



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

**Anti-Dumping
Commission**

Application for the publication of
dumping and/or
countervailing duty notices

High Density Polyethylene

Exported from

Korea, Singapore, Thailand and the USA

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with section 269TB of the *Customs Act 1901* (the Act), that the Minister publish in respect of goods the subject of this application:

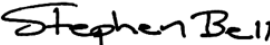
- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature: 

Name: Stephen Bell

Position: **Chief Executive Officer**

Company: Qenos Pty Ltd

ABN: 62 054 196 771

Date: 14 May 2019

IMPORTANT INFORMATION

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's Client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants on the application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants on the examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 13 28 46

Fax: (03) 8539 2499

Email: clientsupport@adcommission.gov.au

Information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act 2001*), may obtain assistance, at no charge, from the International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit www.business.gov.au or telephone the ITRA Service Hotline on +61 2 6213 7267.

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there are reasonable grounds for the publication of a dumping duty or countervailing duty notice and initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods (P^1, P^2, \dots, P^n) to evaluate industry trends and to correlate injury with dumped or subsidised imports. The labels $P^1 \dots P^n$ are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During verification, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

Appendices

Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled Attachment A2.2. If a second organisation chart is provided in

Provision of data	<p>response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u>).</p> <p>Industry financial data must, wherever possible, be submitted in an electronic format.</p> <ul style="list-style-type: none">• The data should be submitted on a media format compatible with Microsoft Windows.• Microsoft Excel, or an Excel compatible format, is required.• If the data cannot be presented electronically please contact the Commission's client support section for advice.
Lodgement of the application	<p>This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either:</p> <ul style="list-style-type: none">• preferably, email, using the email address clientsupport@adcommission.gov.au, or• post to: The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or• facsimile, using the number (03) 8539 2499.
Public Record	<p>During an investigation all interested parties are given the opportunity to defend their interests by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.</p> <p>At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the publication of a dumping duty or countervailing duty notice, or, if those reasons cannot be summarised, a statement of reasons why a summary is not possible</p>

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

A-1 Identity and communication

Please nominate a person in your company for contact about the application:

Contact Name: Mr David Francis
Company and position: General Manager Marketing, Sales and Product Technology, Qenos Pty Ltd
Address: 471 Kororoit Creek Road, Altona, Victoria, 3018.
Telephone: (03) 9258 7480
Facsimile: (03) 9258 4546
E-mail address: David.Francis@qenos.com
ABN: 62 054 196 771

Alternative contact

Name:
Position in company:
Address:
Telephone:
E-mail address:

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Qenos Pty Ltd ("Qenos") has engaged the services of the following representative:

Name: Mr John O'Connor
Business name: John O'Connor and Associates Pty Ltd
Address: P.O. Box 329, Coorparoo, QLD 4151
Telephone: (07) 3342 1921
Facsimile: (07) 3342 1931
E-mail address: jmoconnor@optusnet.com.au
ABN: 3909 865 0241

A-2 Company information

1. **State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

The name of the applicant company is Qenos Pty Ltd (Qenos”).

2. **Provide your company’s internal organisation chart. Describe the functions performed by each group within the organisation.**

Qenos is a supplier of a broad range of products from local production including high density polyethylene (“HDPE”), low density polyethylene (“LDPE”), linear-low density polyethylene (“LLDPE”), and metallocene-LLDPE (“mLLDPE”) for use in blow moulding, pipe extrusions, rotational moulding, film extrusion, extrusion coating and injection moulding processes.

Qenos is also a supplier of externally sourced products including resins, modifiers, rubbers and elastomers, and copolymers.

Refer to Confidential Attachment A-2.2 for a copy of Qenos’ organisation chart (as at 31 December 2018).

3. **List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

Qenos Pty Ltd is owned 100 per cent by Qenos Olefins Pty Ltd.

4. **If your company is a subsidiary of another company list the major shareholders of that company.**

Qenos Olefins Pty Ltd is 100 per cent owned by Qenos Holdings Pty Ltd.

5. **If your parent company is a subsidiary of another company, list the major shareholders of that company.**

Qenos Olefins Pty Ltd is 100 per cent owned by Qenos Holdings Pty Ltd. Qenos Holdings Pty Ltd is ultimately owned/held by ChemChina (BlueStar?) International Holding (Hong Kong) Limited.

6. **Provide an outline diagram showing major associated or affiliated companies and your company’s place within that structure (include the ABNs of each company).**

Qenos has included a diagram identifying its affiliated (or related) companies. Please refer to Confidential Attachment A-2.6.

7. **Are any management fees/corporate allocations charged to your company by your parent or related company?**

There are no management fees/corporate allocations charged to Qenos Pty Ltd by its parent company.

8. **Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

Qenos does not have any relationships with the exporters to Australia of the goods the subject of this application, other than an arms-length relationship with the [Country] supplier [name] for some limited volumes of HDPE [type] grade resin in 2017/18. Similarly, Qenos does not have a relationship with an importer of the goods.

