2,757,108	3,626,735
Russia	1,958,000	1,006,913	1,511,062	4,873,856	3,540,657
Thailand	568,000	3,177,961	2,336,007	2,315,938	2,089,577
USA	6,595,600	3,880,440	1,390,000	8,014,400	10,339,120
Vietnam	549,680	1,410,493	1,231,011	1,779,239	2,749,200
All Other Countries	7,320,400	22,365,554	24,733,846	33,511,182	28,652,811
Total	25,328,647	50,642,481	51,593,270	80,445,012	73,967,236

³ Trade Measures Report No. 189A, P. 42.

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Notes:

1. Years are July to June;
2. FY 17 is for nine months to March.
3. 2,4-D acid equivalent calculated for all products as outlined in Confidential Attachment 2A.

Table 5 and Table 6 demonstrates that China is a major exporter of 2,4-D acid to countries other than Australia. Of relevance to the current continuation application is that China's export volume have increased significantly in 2016 and further again in 2017.

Table 7 – Chinese export prices 2,4-D acid (A\$/kg) average FY 2013 to 2017

Country	FY 13	FY 14	FY 15	FY 16	FY 17
Australia	\$3.58	\$3.48	\$3.61	\$3.03	\$3.10
Argentina	\$3.07	\$2.82	\$3.15	\$2.74	\$2.61
Brazil	\$2.81	\$3.07	\$3.16	\$2.84	\$2.52
Indonesia	\$2.77	\$2.89	\$3.01	\$2.42	\$2.50
Russia	\$3.19	\$3.28	\$3.51	\$3.01	\$2.79
USA	\$3.36	\$3.58	\$4.23	\$3.06	\$2.80
Vietnam	\$2.16	\$1.83	\$2.17	\$2.05	\$1.95
All Other Countries	\$3.04	\$3.10	\$3.38	\$2.89	\$2.74
Average	\$3.06	\$3.04	\$3.26	\$2.79	\$2.61

Notes:

1. Years are July to June;
2. FY 17 is for nine months to March.

Table 8 – Chinese export prices 2,4-D acid equivalent (A\$/kg) average FY 2013 to 2017

Country	FY 13	FY 14	FY 15	FY 16	FY 17
Australia	\$3.58	\$3.08	\$3.08	\$2.77	\$2.41
Argentina	\$3.07	\$3.09	\$3.23	\$2.98	\$2.79
Brazil	\$2.81	\$2.87	\$2.78	\$2.37	\$2.49
Columbia	\$3.17	\$2.60	\$3.18	\$3.13	\$3.00
Indonesia	\$2.77	\$2.53	\$2.63	\$2.24	\$2.33
Ivory Coast	\$3.65	\$2.28	\$2.48	\$2.18	\$2.18
Russia	\$3.19	\$4.01	\$3.94	\$3.33	\$3.24
Thailand	\$3.49	\$2.53	\$2.50	\$2.47	\$2.13
USA	\$3.36	\$3.58	\$4.23	\$3.06	\$2.80
Vietnam	\$2.16	\$1.81	\$2.17	\$2.10	\$1.95
All Other Countries	\$3.00	\$2.70	\$2.98	\$2.87	\$2.67
Average	\$3.06	\$2.76	\$2.96	\$2.78	\$2.60

Notes:

1. Years are July to June;
2. FY 17 is for nine months to March.
3. 2,4-D acid equivalent calculated for all products as outlined in Confidential Attachment 2A.

Table 7 and Table 8 details average A\$ per kilogram selling prices for 2,4-D acid to major export destinations. In FY 17, weighted-average Chinese export prices to Australia were the highest of all export destinations. It is therefore reasonable to assume that the anti-dumping measures on 2,4-D exported to Australia from China have an impact on Chinese pricing.

The close correlation between the 2,4-D acid and 2,4-D acid equivalent average export prices affirms the appropriateness of the calculation to 2,4-D acid equivalent as outlined in Confidential Appendix 2A.

It is evident from the history of Chinese exports to Australia that Chinese manufacturers of 2,4-D will continue to supply the Australian market. China is now the largest source country of supply to the Australian market (well clear of India and Poland). Should the anti-dumping measures be allowed to expire, the Chinese exports of 2,4-D to Australia will continue.

