

26 July 2018

Ms. J Halilovic
Case Manager
Anti-Dumping Commission
Operations 2, Level 35
55 Collins Street
Melbourne Victoria 3000

Dear Ms. Halilovic,

Re: Anti-Dumping Ammonium Nitrate from China, Sweden and Thailand

PUBLIC RECORD

I am the owner of Blue Diamond Australia Pty Ltd. And Phoenix Blasting Services Pty Ltd. The companies involved in purchasing Ammonium Nitrate from China and selling to Australian Customers on CFR basis only. We do not import any Ammonium Nitrate into Australia directly. I have been in this business from 2002 and have very detailed knowledge of this Industry and the practice of this market. I understand that there could be reasonable grounds for dumping against Sweden as alleged in Anti-dumping application, but I find it extremely hard to believe any grounds for dumping against China. I have attached the following documents for your review:

1. Exporter's Questionnaire (Annexure "A" Confidential Official use Only; Annexure "B" Public information)
2. Exporter Questionnaire Spreadsheet (Annexure C- copy of DAspreadsheet)
3. Imports Statistics 1 April 2017 to 31 March 2018 (period of inquiry) (Annexure D - Confidential)
4. Sales contracts – (Annexure "E")
5. Freight Invoice (Annexure "F")
6. Export Price (Annexure "G")
7. China Ex-Factory domestic price (Annexure "H")
8. China FOB Export price (Annexure "I")

9. Purchase agreement China (Annexure “J”)
10. Shipping Documents (Annexure “K”)

The information provided below is in good faith and to the best of my knowledge. I give no warranties Expressed or Implied that the information provided is accurate and to be relied on. You are to do your own assessment on the Information I provide. Blue Diamond Australia Pty Ltd. And Phoenix Blasting Services Pty Ltd, Its Directors, Employees, shareholders and agents are not liable for any information expressed or implied.

Dumping from China:

Blue Diamond Australia Pty Ltd. / Phoenix Blasting Services Pty Ltd. Is an exporter of Ammonium Nitrate produced in China. I state the following:

1. For period April 2017 to December 2017 there was no bulk export of Ammonium Nitrate from China to Australia.
2. On 11 December 2017 We signed a contract withXXX. (importer and end user) for 3000 MT Ammonium Nitrate at USD XXX/MT CFR Port Alma. (signed contract attached (Annexure “E”)
3. I paid a freight of USD XX/MT to the shipping company (Invoice attached Annexure “F”)
4. The FOB price was USD XXX/MT FOB. The contract price was increased by USD XX/MT due to increase in shipping freight to USD XXX/MT
5. BD / PBS purchases Ammonium Nitrate from Tianji Group and Henan Jinkai both these companies sold me Ammonium Nitrate higher than domestic price
6. Henan Jinkai exported to Australia in June 2017 Ammonium Nitrate XXX MT at US\$XXX/MT CFR and XXX MT at US\$ XXX/MT CFR (Annexure “G”)
7. The Chinese domestic price in June 2017 was RMB 1400 (around USD 225/MT) Custom Copy Annexure “H”
8. Annexure “I” shows FOB price of USD XXX/MT
9. In December 2017 I sold to XXX at US\$/MT and I purchased from Tianji at US\$XXX/MT. The domestic price was US\$XXX/MT or Ex-factory USDF XXX/MT Refer Annexure H. Tianji purchase contract attached (Annexure “J”)
10. From above evidence Ammonium Nitrate shipped to Australia was not at dumped prices. In Fact, the domestic producers imported lot of Ammonium Nitrate from China in January to March 2018
11. We request that there be no dumping duties be levied on Blue Diamond / Phoenix Blasting Services Pty Ltd. As Exporter of Ammonium Nitrate from China to Australia and Tianji Group and Henan Jinki as producers in China supplying to Blue Diamond / Phoenix Blasting Services Pty Ltd. Be taken off the dumping list
12. We confirm that to the best of our knowledge the prices from China are not dumped and further state the following current prices a) Prices from Sweden are around USD XXX/MT FOB which the applicant alleges to be dumped b) Prices from Russia are even today at US\$240/MT FOB though Imports Statistics in Australia are showing a higher FOB price which we assume is to avoid dumping. For example, the CFR price from Russia is US\$XXX/MT CFR and the price recorded in customs is US\$320/MT FOB

which is not correct as I can purchase from Russia at USD 220 to USD 240/MT FOB. C) Prices from China currently is at US\$XXX/MT FOB due to high domestic demand and product is not available