- 9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

Qenos is a privately owned company and does publish annual financial statements in accordance with ASIC requirements annually. Please refer to Confidential Attachment A-2.9 for the 2017 and 2018 financial statements for Qenos Pty Ltd.

- 10. Provide details of any relevant industry association.**

Qenos is a member of Chemistry Australia and the Plastics Industry Pipe Association (“PIPA”).

A-3 The imported and locally produced goods

1. Fully describe the imported product(s) the subject of your application:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

The good the subject of this application is high density polyethylene (“HDPE”). HDPE is a polymer of ethylene in primary form having a specific gravity of 0.94 grams or more per cubic centimetre.

2. What is the tariff classification and statistical code of the imported goods.

HDPE is classified within subheading 3901.20.00, statistical code 03, or 3901.90.00 statistical code 27 in Schedule 3 to the *Customs Tariff Act 1995*. The rate of duty is free for the goods exported from the nominated countries in this application.

3. Fully describe your product(s) that are ‘like’ to the imported product:

- Include physical, technical or other properties.

HDPE is a variety of polyethylene produced by the reaction of the main components ethylene monomer, alpha-olefin co-monomer, catalyst system and some form of hydrocarbon diluent.

HDPE is a cloudy, white, highly crystalline thermoplastic. It does not absorb moisture therefore it is used extensively in packaging. HDPE is chemically resistant to most household and industrial chemicals.

Genos has included copies of HDPE technical data sheets at Non-Confidential Attachment A-3.1 for key pipe, pipe extrusion, film, monofilament & tape, blow moulding and injection moulding grades.

- Where the application covers a range of products, list this information for each make and model in the range.

HDPE polymer is produced in various grades designed for application in a number of market sectors. The following table illustrates the applications and market sectors.

Market	Application					
	Blow Moulding	Film	Injection Moulding	Pipe	Tape and Mono-filament	Wire and Cable
Automotive	•		•			
Flexible packaging		•				
Home wares and leisure	•		•		•	
Packaging and storage	•		•		•	
Resources – water, gas & slurry reticulation				•		
Pipe and construction				•		

Rigid packaging	•		•			
Wire and cable						•

- **Supply technical documentation where appropriate.**

Please refer to Non-Confidential Attachment A-3.1.

- **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

HDPE is a commodity product with each imported grade wholly interchangeable with a locally produced grade of HDPE.

4. Describe the ways in which the essential characteristics of the imported goods are like to the goods produced by the Australian industry.

The locally manufactured goods are considered alike to the imported goods and have characteristics closely resembling the imported goods on the basis of the following:

- (i) Physical likeness – the locally produced goods and the imported goods have the same physical appearance and cannot be differentiated;
- (ii) Commercial likeness - the domestically manufactured goods are sold via the same or similar distribution channels, to the same or similar customers on the Australian market, and therefore compete directly with the imported goods;
- (iii) Functional likeness – the domestically manufactured goods and the imported goods have the same end-uses and are used interchangeably in a range of applications identified in Section A-3.3 above;
- (iv) Production likeness – the domestically manufactured goods and the imported goods are manufactured via similar manufacturing processes, using the same or similar raw materials in the production process.

It is Qenos' view that that the locally produced HDPE and the imported goods possess the same essential characteristics and that Qenos produces HDPE that is alike to the imported goods.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

The ANZSIC applicable to HDPE the goods the subject of this application falls within Subdivision 18 – Basic Chemical and Chemical Product Manufacturing, Group 182 – Basic Polymer Manufacturing, Class 1821 – Synthetic Resin and Synthetic Rubber Manufacturing - of which polyethylene manufacturing is identified as a primary activity.

6. Provide a summary and a diagram of your production process.

Qenos manufactures ethylene from locally sourced ethane and liquid petroleum gas. HDPE is produced via the polymerisation of ethylene gas and co-monomer in the presence of various catalysts at controlled pressures and temperatures.

A broad production outline diagram is included at Non-Confidential Attachment A-3.6.

7. **If your product is manufactured from both Australian and imported inputs:**
- **describe the use of the imported inputs; and**
 - **identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).**

Qenos manufactures ethylene from locally supplied gas and ethane and converts the ethylene into the goods the subject of this application. The production of ethylene and high density polyethylene are capital intensive manufacturing processes that involve substantial processes of manufacture.

8. **If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).**

HDPE is not a processed agricultural product.

9. **Supply a list of the names and contact details of all other Australian producers of the product.**

Qenos is the sole Australian manufacturer of HDPE.

10. **If different models can be established for the goods subject to the application:**

- **What are the differences in physical characteristics that give rise to distinguishable and material differences in price?**

There are a range of grades of HDPE manufactured and sold by Qenos. Grades of HDPE are differentiated by the melt index and density of the HDPE. Blow moulding and injection moulding grades of HDPE typically have selling prices at the lower end of the spectrum, with film grades selling at a premium to blow/injection mould grades. A further premium is evident for pipe grades of HDPE due to higher performance, as well as the addition of additives in these grades.

