



Queensland Nitrates Pty Ltd
ABN 63 079 889 268 ACN 079 889 268

P O Box 322
Moura QLD 4718
Australia

☎ (+61) 07 4997 5100
☎ (+61) 07 4997 1409

Our Ref. QNP – QNP Public File Letter to ADC 04102018

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Ms Jasna Halilovic
Investigations 2
Anti-Dumping Commission
Level 35
55 Collins Street
Melbourne Victoria 3000

Email: investigations2@adcommission.gov.au

Public File

Dear Ms Halilovic

Investigation No. 473 – Ammonium nitrate exported from China, Sweden and Thailand – Injury to Queensland Nitrates Pty Limited

I. Introduction

As you know, Queensland Nitrates Pty Limited (“QNP”) is an Australian manufacturer of ammonium nitrate (“AN”) at its Moura, Queensland production site. QNP provided an example of injury in the application for anti-dumping measures. QNP seeks to further add to the information already supplied (in-confidence) concerning the impact of the dumped exports from China, Sweden and Thailand during the investigation period (1 April 2017 to 31 March 2018).

The example provided by QNP in the industry application related to [*customer description*] for volumes manufactured by QNP (i.e. approximately xxx per cent of total production volumes p.a.). The price review negotiation took place during the period [*nominated timeframe*] and was based on market pricing set by import parity pricing at the time – with imports from China, Sweden and Thailand representing the significant volumes and lowest pricing coinciding with the negotiations.

The negotiations resulted in a price reduction for AN sold to [*customer*] for the [*period and applicable timeframe*]. The price reduction resulted in a profit reduction for QNP of \$xxx M per annum (a reduction of more than [*quantification estimate*] of QNP’s profit in the 2017/18 investigation period of \$xxx M).



II. Additional examples

(a) Customer name

An additional instance of QNP's exposure to import pricing pressures involves the supply of AN to [customer and nominated period]. The approach made by [customer] and [details concerning supply bid, volumes of AN to be supplied] that the alternate supply source was imports which, at that time, were dominated by volumes from China, Sweden and Thailand.

QNP's price offer to [customer, and basis for pricing offered]. [Commercially sensitive benchmark and pricing at the time]. QNP was informed that this pricing was not competitive [alternate import supply source]).

[Customer] advised QNP that it needed to price lower and that it would not be progressing the QNP offer as significantly lower prices were available from import supply.

QNP had available capacity to supply [customer] requirements. As a consequence of not supplying [customer], QNP operated at a reduced utilisation rate and the lost opportunity/profit forgone by not supplying [customer] is estimated at \$xxxx M p.a. This is based on [commercially sensitive quantification of injury sustained to QNP].

(b) Customer name

In the [period], QNP sold an additional [volume] tonnes above contracted volume to [customer name]. The price achieved was \$xxx per tonne, against an estimated prevailing price unaffected by dumping of approximately \$xxx per tonne. Estimated injury of about \$xxxx.

In the [period and customer name] began sourcing imported AN for requirements above volumes contracted to QNP. QNP understands that [supplier name] was the primary source of that supply (ex.[country]). Late in the [period], QNP lost approximately [volume] tonnes of sales when [customer name] sourced these imports. The financial impact of losing the supply of these tonnes was approximately \$xxxxM,[basis for estimate].

In the [period], QNP believes that it has lost approximately a further [volume and customer name] to imports (i.e. a further \$xxxx M [basis for value]).

QNP estimates that it will sell approximately [volume] tonnes above contracted volumes to [customer] in [period] at the suppressed import parity price level with the financial impact estimated at a reduced profit of \$xxxx M (based upon [price value] per tonne). The total profit impact at [customer name] to suppressed import parity pricing is therefore approx \$xxxxM in [period].

(c) Customer name

During the most recent QNP plant turnaround, [customer and volume of AN purchased] tonnes from imports (as opposed to purchasing from QNP). The impact of not supplying this volume to [customer name] was approximately \$xxxM [basis for estimate].

(d) Customer name

[Customer and description of activity] that can source from local supply and/or imports.
[Quantification of impact to QNP in period].

(e) Customer name

QNP sold approx. [volumes of AN sold to customer and nominated periods of supply]. The price negotiated with [Quantification of impact to QNP in period].

(f) "Other" sales

QNP makes approx. [estimate of balance of sales and basis for pricing]. These sales are priced at \$xxx per tonne. The financial impact to QNP is [quantification of estimated injury].

III. Aggregate injury to QNP

The combined profit impact on QNP from the contract negotiations involving [customers and volumes over the period] is estimated at \$ xxxxx M per annum, or approximately xx - xx per cent of QNP's profit achieved in 2017/18 (refer QNP profit in 2017/18 of \$ xxx M sourced from Line 57 in Confidential Appendix A6.1).

Including the impact of the above sales identified at (b) to (f), the additional profit impact in the [period] is approximately \$xxx M (in addition to the [previously cited customer] profit impacts). With the presence of dumped imports in the Australian market, this injury is ongoing (i.e. beyond the injury investigation period).

It can be seen that the profit impact of the dumped exports from China, Sweden and Thailand – the major source countries for imports in the investigation period (i.e. accounting for 49 per cent of total imports) – has had a material impact of QNP's annual profit returns in forward years. This level of injury is material to QNP in the context of its sales revenues and profit.

QNP requests the Commission to publish a preliminary affirmative determine ("PAD") and impose provisional measures on the dumped and injurious exports from China, Sweden and Thailand to prevent further material injury occurring to the Australian industry manufacturing like goods.

If you have any questions concerning the attached response, please do not hesitate to contact me on (07) 4997 5100 or QNP's representative Mr John O'Connor on (07) 3342 1921.

Yours faithfully



David Armstrong
General Manager

