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18 March 2019

Ms Jasna Halilovic  
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Anti-Dumping Commission  
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55 Collins Street  
Melbourne Victoria 3000

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### Public File

Dear Ms Halilovic

#### **Ammonium nitrate exported from China, Sweden and Thailand – Statement of Essential Facts No. 473**

##### I. Introduction

Queensland Nitrates Pty Limited (QNP) is a co-applicant manufacturer of ammonium nitrate (“AN”) that has requested the imposition of anti-dumping measures on exports from the People’s Republic of China (China), Sweden and Thailand.

QNP is supportive of the Commissioner’s proposed recommendation to the Minister for Industry, Science and Technology (the Minister) that a dumping duty notice be published in respect of AN exported to Australia from China, Sweden and Thailand. The proposed recommendation follows an investigation by the Anti-Dumping Commission (“the Commission”) concerning the alleged dumping of AN from the nominated countries that have caused material injury to the Australian industry manufacturing like goods.

QNP notes that the Commissioner is proposing measures be based upon the “floor price” method, and that the lesser duty rule will impact the level of measures to be applied. QNP provided the Commission with full financial information concerning the CTM&S AN, and sales information for AN, across the four-year injury period examined by the Commission. QNP consider this information should be included in the Commission’s calculations of an industry unsuppressed selling price (USP) from which the non-injurious price (NIP) is derived.

QNP does not consider that measures based upon a floor price will be effective in addressing future material injury. QNP recommends that the Commissioner reconsider the

basis for measures to be applied and recommend measures based upon the combination method.

## II. Will dumping and material injury continue

QNP agrees with the Commissioner's conclusion that it is likely that exports of AN from China, Sweden and Thailand will continue at dumped prices. It is noted that substantial volumes of imports from China and Sweden (and Thailand to a lesser degree) have continued throughout the remainder of 2018, at FOB prices that are similar to those evident during the investigation period.

The available information on future imports from China, Sweden and Thailand confirms that further dumping is highly probable and that the dumping will result in further material injury to the Australian industry. Anti-dumping measures are therefore warranted to remove the threat of injurious dumping on future exports to Australia from the nominated countries.

## III. QNP financial data

As a co-applicant, QNP provided to the Commission with completed financial appendices, including detailed CTM&S and sales information for the goods under consideration. QNP notes that the Commission has taken account of injury experienced by QNP in its causation analysis. However, in respect of determining a suitable USP, the Commission has relied upon data supplied by the co-applicants Orica Australia Pty Ltd ("Orica") and CSBP Limited (CSBP) only.

QNP considers that its sales information is equally relevant and suitable for inclusion in the determination of an industry USP.

## IV. Form of measures

The Commissioner is proposing to recommend to the Minister that the measures be applied based upon the "floor price" methodology.

QNP acknowledges that measures based upon a *floor price* are effective where pricing is stable and there are only a limited number of grades (or models) of the imported goods. However, in respect of AN, prices can, at times, reflect a high degree of volatility<sup>1</sup> and, in a rising market, measures based upon a floor price methodology do not prevent injury from occurring to the Australian industry.

To overcome this shortcoming, QNP proposes that the Commissioner recommend to the Minister that the measures be based upon the combination form. QNP would highlight with the Commission that importers have the Duty Assessment process available to secure refunds of overpayments of interim dumping duties (IDD). However, in a rising market where underpayments of duty occur due to the operation of measures based upon a floor price, the Australian industry again experiences injury that measures are intended to prevent. If the measures are based upon the combination method, the fixed component of the measure goes some way to addressing the injury that occurs in a rising market.

QNP urges the Commissioner to reconsider the form of measures to be recommended to the Minister and recommend measures based upon the *combination method*.

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<sup>1</sup> Influenced by raw material ammonia prices.



V. Conclusions and Recommendations

QNP welcomes the Commissioner's proposed recommendation to the Minister to publish a notice applying anti-dumping measures to AN exports from China, Sweden and Thailand.

QNP requests the Commissioner to consider the inclusion of QNP's sales in the determination of a USP for the Australian AN industry. Further, in recommending the form of measures to be applied to the dumped and injurious exports from China, Sweden and Thailand, QNP proposes that measures based upon the combination method are preferred to address injurious dumping (than measures based upon a floor price only).

If you have any questions concerning this submission, 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

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Commercial Manager

David Armstrong  
General Manager