- **Provide supporting documentation or analysis supporting the differences in physical characteristics that affects price comparability. Unit costs may also be used to demonstrate differences in physical characteristics where it affects price comparability.**

Qenos has attached the brochure "Polyethylene At A Glance" that details the grades of HDPE manufactured by the company. Please refer to Non-Confidential Attachment A-3.10.

- **In providing the list of physical differences, identify the characteristics in order of significance.**

The relative density of the product defines it as a HDPE resin. The melt index is the next significant attribute that is relevant for categorising the goods as HDPE.

- **Identify key characteristics where the physical differences are significantly different and it is not meaningful to compare models with different physical characteristics.**

The density and melt index criteria are meaningful identifying characteristics for HDPE.

- **Identify the physical characteristics that can be reported in relation to sales and cost data respectively. This should be reflected in the sales data provided in appendices A4 and A6.**

Qenos has included the costs associated with all grades of HDPE in Appendix A6.1. Domestic sales listed in Appendix A4 identify the goods by grade.

- Complete the table below having regard to the information provided above. The Commission will consider this information in establishing a model control code structure for the investigation.

The HDPE grades manufactured by Qenos and identified in the following Table each have a specific gravity of greater than 0.94 grams as required to be included in the applicable tariff classification.

Generic Category	Sub-category (Grade)	Sales Data	Cost data	Key category
PE100 Pipe Extrusion Grades	HDF193B	Mandatory	Optional	Yes
	HDF145B	Mandatory	Optional	Yes
	HDF193N	Mandatory	Optional	Yes
	HCR193B	Mandatory	Optional	Yes
PE Pipe Extrusion Grade	GM7655	Mandatory	Optional	Yes
	MDF169	Mandatory	Optional	Yes
Tape and Monofilament Grades	GF7740F2	Mandatory	Optional	Yes
Film Grades	GM4755F	Mandatory	Optional	Yes
	HDF895	Mandatory	Optional	Yes
Blow Moulding Grades	HD0840	Mandatory	Optional	Yes
	HD1155	Mandatory	Optional	Yes
	GM7655	Mandatory	Optional	Yes
	GF7660	Mandatory	Optional	Yes
	GE4760	Mandatory	Optional	Yes
	HD5148	Mandatory	Optional	Yes
	HDF693	Mandatory	Optional	Yes
Injection Moulding Grades	HD0390	Mandatory	Optional	Yes
	HD0490	Mandatory	Optional	Yes
	HD0790	Mandatory	Optional	Yes
	HD1090	Mandatory	Optional	Yes
	HD2090	Mandatory	Optional	Yes
	HD3690	Mandatory	Optional	Yes

Please refer to Non-Confidential Attachment A-3.10 (i.e. Polyethylene at a Glance) for details of density and melt index for each of the identified grades shown in the Table above.

A-4 The Australian market

1. Describe the end uses of both your product and the imported goods.

The Australian market for HDPE is supplied by Qenos and from imports.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- **sources of product demand;**

HDPE resin is a raw material polymer used in a number of market sectors including the automotive, flexible packaging, homewares and leisure, packaging and storage, pipe and construction, rigid packaging and wire and cable markets.

- **marketing and distribution arrangements;**

HDPE is sold to distributors and end-users. Sales to distributors are then on-sold to end-users who use the imported or locally sourced product as purchased. End-users use HDPE in the manufacture of products and do not sell the goods in the form in which it was purchased.

- **typical customers/users/consumers of the product;**

Typical end-use customers of HDPE blow-mould or injection-mould goods for use in a wide variety of market applications.

- **the presence of market segmentation, such as geographic or product segmentation;**

There is no geographical market segmentation for HDPE. It is used by customers Australia-wide. Product segmentation occurs as defined by the density and melt index of the HDPE for use in specific applications.

- **causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;**

Demand is influenced by the relative health of the economy and whether the economy is expanding or contracting. HDPE has experienced small annual year-on-year growth in recent years.

- **the way in which the imported and Australian product compete; and**

The imported and locally produced HDPE compete head-to-head on price.

- **any other factors influencing the market.**

Qenos is aware of an increasing availability of HDPE produced in the USA from mid 2018 as China has imposed retaliatory tariffs on USA-sourced polyethylene.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

There are no commercially significant substitutes for HDPE.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Genos has completed Confidential Appendix A1 for the twelve months ending 31 March 2019. Genos is the sole Australian manufacturer of HDPE.

5. Complete appendix A2 (Australian market).

Genos has completed Confidential Appendix A2 – Australian market for the goods the subject of the application.

6. Use the data from appendix A2 (Australian market) to complete this table:

Genos has completed the following Table from data included in Confidential Appendix A2 – Australian Market for HDPE.

Indexed table of sales quantities

Period	(a) Your Sales	(b) Other Aust ⁿ Sales	(c) Total Aust ⁿ Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2015/16	100	100	100	100	100	100	100
2016/17	113.4	100	113.4	102.1	144.1	106.9	110.8
2017/18	108.8	100	108.8	172.5	201.7	175.9	136.3
2018/19	93.2	100	93.2	173.4	144.7	170.1	124.7

- Notes:**
1. Years ending March.
 2. Data for March 2019 qtr incomplete – outstanding data for USA and certain other non-dumping countries not available at time of application lodgement.

