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Our Ref. QNP Public Submission to ADC 18 March 2020

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The Director
Investigations 2
Anti-Dumping Commission
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CANBERRA ACT 2601

Email: investigations2@adcommission.gov.au

PUBLIC FILE

Dear Sir/Madam,

Reinvestigation 473 – Ammonium nitrate exported from The People's Republic of China, Sweden and the Kingdom of Thailand

I. Executive Summary

Queensland Nitrates Pty Ltd ("QNP") agrees with the preliminary findings in the Anti-Dumping Commission's ("the Commission") Reinvestigation Report No. 473 concerning exports to Australia of ammonium nitrate ("AN") from The People's Republic of China ("China"). Sweden and The Kingdom of Thailand ("Thailand") that has confirmed:

- profit forgone in the investigation period is 2.2 per cent of the Australian industry's aggregate profit and 3.6 per cent in the post-investigation period;
- the 'evidentiary validity' of the profit forgone in the post-investigation period is sound;
- the reduction in profitability is not a preferred methodology to that used in Report 473 which represents profit forgone based upon aggregate industry profit;
- the profit forgone in the investigation period and post-investigation period caused by dumping is material; and
- it is appropriate to cumulate the injurious impacts of dumping of exports from China, Sweden and Thailand.

The Commission's Reinvestigation of the matters identified by the Anti-Dumping Review Panel ("ADRP") are conclusive. QNP does consider, however, that the materiality of the injury is understated as it does not consider further spot sales made post the investigation period that were based upon the dumped export prices from China, Sweden and Thailand.

The calculated 3.6 per cent profit forgone for the post-investigation period therefore is conservative.

QNP requests the Commissioner to finalise the Reinvestigation Report and indicate to the ADRP that the profit forgone estimates are conservative and that the actual profit forgone figure is higher than the quantified 3.6 per cent.

II. Reinvestigation Report 473

The ADRP requested the Commissioner to undertake a reinvestigation of certain findings in Report 473, namely:

1. That the injury caused by dumping is material; and
2. That exports from Sweden should be cumulated with other exports to Australia.

On 3 December 2019 QNP received a request from the Commission to update the financial data to 30 September 2019. QNP supplied the Commission with the requested data. The Commission's request followed the ADRP's directive to the Commissioner to review the following matters concerning the materiality of injury:

- (a) A separate analysis of profit forgone in the investigation period and post-investigation period;
- (b) An examination of the evidentiary validity of profit forgone in the post investigation period;
- (c) An alternate methodology comparing the Australian industry applicants' profitability;
- (d) Reassessment of materiality of injury with regard to profits forgone, taking into consideration (a) to (c);
- (e) The possibility of double counting if aggregating profit foregone in the investigation period and post investigation period.

QNP has reviewed the Preliminary Report to the Anti-Dumping Review Panel (dated 6 March 2020) in respect of the Reinvestigation of Certain Findings in Investigation 473. QNP concurs with the Commission's confirmation of earlier findings published in Report 473, including the sound basis for quantification of the injury to the Australian industry members based upon actual renegotiated contracts. The quantification of the injury by the Commission is sound and reliable, and is based upon price suppression experienced in the relevant periods. As would be expected, the injury sustained by the industry post the investigation period was re-assessed based upon actual data and varied to that assessed by the Commission during Investigation 473 (i.e. the updated data was not available and there was the further ongoing non-production of the Pilbara AN facility).

QNP also agrees with the Commission's assessment that using industry profitability as the basis for assessing injury to the Australian industry masks the true impact of the profit forgone during the investigation and post-investigation period.

QNP seeks to highlight with the Commission that in addition to the injury examples provided to the Commission demonstrating the influence of the dumped exports from China, Sweden and Thailand during the post-investigation period, QNP made spot sales volumes in the post-investigation period (including in late 2019 and into 2020) in response to dumped prices from China, Sweden and Thailand that have not been considered in the post-investigation injury quantification.

These additional injury examples include:

[Details of commercially sensitive negotiations for supply of AN]

These additional examples demonstrate that the injury sustained by the Australian industry post the investigation period extends beyond that calculated in Reinvestigation Report 473. QNP submits that the Commission's estimate quantifying injury in the post-investigation period is therefore conservative.

QNP supports the Commission's conclusions concerning the cumulation of imports from Sweden with imports from China and Thailand as the imports from all three sources are sold into the market on a competitive basis, with customers "unlikely to discern significant physical or functional differences" and price being the key factor in the purchasing decision.

III. Recommendations

QNP welcomes the Commissioner's findings in Re-investigation Report No. 473. The Commission's findings are sound and are based on actual performance data for the applicant companies citing actual contracts influenced by the dumped imports from China, Sweden and Thailand.

QNP does consider that the post-investigation is conservative and is greater than the quantified 3.6 per cent profit forgone.

QNP requests the Commissioner to re-affirm the findings in Report No. 473 in its Reinvestigation Report to the ADRP reiterating that the injury sustained by the Australian industry manufacturing AN is material in nature and cannot be considered insignificant, immaterial or insubstantial.

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



David Armstrong
General Manager