



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

INVESTIGATION 473

**ALLEGED DUMPING OF AMMONIUM NITRATE EXPORTED TO
AUSTRALIA FROM THE PEOPLE'S REPUBLIC OF CHINA,
SWEDEN AND THE KINGDOM OF THAILAND**

VERIFICATION VISIT REPORT - IMPORTER

AECI AUSTRALIA PTY LTD

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION**

September 2018

PUBLIC RECORD

CONTENTS

CONTENTS	2
1 BACKGROUND	3
2 AUSTRALIAN SALES	4
2.1 VERIFICATION OF SALES TO AUDITED FINANCIAL STATEMENTS.....	4
2.2 VERIFICATION OF SALES TO SOURCE DOCUMENTS.....	4
2.3 RELATED PARTY CUSTOMERS	4
3 IMPORTS	5
3.1 THE GOODS.....	5
3.2 VERIFICATION OF IMPORTATION AND SELLING COSTS.....	5
3.3 IMPORT LISTING	5
3.4 FORWARD ORDERS	5
3.5 THE IMPORTER	5
3.6 THE EXPORTER.....	6
3.7 PROFITABILITY OF IMPORTS	6
3.8 RELATED PARTY SUPPLIERS.....	6
3.9 ARMS LENGTH	6
4 GENERAL DISCUSSION	7
5 RECOMMENDATIONS	8
6 ATTACHMENTS	9

1 BACKGROUND

On 25 June 2018, the Commissioner of the Anti-Dumping Commission initiated an investigation into the alleged dumping of ammonium nitrate exported to Australia from the People's Republic of China, Sweden and the Kingdom of Thailand. Public notification of the initiation of the investigation was published on the Commission's website. The background relating to the initiation of this investigation is contained in Consideration Report 473.

Following the initiation, the Anti-Dumping Commission (the Commission) wrote to AECI Australia Pty Ltd / AEL Mining Services (AECI) and other importers of ammonium nitrate inviting them to cooperate with the investigation. AECI cooperated with the investigation and completed the importer questionnaire and relevant attachments.

2 AUSTRALIAN SALES

2.1 Verification of sales to audited financial statements

The verification team verified the completeness and relevance of AECI's sales listing by reconciling it to audited financial statements in accordance with Anti-Dumping Notice (ADN) No. 2016/30.

Details of this verification process are contained in the verification work program at **Confidential Attachment 1 – Verification Work Program**.

The verification team did not identify any issues with the verification of the sales listing to audited financial statements.

2.2 Verification of sales to source documents

The verification team verified the accuracy of AECI's sales listing by reconciling it to source documents in accordance with ADN. No 2016/30.

Details of this verification process are contained in the verification work program at **Confidential Attachment 1**.

The verification team did not find any issues with the verification of the sales listing to source documents.

2.3 Related party customers

The verification team did not find any evidence that AECI is related to any of its customers during the investigation period.

3 IMPORTS

3.1 The goods

AECI confirmed that it imported ammonium nitrate from China during the investigation period, which matches the description of the goods that are the subject of this application. These imports were commercial grade, high density ammonium nitrate (also referred to as HDAN).

3.2 Verification of importation and selling costs

The verification team verified the accuracy of the importation and selling costs by reconciling selected imports to source documents in accordance with ADN No. 2016/30.

Details of the verification are contained within the verification work program at **Confidential Attachment 1**.

The verification team did not find any issues with the verification of the importation and selling costs to source documents.

3.2.1 Selling, general and administrative expenses

All selected shipments involved AECI undertaking further processing of ammonium nitrate to produce emulsion and were not on-sold to the Australian market. Therefore, it was not possible for AECI to allocate selling, general and administrative expenses and determine the profit on imports.

3.3 Import listing

Following verification of the information provided by AECI, the verification team is satisfied that the import listing extracted from the ABF import database is a complete list of imports of the goods over the investigation period.

The verification team calculated the weighted average Free On Board export price by supplier at **Confidential Appendix 1**.

3.4 Forward orders

AECI provided a list of forward orders. The verification team did not identify any issues with the list of forward orders, which is at **Confidential Appendix 2**.

3.5 The importer

The verification team found that AECI is:

- named on the commercial invoice from its supplier;
- named as the consignee on the bill of lading;
- declared as the importer on the importation declaration to ABF;
- pays for all the importation charges; and
- arranges delivery from the port.

PUBLIC RECORD

The verification team considers AECl to be the beneficial owner of the goods at the time of importation, and therefore considers AECl to be the importer.

3.6 The exporter

Subject to further inquiries, the verification team considers that several manufacturers of ammonium nitrate imported by AECl are the exporters of ammonium nitrate.¹

3.7 Profitability of imports

As indicated in section 3.2.1 of this report, all selected shipments involved AECl undertaking further processing of ammonium nitrate to produce emulsion. Therefore, the verification team was unable to accurately calculate an amount of profit with respect to ammonium nitrate. AECl's audited financial statements indicated a net profit as at 31 December 2017.

3.8 Related party suppliers

The verification team did not find any evidence that AECl is related to its supplier (a Chinese trader) of ammonium nitrate exported from China during the investigation period.

3.9 Arms length

In respect of imports of ammonium nitrate to Australia by AECl during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.²

Therefore, subject to further inquiries, the verification team is satisfied that import transactions between AECl and the Chinese trader are arms length transactions.

¹ The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

² Subsection 269TAA(2) of the *Customs Act 1901*.

4 GENERAL DISCUSSION

The verification team discussed the nature of the ammonium nitrate market with AECI including key regions and recent performance of the mining industry.

The verification team discussed the supply agreements AECI has with Australian ammonium nitrate suppliers and the supply agreements it has with its customers. AECI provided information in relation to its supply agreements. This information is at **Confidential Attachment 2 – Supply agreements.**

AECI also provided information in relation to its proposals and bids to supply bulk explosives and services, including ammonium nitrate, to certain customers in 2017 and 2018. This information is at **Confidential Attachment 3 – AECI's supply proposals and tender bids.**

5 RECOMMENDATIONS

The verification team considers that for ammonium nitrate imported by AECl:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by AECl from several exporters; and
- the purchases of the goods by AECl were arms length transactions.

Several exporters exported the goods to AECl via a trader. As a result of an intermediary dealing directly with AECl's affiliated entity, the export price cannot be assessed under subsection 269TAB(1)(a), as there has been no purchase by AECl from the exporter.

Subject to further inquiries, the verification team recommends that the export price for ammonium nitrate imported by AECl from several exporters be established under subsection 269TAB(1)(c) of the *Customs Act 1901*, specifically the Cost, Insurance and freight (CIF) invoice price between AECl and AECl's affiliated entity, less deductions for post-exportation expenses (such as transport and marine insurance) and charges in respect of any other matter arising after exportation to derive a Free on Board (FOB) price.

PUBLIC RECORD

6 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Forward orders
Confidential Attachment 1	Verification Work Program
Confidential Attachment 2	Supply agreements
Confidential Attachment 3	AECI's supply proposals and tender bids