The Australian market for HDPE has experienced growth over the years 2015/16 to 2018/19 (data for 2018/19 imports in March 2019 quarter is incomplete). Although there was significant market growth in 2017/18, Genos’ sales volumes (and hence market share) declined. Imports of dumped HDPE have increased since 2015/16 and, in 2017/18 and 2018/19 are at least 70 per cent higher than in the earlier two years 2015/16 and 2016/17 (with export data for USA not available for the complete March 2019 quarter as at the date of application submission).

Whilst the Australian market for HDPE has experienced strong growth since 2016/17, the Australian industry’s sales volume and market share has declined in successive years 2017/18 and further again in 2018/19.

A-5 Applicant's sales**1. Complete appendix A3 (sales turnover).**

Genos has completed Confidential Appendix A3 with sales data.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

Genos' domestic sales of HDPE declined in 2018/19, whilst exports increased over the same period.

*Indexed table of Applicant's sales quantities**

Quantity	2015/16	2016/17	2017/18	2018/19
All Products				
Aust. Market	100	109.80	108.43	94.96
Export Market	100	157.72	141.39	195.81
Total	100	115.76	112.53	107.51
Like Goods				
Aust. Market	100	110.60	102.03	89.59
Export Market	100	133.02	120.90	132.86
Total	100	112.77	103.85	93.78

*Indexed table of Applicant's sales values**

Revenues	2015/16	2016/17	2017/18	2018/19
All Products				
Aust. Market	100	102.77	103.63	98.09
Export Market	100	151.12	139.16	197.71
Total	100	107.35	107.00	107.54
Like Goods				
Aust. Market	100	102.00	95.59	97.08
Export Market	100	118.85	109.02	137.29
Total	100	103.34	96.66	100.26

Revenue for locally produced sales of HDPE remained relatively stable from 2017/18 to 2018/19, due to higher realisations achieved in the latter year, despite a significant decline in domestic sales volumes.

3. Complete appendix A5 (sales of other production) if you have made any:

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Genos has completed Confidential Appendix A5 disclosing imports of the goods over the most recent four year period.

4. Complete appendix A4 (domestic sales).

Genos has completed Confidential Appendix A4 for the goods the subject of this application.

5. **If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.**

Qenos is not related to the customers identified in Confidential Appendix A4.

6. **Attach a copy of distributor or agency agreements/contracts.**

Qenos does not have any agency or distribution agreements in place.

7. **Provide copies of any price lists.**

Qenos does not use price lists. Qenos reviews prices monthly, and distributes a pricing letter to each customer. Please refer to Confidential Attachment A-5.7 for two examples of price letters recently forwarded to customers.

8. **If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.**

- **Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).**
- **If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.**

Price discounts/rebates have been shown in Confidential Appendix A4.

9. **Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

Please refer to Confidential Attachment A-5.9 for two complete sets of commercial documentation per quarter in 2018/19 for the goods the subject of this application.

10. **Provide a list of model control codes from appendix A4.**

Refer "Polyethylene at a Glance" that identifies the relevant grade (product codes) for each type of HDPE manufactured by Qenos.

A-6 General accounting/administration information

1. Specify your accounting period.

Qenos' accounting period is 1 January to 31 December.

2. Provide details of the address(es) where your financial records are held.

Qenos' Head Office is located at 471-513 Kororoit Creek Road, Altona, Victoria 3018. Qenos' financial records are maintained at the company's head office at Altona.

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- **chart of accounts;**

A copy of Qenos' chart of accounts has been included in soft copy form with this application. Please refer to Confidential Attachment A-6.3.1.

- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**

Qenos has included audited financial statements for the 2017 and 2018 financial years. Please refer to Confidential Attachment A-2.9 (i) & (ii).

- **internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

These documents should relate to:

1. **the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
2. **the company overall.**

Please refer to copies of Qenos' internal management reports for the months of June 2018, September 2018, December 2018 and March 2019, included at Confidential Attachment A-6.3.2).

4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Qenos' annual accounts are audited.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

The accounting practices and policies adopted by Qenos are in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and Corporations Law.

6. Describe your accounting methodology, where applicable, for:

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Income is recognised in the period in which it is received.

- **provisions for bad or doubtful debts;**

Provision for bad and doubtful debts is made when some doubt as to collection exists.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

Interest is accrued over the period in which it becomes due, and is recorded as part of current interest bearing liabilities.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Plant output is recorded in metric tonnes. Activity-based costing principles apply. Actual costs apply.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Costs are assigned to inventories on a first in first out (FIFO) basis.

- **valuation methods for scrap, by-products, or joint products;**

Not applicable.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Not applicable.

- **valuation and revaluation of fixed assets;**

Non-current assets are valued at cost. The carrying amount is regularly reviewed to ensure it does not materially differ from its fair value.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Depreciation is calculated on a straight line basis. Property, plant and equipment are depreciated over useful life varying between 3 and 15 years.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Brought to account in the period in which they are incurred.

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

The accounting methods used by Qenos have not altered over the period covered by this application.