Based on the *prima facie* domestic selling prices sourced in China for formulated 2,4-D products, it is evident that dumping margins in the range of negligible to 15 per cent exist on exports to Australia during 2016/17. It is therefore likely that should the measures be allowed to expire, Chinese exporters would likely reduce export prices to levels evident for exports to other destinations (as detailed in Table 6) and seek to increase export volumes to Australia. The anti-dumping measures have had the desired impact of keeping export prices to Australia than they would be in the absence of those measures (i.e. higher than those to other export destinations).

Customs and Border Protection determined in Report 189A that the Australian market for 2,4-D is extremely price sensitive and Nufarm continues to consider that selling prices are the key consideration for end-users in the decision to purchase product. It is considered likely that Chinese exporters would seek to dump 2,4-D into Australia to secure sales volumes and remain competitive.

On the basis of the foregoing, Nufarm submits that should the measures be allowed to expire it is likely that Chinese exporters of 2,4-D (acid and formulated product) will reduce export prices to Australia to increase sales volumes and remain competitive, resulting in a recurrence of dumping and material injury that the anti-dumping measures are intended to prevent.

Part C - Conclusions

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

It is Nufarm's contention that a recurrence of dumping and material injury will likely recur in the event the measures are allowed to expire based upon the following:

- import volumes of 2,4-D and its derivative products from China have continued since the measures were continued in 2013, and hold a major proportion of the total import volume into Australia in 2016/17;
- exporters of 2,4-D (including acid, formulations of salts and esters) in China have maintained distribution links in Australia, as evidenced by the ongoing volumes exported to Australia in 2016/17;
- on a *prima facie* basis, it appears that 2,4-D acid and formulated 2,4-D has been exported from China with margins of dumping between negligible and 15 per cent in 2016/17;
- Should Chinese export prices to Australia for 2,4-D acid and formulated 2,4-D decline, Nufarm will encounter aggressive price competition from Chinese exports such that Nufarm's margin will be eroded resulting in reduced profits and profitability, demonstrating that Nufarm is therefore susceptible to a recurrence of material injury from dumping;
- Chinese exporters have increased export volumes to Australia in 2016 and 2017 and the removal of measures would provide an opportunity for exporters to further increase export volumes to Australia;
- exporters in China have significantly increased overall export volumes of 2,4-D products in 2016 and further again in 2017, with information available to Nufarm

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indicating that Chinese exporters are seeking to further grow production and would, in the absence of measures, seek to increase export volumes to Australia;

- Nufarm has continued to invest in its Australian 2,4-D production capability (for 2,4-D acid and formulation products) that demonstrates an ongoing commitment by Nufarm to continued local supply; and
- the Australian industry producing 2,4-D acid and formulated 2,4-D products is experiencing price undercutting from imported 2,4-D acid and formulated 2,4-D exported from China suppressing prices to levels lower than they otherwise would be.

This application demonstrates that should the anti-dumping measures on 2,4-D acid and other derivative forms of 2,4-D (including salts, esters and formulations) be allowed to expire, it is likely that the Australian industry manufacturing like goods would experience a recurrence of material injury.

Nufarm therefore requests the Commissioner to conduct a formal investigation into the continuation of anti-dumping measures on 2,4-D products exported from China in accordance with the provisions contained in Division 6A – Continuation of anti-dumping measures within the Customs Act.

List of Attachments

Attachment No	Description	Confidential/Non-Confidential
1	Authority to Represent	Confidential
2	Domestic Selling Price information China	Confidential
2A	Calculation of 2,4-D acid equivalents	Confidential
2B	Conversion of China Domestic Selling Prices to 2,4-D acid equivalents	Confidential
3	ABS Import Data	Confidential
3A	Detailed summary tables of ABS Import Data	Confidential
4	Summary of market offers for imported Chinese 2,4-D products	Confidential
4A	Collation of market officers for imported Chinese 2,4-D products	Confidential
4B	Collation of information on companies offering 2,4-D products	Confidential
5	Article from Guangzhou CCM Science & technology Co Ltd	Non-Confidential
6	Chinese export data	Confidential
6A	Detailed summary tables of China Export Data	Confidential
6B	Rationale for China Export Data products that are comparable with Nufarm products	Confidential
	Financial Data – Appendices A6.1 (Amine 625, Amicide 700, Estericide 680 and 2,4-D acid)	Confidential