Material Injury

1. From the Imports AN Statistics from 1 April 2017 to 31 March 2018. Total imports of Ammonium Nitrate into Australia were 135,505 MT. From this quantity Domestic producers imported 36,800 MT (27.15% of total Imports) from Indonesia, Domestic producers imported 30,604 MT from China (22.58%) Blue Diamond / Phoenix Blasting my company sold XXX 3,200 MT (2.36%) We assume Downer imported 25,057 MT from Sweden (18.49%) Domestic producers imported 7,740 MT from Thailand and imports from Russia were 22,931 MT (16.92%) If we remove the imports of the domestic producers and Russian material which already has dumping duties the total imports amounts to $135,505 - 98,075 = 37,430$ MT in a market size of 2 Million MT actual consumption per year in Australia. This represents 1.87% of the total market of 2 million MT. If this has caused material injury to domestic producers, then why are the domestic producers importing 3.75% of the total market and creating an injury to their own production.
2. If we look at the pricing level Prices from China were around US\$XXX/MT FOB currently prices are around US\$XXX/MT FOB and the domestic prices in this period were around US\$XXX/MT to US\$XXX/MT Ex- Factory (RMB XXX TO RMB XXX) The reason the export prices are very high compared to domestic prices is because Qingdao port does not permit AN to be stored at the port or kept on ground. The producer has to store products on trucks and when ship arrives the loading has to be directly from trucks to ship. This is very expensive and that is the reason for higher export prices.
3. China produces Ammonium Nitrate from Coal which they purchase from Australia hence they have a low cost of production and all producers in China are making a good profit on the domestic market.
4. Australian producers were producing from gas in the past however due to increase in Gas price the domestic producers are producing from imported Ammonia and have a higher cost of production. This is their choice because the domestic producers have an option to produce from coal and a much lower cost than China as China has to import the coal from Australia. If you produce Ammonium Nitrate from imported Ammonia the total cost at the factory works to the same cost of Ammonia that is around US\$300/MT If it is produced from Gas the cost works to around US\$280/MT and if produced from coal in Australia, then the production costs should be around US\$150/MT to US\$ 180/MT including overheads. The domestic producers have the option to produce from coal with little more investments. The local producers shy away from investments and their plants are very old
5. The total imports of Ammonium Nitrate in the period of inquiry was 45,170 MT after deducting 90,335 MT imported by domestic producers and Russia which already has dumping duties. The free imports amount to 2.26% of the total market of approx. 2

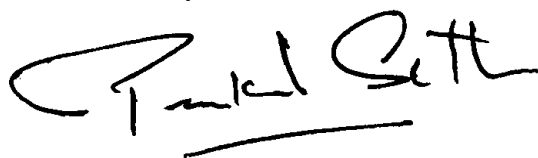
million MT supplied by domestic producers. Under which section of the law this represents a material injury? Please advise for our reference.

6. We believe that the applicants have not made a full disclosure in their application for dumping. My understanding is that there exists a agreement with Yarra plant in Pilbera with domestic producers to purchase Ammonium Nitrate at AUS\$XXX/MT Ex- Barrup plant in the Pilbera. I am told that once the plant if fully commissioned Domestic Producers cannot import from Indonesia and China. The current price in Australia is around Aus\$ 600/MT delivered. A potential motive of the domestic producers is to perhaps increase prices by stopping or limiting imports and thus monopolize the Australian market for explosives. We would like to see a full disclosure including the agreement with Yarra Baarrup.
7. The sales volume of domestic producers was down in the period of inquiry because the coal mining activities had diminished due to lower coal prices and yet the local producers made huge net profit. Please refer their balance sheet. We do not believe that there was any material injury to domestic producers because of 2.26% imports.
8. From January 2017 to December 2017 imports from China was negligible the domestic producers imported huge quantities in 2018 to stop imports on ground of dumping.

Our suppliers and we are happy to have an audit by the Australia Customs to verify the facts as below:

- The Domestic price in China was lower than the export price.
- The China Producers made a reasonable margin from sales domestically and from exports
- The imports from china to Australia do not justify a material injury as the volumes are very small. Total imports 33,730 MT – imports by domestic producers 30,604 MT = 3,126 MT.
- Total imports from China is 1.68% and after deducting volume of imports from domestic producers imports from China is 0.15% of the Australian market. There is no material injury from China Ammonium Nitrate

Yours sincerely,



Prakash Seth
Managing Director