A-7 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

Qenos has completed Confidential Appendix A6.1 and A6.2.

2. Provide a list of model control codes from appendix A6.1 and A6.2.

Product codes for each grade of HDPE are included at Section A-3.10 above.

A-8 Injury

The principal indicators of injury are prices, volumes and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where injury is threatened, but has not yet occurred, refer to question C.2.

1. Estimate the date when the material injury from dumped and/or subsidised imports commenced.

The applicant commenced to experience injury from dumping in 2017/18 as volumes from the nominated countries undercut Qenos selling prices.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model control code of your production. Pⁿ is the most recent period.

Qenos' production of HDPE was reduced in 2018/19 due to a range of factors including (i) a shortfall of raw material ethane in 2018 first half and operational consequential disruptions (that did not impact supply to customers), and (ii) impact of LLDPE production at Botany, NSW between December 2017 and August 2018 (with minimal impact on HDPE production or supply to market), **and** the loss of sales to dumped imports from the countries nominated in this application.

Index of production variations (model, type, grade of goods)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	101.95	100.95	85.45

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line 8 of Confidential Appendix A6.1.

Index of cost variations (model, type, grade of goods)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	98.56	105.97	121.99

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line J47 of Confidential Appendix A6.1

The applicant experienced an increase in the unit cost to produce HDPE due to energy cost increases coinciding with oil price increases driving catalyst and chemical input costs in 2018/19.

Index of price variations (model, type, grade of goods)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	92.23	93.70	108.36

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line L54 of Confidential Appendix A6.1

Global prices for HDPE increased in 2018/19 reflecting increased oil and gas prices. Qenos, however, lost sales to dumped imports as exporters did not pass on the full effects of the raw material price increases. Additionally, new capacity in US Gulf production for HDPE impacted the Asia supply/demand balance. Qenos could not pass on increased energy-gas costs that grew by \$xxx M between 2016 and 2018 due to the increased supply from new facilities.

Index of profit variations (model, type, grade of goods)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	23.75	-19.32	-21.55

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line N58 of Confidential Appendix A6.1.

As Qenos experienced a suppression of the margin between selling prices and costs, the company experienced reduced profit (and profitability) in 2017/18 and 2018/19.

Index of profitability variations (model, type, grade of goods)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	25.75	-20.62	-19.89

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line N60 of Confidential Appendix A6.1

The decline in profitability in 2017/18 and 2018/19 matched the overall profit declines for Qenos' HDPE operation.

3. Complete appendix A7 (other injury factors).

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.

Index of Capital Investment

Period	2015/16	2016/17	2017/18	2018/19
Index	100	77.5	39.0	44.9

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line 11 of Confidential Appendix A7.

The applicant has reduced its capex spend in 2017/18 and remains at suppressed levels in 2018/19.

Index of Return on Investment

Period	2015/16	2016/17	2017/18	2018/19
Index	100	107.2	29.3	4.4

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line 24 of Confidential Appendix A7.

Qenos' ROI has deteriorated in 2017/18 and further again in 2018/19 from adequate levels in 2015/16 and 2016/17.

Index of Capacity Utilisation

Period	2015/16	2016/17	2017/18	2018/19
Index	100	100.5	96.0	89.6

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line 34 of Confidential Appendix A7.

The applicant experienced a decline in production utilisation in 2017/18 and again in 2018/19. The decline in capacity utilisation can be attributed to:

- (i) the coincidence of feedstock constraints that impacted production output; and
- (ii) the dumping of exports from the four nominated countries.

Index of R&D Expenditure

Period	2015/16	2016/17	2017/18	2018/19
Index	100	108.1	56.6	52.9

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line 34 of Confidential Appendix A7.

In 2017/18 and 2018/19 Qenos has reduced its R&D expenditure as profit and profitability have fallen.

Index of Employment

Period	2015/16	2016/17	2017/18	2018/19
Index	100	103.21	98.99	96.74

Notes:

1. Period is 1 April 2015 to 31 March 2019.
2. Data is from Line 37 of Confidential Appendix A7.

Qenos has reduced its workforce in 2017/18 and 2018/19 in an attempt to lower overall fixed costs.

A-9 Link between injury and dumped or subsidised imports

To establish grounds to initiate an investigation there must be evidence of a causal relationship between the injury and the alleged dumping or subsidisation. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped and/or subsidised imports on your quarterly sales volume and market share.

The Australian industry has experienced a decline in sales volumes and market share over the injury period 2015/6 to 2018/19 (years ending March) as exports of HDPE from Korea, Singapore, Thailand, and the USA have increased in aggregate.

In 2015/16, Qenos market share for HDPE was at xx per cent, with sales volumes of approximately xxxxxxxx tonnes per annum. In 2016/17, Qenos sales volume increased with the growth in the market (Qenos share was xx per cent). However, in the following two years, Qenos market share declined to xx per cent in 2018/19 (decline of 18 per cent), on sales of xxxxxxxx – despite the total Australian market having increased by approximately xx per cent since 2015/16.

