



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

**Anti-Dumping
Commission**

INVESTIGATION 473

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

VERIFICATION VISIT REPORT - IMPORTER

Nitro Sibir Australia

**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**

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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 Anti-Dumping Commission's (Commission's) website. The background relating to the initiation of this investigation is contained in Consideration Report 473.

Following the initiation, the Commission wrote to Nitro Sibir Australia (NSA) and other importers of ammonium nitrate inviting them to cooperate with the investigation. NSA 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 NSA'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**.

The verification team did not find 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 NSA'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 customers

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

3 IMPORTS

3.1 The goods

NSA confirmed that it imported ammonium nitrate from China and Thailand during the investigation period, which matches the description of the goods that are the subject of this application.

NSA purchased prilled high density and low density ammonium nitrate in packages exceeding 10kg during the investigation period.

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 the source documents in accordance with ADN No. 2016/30.

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

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

3.3 Import listing

NSA confirmed that the import listing extracted from the Australian Border Force (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

The verification team verified NSA's forward orders by reconciling the listing provided in the importer questionnaire response to the company's records. The verified list of forward orders is at **Confidential Appendix 2**.

3.5 The importer

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

3.6 The exporter

Subject to further inquiries, the verification team considers that several manufacturers of the goods imported from China and Thailand by NSA are the exporters of the goods.¹

3.7 Profitability of imports

The verification team calculated profit for all sales of unprocessed ammonium nitrate.

The verification team found that all unprocessed ammonium nitrate sales were profitable. The assessment is at **Confidential Appendix 3**.

3.8 Related party suppliers

The verification team did not find any evidence that NSA is related to its suppliers of ammonium nitrate exported from China and Thailand during the investigation period.

3.9 Arms length

In respect of imports of ammonium nitrate to Australia by NSA 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.

Therefore, the verification team are satisfied that import transactions between NSA and its Chinese and Thai suppliers are at 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.

4 GENERAL DISCUSSION

NSA claimed that there can be a difference in the quality of imported and locally manufactured ammonium nitrate. NSA claimed that some imported goods are better quality (some imported goods have a more uniform size and less fines) than the locally manufactured goods.

In addition to the quality of the imported product, NSA claimed that the customer service provided by NSA sets it apart from its competitors.

NSA claims that there are numerous reasons why customers buy from them rather than competitors. NSA claims that it is flexible in meeting its customers' needs, and if a customer advised that its operations have increased significantly, NSA would be willing to work with the customer to supply them accordingly. NSA claimed that its competitors are relatively inflexible, which is why NSA feels that their service is better than many established competitors.

At the request of the verification team, following the visit, NSA provided information to show instances where it had competed with Australian industry suppliers for certain supply contracts with customers in Western Australia.

NSA provided information to demonstrate that it had secured certain bulk explosives supply contracts where its offer was not the lowest priced offer. NSA claims that it had secured these supply agreements at a higher price (relative to competitor's price) because it had a superior product. To support this claim, NSA provided a copy of a report commissioned by one of NSA's customers which compared the blasting performance of NSA's product to the competitor's equivalent product.

NSA also claimed that an Australian ammonium nitrate supplier and blasting services provider has recently won a significant supply contract in Western Australia at a price that NSA claims is significantly below any price it can sell in the market. NSA claimed that this has occurred on a number of occasions over the past two years.

The information provided by NSA to support its assertions is at **Confidential Attachment 2**.

5 RECOMMENDATIONS

The verification team are of the opinion that for the goods imported by NSA from China and Thailand:

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

Subject to further inquiries, the verification team recommends that the export price for ammonium nitrate imported by NSA from several exporters of the goods be established in accordance with subsection 269TAB(1)(a) of the *Customs Act 1901*, using the invoiced price, less transport and other costs arising after exportation.

6 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Forward orders
Confidential Appendix 3	Profitability of sales
Confidential Attachment 1	Verification Work Plan
Confidential Attachment 2	Documents relevant to general comments made by NSA