

29 October 2012

Ms Kim Farrant
National Manager
International Trade Remedies Branch
Australian Customs and Border Protection Service
5 Constitution Ave
CANBERRA CITY 2601 ACT

Dear Ms Farrant

Public File – Response to Agronomiq Submission

I refer to the submission recently placed on the public file by Agrichem Manufacturing Industries Pty Ltd (trading as Agronomiq) (hereafter "Agronomic") following the withdrawal of its original submission in response to our letter of 12 October 2012 concerning its content. Nufarm's response to the Agronomiq's revised submission is set out below.

1.1 Co-operation of Chinese exporters

Agronomiq indicates that its four Chinese suppliers (Sanonda, Jingma, Good Harvest, and Wintafone) are prepared to co-operate with Customs in the course of the continuation investigation. It appears that this is not the case as no exporter questionnaire responses have been provided. Agronomiq's original and revised submissions make claims regarding the domestic price of 2,4-D acid in China. However, Customs has not been granted the opportunity to independently verify this information through exporter visits. If Chinese domestic prices are lower or the same as their export prices, why have the exporters not chosen to substantiate this by co-operating with Customs investigation? Given that such evidence is peculiarly within each exporter's knowledge and given that they have not allowed Customs access to conduct an independent verification of the claims, Customs should draw the logical inference that the exports are at dumped prices.

1.2 Number of Chinese producer and confirmation of illegal production in China

Nufarm's reference to up to 300 2,4-D producers in China does not refer specifically to 2,4-D acid producers. The figure relates to 2,4-D acid and formulated product producers.

Agronomiq's submission confirms that there are a number of illegal producers of 2,4-D acid in China. Illegal production raises the prospect of the existence of a black market in 2,4-D products in the Chinese domestic market. The availability of illegal product in the Chinese domestic market likely impacts the domestic 2,4-D prices.

1.3 Reliability of information from Chinese suppliers

Agronomiq states "that it defies logic to believe that Chinese producers of 2,4-D would provide Nufarm with accurate, sensitive information about their pricing, if at all, especially



knowing that his information would be used against them in an application to Customs to maintain a barrier to their entry into the Australian market". A similar observation could be

made about the information provided by Chinese producers to Agronomiq and reproduced in Agronomiq's submission, particularly when the same Chinese producers would be looking to avoid anti-dumping action in Australia.

Nufarm would reiterate the point that the Chinese exporters had the opportunity to co-operate with Customs investigation and have chosen not to do so. Customs should not rely on secondhand information provided by Agronomiq.

1.4 Use of 2,4-D Iso-buty Ester for the reference price

Agronomiq appears to misunderstand the relevance of the use of 2,4-D IBE in Nufarm's continuation application. As Agronomiq notes at paragraph 1.5 of its submission, 2,4-D IBE is one of the main 2,4-D products sold on the domestic market of China. In its continuation application, Nufarm used the price of 2,4-D IBE as a basis for determining the effective price of 2,4-D acid on the domestic market of China by making appropriate adjustment to reflect the cost of producing 2,4-D IBE from 2,4-D acid. The domestic price of 2,4-D acid deduced from this process could then been compared with Chinese export prices.

In the absence of Chinese exporter co-operation to establish normal values an alternative basis for determining the Normal value will need to be established.

1.5 Relatively small Chinese 2,4-D Market

The final sentence of this paragraph is speculation and not supported by the information in the paragraph.

1.6 Price distorted by Tax

The normal value calculations in Nufarm's continuation application makes the appropriate adjustment for the differences in taxes paid in relation to export and domestic sales to permit proper comparison.

1.8 Chinese 2,4-D anti-dumping duty does not subsidize Nufarm's exports to the US

The logic of this paragraph is difficult to follow. At no time has Nufarm admitted (as suggested by Agronomiq) that the anti-dumping duty on 2,4-D from China subsidizes Nufarm's exports to the US. The anti-dumping duty does not subsidize Nufarm's exports to the United States. Nufarm exports 2,4-D to the US because the US market provides a better return to Nufarm. This is the case because the availability of dumped 2,4-D imports from China affects the price and profitability in the Australian market.

1.9 Removal of the anti-dumping duty will suppress prices

Nufarm notes Agronomiq's comments concerning the impact of removing the anti-dumping duty and its expectation that prices will fall. This is consistent with Nufarm's comments in the continuation application.

1.10 Agronomiq confirms that Chinese exports are dumped.

Nufarm notes the admission made by Agronomiq confirming that Chinese exporters are currently offering prices as low as \$3.30 FOB for the shipment of 2,4-D Acid to Australia. The \$US 3.30 FOB price offer is significantly below the \$A3.79 price identified in Nufarm's

continuation application and confirms that the Chinese exporters are in fact dumping 2,4-D in sales to Australia.

1.12 Nufarm has no association with Dalian Songliao

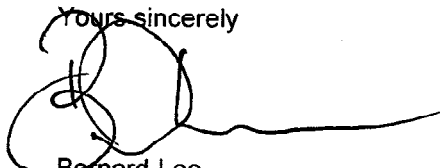
Agronomiq suggests that Nufarm owns the AC clearance in respect of Dalian Songliao in Australia. Nufarm does not "own" the AC clearance. An AC clearance is not a property right as suggested by Agronomiq. We understand that the approval of Dalian Songliao as a source of 2,4-D acid was granted in 1998 to a company that was acquired by Nufarm in 2002. Nufarm has had no dealing in relation to that source of active since acquiring the company in 2002. The approval remains current and 2,4-D acid from that source may be used in any product (made by any manufacturer) sold on the Australian market as long as it conforms to the terms of the approval.

Conclusion

In Nufarm's view the Agronomiq submission:

1. confirms that exports from China continue to be sold at dumped prices,
2. confirms China has significant export capacity; and
3. confirms that removal of the anti-dumping measure will result in price suppression and material injury to Australian manufacturers.

Yours sincerely



Bernard Lee
Manager
Industry & Government Affairs

FLOR Timothy

From: Bernard Lee <Bernard.Lee@au.nufarm.com>
Sent: Wednesday, 31 October 2012 2:54 PM
To: FLOR Timothy
Subject: Corrected letter
Attachments: 1959_001.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Tim

Further to your email and our conversation regarding our letters. Please find attached a corrected version of my most recent letter. This is ok for placement on the public file.

On the verification front. We need to set dates for completion of your verification visit. How does Monday, 12 November look?
Regards

Bernard Lee
Manager Industry and Government Affairs
Nufarm Limited
Tel: +61 (0)3 9282 1444
Fax: +61 (0)3 9282 1001
Mob: +61 (0)419 887 952

----- Forwarded by Bernard Lee/AU/Nufarm on 31/10/2012 02:50 PM -----

From: AuAcciR5570@au.nufarm.com
To: "Bernard" <bernard.lee@au.nufarm.com>,
Date: 31/10/2012 02:49 PM
Subject: Attached Image