The aggregate volume of exports from the dumped source countries – Korea, Singapore, Thailand and the USA – was at 101,218 tonnes in 2015/16, with a market share of xx per cent. By 2018/19, imports from the dumped source countries had increased to 175,523 tonnes, and accounted for xx per cent market share (an increase of 14 per cent). Imports from “other countries” were relatively stable from 2015/16 to 2018/19 – increasing from only xx per cent market share to approximately xx per cent market share (an increase of 1 per cent).

The influence of the volume of dumped imports from Korea, Singapore, Thailand and the USA over the four year injury period from 2015/16 represents a decline in overall market share for the Australian industry of 18 percentage points, whereas the dumped exports have increased from 36 per cent market share to 50 per cent market share.

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped and/or subsidised imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

I. Introduction

Qenos commenced to experience injury from the dumping of HDPE exported to Australia from Korea, Singapore, Thailand and the USA in late 2017/early 2018 (i.e. the 2017/18 year). The negotiations with customers seeking to source dumped imports from one or more of the nominated countries commenced in approximately mid-2017. The injury sustained by Qenos has included price-effect injury and volume-effect injury impacting both profits and profitability from 2017/18 as exports at dumped prices have undercut Qenos requiring Qenos to reduce prices to maintain volumes. The impact of the dumping was observable via three key events:

(i) *[Customer] sourcing low priced imports – ex Thailand*

From around mid-2017 Qenos was notified by the [Customer] (“[Customer]” - a large HDPE customer) that Qenos was uncompetitive and that [Customer] was looking for a \$xxx/t reduction from Qenos. The amount of the price reduction and the alleged source of material changed throughout the negotiation, but the message from [Customer] was that it could purchase its HDPE requirements at a better, lower price than from Qenos. The outcome of the loss of business was materially damaging to Qenos.

(ii) *Low priced material from the USA*

During 2018 a number of reports emerged of material sourced from the USA being offered to Qenos customers at prices well below Qenos. The USA-origin sourced HDPE was supplied directly and indirectly into South-East Asia, pushing increased volumes into Australia.

(iii) *Low priced-USA material transhipped from the USA*

Import (or export) data confirms that very little material has landed in Australia directly from the USA (through until end-March 2019). Qenos understands that HDPE is exported from the USA to Australia via Singapore (where it enters the commerce of Singapore for re-bagging) and then is exported to Australia with the USA-origin goods only appearing in the Singapore exports statistics.

In addition to the identified three key events, imports from Korea and Singapore have continued at prices that must compete with the declining prices from Thailand and the USA.

II. Supporting detail

A. [Customer] **HDPE volumes**

- *The loss of [Customer] business in 2018*

[Commercially sensitive commentary detailing negotiations between Qenos as a supplier and customer – the customer switched volumes away from Qenos to imports]

- *The history leading up to the loss of business*

[Commercially sensitive commentary detailing negotiations between Qenos as a supplier and customer – the customer switched volumes away from Qenos to imports]

Qenos sustained considerable losses from July 2018 to dumped imports of HDPE from Singapore, Thailand and USA and supplied into [Customer]. It should also be noted that Thai exporters have been supplying into the Australian market and that customers receiving these orders would be benefiting from the Qenos-[Customer] outcomes given the price transparency that is evident in the polymer market in Australia (visibility through published import and export data). [Customer] requirements are in excess of the [volume] kt identified – and the prices matched by Qenos reflect competing with dumped prices (resulting in injury to Qenos).

B. Low priced material from the USA

In the second half of 2018 Qenos has observed an increased frequency of competitive intelligence for HDPE product arrival from (or possibly from) USA producers with 13 pieces of intelligence (10 of which have been used for deductive export price calculations at Confidential Appendix B-1). The imported HDPE product is often cited as being "[name] process", however not [name] branded.

The Australian importer, [supplier], features regularly as the source and/or agent with product branded Montachem (a one-stop USA distributor business that markets variety of resins under its own brand name but sourced from a number of producers in the USA including Formosa Plastics, Chevron Phillips, etc.

Regular Qenos' customers identifying the USA HDPE resin offers are [Customer] [Customer], [Customer], although we also have instances from [Customer] and [Customer].

Customers with whom Qenos maintains strong supply relationships [Customer], [Customer] have not indicated preparedness to take this material in preference to Qenos (as at 31 March 2019, Qenos has not lost volumes at these accounts).

Customers with whom Qenos has little or no trading but have been trying to get a share are strongly positioning require Qenos to be pricing at/closer to the more competitive USA in order to get any purchasing interest.

The following are examples of the price undercutting evident in relation to imports from the USA.

Example 1 - [Customer]

HDPE claimed to be equivalent to Qenos GF7660 produced in the USA was offered for December 2018 arrival at less than \$xxxx/t vs. Qenos price of \$xxxx/t and Qenos average price of \$xxxx/t in this month for GF7660. As a result, [Customer] did not buy from Qenos in December resulting in a loss of revenue of \$xxxxxx.

Example 2 - [Customer]

HDPE claimed to be equivalent to Qenos GF7660 produced in the US was offered by [trader] and [trader], for November 2018 arrival at \$xxxx/t vs. Qenos price of \$xxxx/t and Qenos average price of \$xxxx/t in this month for GF7660. Qenos decided to revise its pricing to \$xxxx in November to [Customer] to keep the business, resulting in a loss of revenue.

HDPE claimed to be equivalent to Qenos HD1155 produced in the US was offered by [trader], [trader] and [trader] for November 2018 arrival at \$xxxx/t vs. Qenos price of \$xxxx/t and Qenos average price of \$xxxx/t in this month for HD1155. Qenos decided to revise its pricing to \$xxxx in November to [Customer] to keep the business, resulting in a loss of revenue of \$xxxx.

C. HDPE from the USA via Singapore

Qenos is aware of the increased availability of HDPE sourced from the USA due to the imposition of the 25 per cent retaliatory tariffs imposed by the government of China on US exports destined for China. The consequence of the trade dispute between the USA and China is that the over-supplied USA market is experiencing over capacity with exporters seeking alternative export destinations to China.

It is understood that some volumes of USA produced HDPE have been exported to Singapore for re-bagging and shipment to a third country destination, including Australia. Increased competitive offers for USA produced HDPE (refer Confidential Appendix B-1) confirms the increased price competitiveness of product sourced from the USA. The range of offers for USA-sourced material are not reflected in the import volumes disclosed in official data as exports/imports from USA. Qenos considers there is strong credibility in the likelihood of some HDPE produced in the USA being exported to Australia via Singapore (with a Singapore origin declared).

Qenos understands that USA exports of HDPE to Singapore have increased in 2018/19. This would seem unusual as Singapore has significant local production with large multi-national production facilities in Singapore (e.g. *producer*). There is a potential that US producers have recently increased stockpiles in Singapore as a hub for the region (including supplementing exports to Australia). The following Table highlights the increase in USA exports to Singapore

Table A-9.2.1 – Singapore imports of HDPE ex USA

	2015	2016	2017	2018
Qty (MT)	8275	12788	6380	18961
Value (US\$'000)	13782	17978	9255	26084
Unit US\$/MT	1665	1409	1451	1376

Source: TradeData International

Exports of HDPE from the USA to Singapore increased in 2018 by 300 per cent. This is considered unusual given the increased production supply from local production in Singapore in 2018. Total exports from Singapore in 2017 and 2018 exceeded 1 million tonnes – raising the question of the need for any exports into Singapore given the significant export volumes that are evident.

Table A-9.2.2 – Singapore exports – all countries

	2015	2016	2017	2018
Qty (MT)	889028	1002906	1123348	1000248
Value (US\$'000)	1126587	1208454	1368578	1375917
Unit US\$/MT	1267	1205	1218	1376

Source: TradeData International

Qenos does acknowledge that Singapore is a “shipping hub” for the supply of goods into Asia. However, it is also recognised that significant production for HDPE already exists in Singapore where there is a relatively small consumer demand for HDPE. Qenos understands that from 1 July 2018 [Customer] imported HDPE produced in Singapore for its requirements in W.A., and sourced USA produced HDPE for its east-coast of Australia operations. Qenos is aware that [Customer] requirements on the east coast are approximately xxxx tonnes per month and that in aggregate, approximately xxxx tonnes was imported ex-USA into all of Australia during 2018. For this reason, Qenos therefore contends that some US HDPE is exported to Australia via Singapore and declared in Australian import statistics as having originated in Singapore.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped and/or subsidised imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

Qenos encountered an increase in its costs to make and sell (“CTMS”) in 2017/18 and was not able to sufficiently raise its selling prices to recover cost increases. It therefore experienced an erosion of its margin (i.e. price suppression) between its average selling price and its full CTMS. In 2018/19, Qenos’ CTMS increased further (due to raw material and production cost increases) and again Qenos could not adequately raise prices to recover higher CTMS. The rising costs were in a market of unfairly priced imports from Korea, Singapore, Thailand and USA.

Confidential Appendix A2 – Australian Market confirms that Qenos’ market share declined from approximately xx per cent in 2015/16 to xx per cent in 2018/19. Over this same period, imports of HDPE from the four nominated countries increased market share from 36 per cent to 50 per cent. There is a clear correlation between the decline in the market share for the Australian industry and the increase in imports from Korea, Singapore, Thailand and the USA over the injury period. Qenos submits that the unfair pricing of the dumped imports enabled the exporters to increase exports to Australia in an expanding market by more than 70 per cent in aggregate for the four source countries)

The increase in injurious imports contributed to reductions in Qenos profit and profitability in 2017/18 and further deterioration in 2018/19.

4. The quantity and prices of dumped and/or subsidised imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped and/or subsidised imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

Qenos has experienced in injury in indicators other than just volume and price factors, including the following:

- (i) Reduced capital expenditure;
- (ii) Reduced return on investment;
- (iii) Reduced capacity utilisation; and
- (iv) Reduced levels of employment.

The eroding of Qenos’ profit and profitability has impacted negatively on its shareholders’ willingness to reinvest in the business. Qenos return on investment is inadequate for the shareholders to consider reinvestment opportunities, with a focus on cost reduction (i.e. reduced employment) a key priority at the present time.

Qenos’ lower production in 2018/19 is approximately 15 per cent down on the previous two years. Reduced sales volumes have materially impacted Qenos’ economic performance in 2018/19 across a

range of indicators (including those identified above).

5. Describe how the injury factors caused by dumping and/or subsidisation and suffered by the Australian industry are considered to be 'material'.

In 2015/16, Qenos' turnover on sales of HDPE in Australia was \$xxxx Million with a return of \$xxxx Million. In 2017/18, Qenos profit had declined to a loss of \$xxxx Million (on turnover of \$xxx Million) and in 2018/19, a loss of \$xxxx Million on turnover of \$xxxx Million.

The turnaround in profit (and profitability) from 2015/16 to each of 2017/18 into loss positions are considered to be "material" in nature as Qenos has been heavily impacted by the unfair and injurious prices of dumped imports from Korea, Singapore, Thailand and the USA.

This *material* injury is expected to continue as exports from the USA increase and volumes from Korea, Singapore and Thailand continue at dumped levels.

6. Discuss factors other than dumped and/or subsidised imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping and subsidisation.

As with other Australian manufacturers, Qenos has experienced an increase in energy costs in the last two year period, including also increases in feedstock costs (as with all other Australian manufacturing industries).

Qenos has experienced some limited production outages that have impacted production output to a minor degree. The sharp reduction in production volumes, however, has not been caused by production outages – rather it has been due to raw material cost increases associated with LPG not being economic in the HDPE production process.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped and/or subsidised imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

Qenos is a fully integrated polyethylene manufacturer that sources its raw material ethane/LPG locally and value-adds to produce ethylene and subsequently HDPE. The production of ethylene and HDPE involves an integrated, capital intensive operation, requiring significant capex to sustain a viable operation supplying the Australian market.

Australia is an open and transparent market where local production competes with imports. The Australian market has long been supplied through local production and imports and those imports have, until recently, been fairly priced. Qenos has detailed that during 2017 it commenced to encounter increasing volumes of unfairly priced imports from the countries identified in this application – Korea, Singapore, Thailand and the USA. In mid 2018, Qenos lost significant volumes of HDPE at a large customer, the [Customer], to dumped imports including from Singapore, Thailand and USA. Certain other customers have opportunistically sourced HDPE from imports (including from Korea, Singapore, Thailand and the USA) at prices that have undercut the Australian industry and have contributed to Qenos' reduced sales volumes in 2018/19. Qenos, therefore, can demonstrate injury in each of the following factors:

- Reduced sales volumes;
- Reduced market share;
- Price depression (throughout 2018/19);
- Price suppression;
- Reduced profit and profitability;
- Reduced return on investment;

- Reduced capacity utilisation;
- Reduced employment; and
- Reduced capital expenditure.

Declines in sales and production flow through to higher per unit production costs and reductions in profit and profitability. Qenos' profit and profitability has deteriorated in 2017/18 and 2018/19 culminating in reduced returns on investment, reductions in capital expenditure, pressure to reduce costs (including employee numbers). Qenos can demonstrate a number of other economic indicators to the traditional volume and price indicators where it has experienced injury caused by the unfairly dumped imports during 2018/19.

Qenos notes the 2012 Ministerial Direction on Material Injury. In particular, Qenos has reviewed the directive in relation to the following:

*"I note that anti-dumping or countervailing action is possible in cases where an industry has been expanding its market rapidly, and dumping or subsidisation has merely slowed the rate of the industry's growth, without causing it to contract. In cases where it is asserted that an Australian industry would have been more prosperous if not for the presence of dumped or subsidised imports, I **direct that you be mindful that a decline in an industry's rate of growth may be just as relevant as the movement of an industry from growth to decline. I direct that it is possible to find material injury where an industry suffers a loss of market share in a growing market without a decline in profits.** As in all cases, a loss of market share cannot alone be decisive. I **direct that a loss of market share should be considered with a range of relevant injury indicators before material injury may be established.**" (emphasis added).*

The Ministerial Direction makes it clear that an industry may experience injury that is material in a growing market where that industry is not sharing in the growth of that market. The Australian HDPE market has expanded over the four years to 2018/19 and Qenos has not participated in that growth and has experienced a decline in profit and profitability that in 2017/18 and remained at similar levels in 2018/19. Qenos therefore has experienced material injury in 2017/18 and 2018/19 as demand for HDPE has increased and the Australian industry has lost volumes and price to dumped imports from Korea, Singapore, Thailand and the USA.

Qenos is seeking the Commissioner to commence a formal investigation into Qenos' assertions that exports of HDPE from Korea, Singapore, Thailand and the USA are at dumped prices, and the dumping has caused injury that is material to the Australian industry manufacturing like goods. Qenos submits that the information included in this application sufficiently asserts that the Minister for Industry, Science and Technology would be likely to publish a notice to impose anti-dumping measures in accordance with subsection 269TG(1).

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

B-1 Source of exports

1. Identify the country(ies) of export of the dumped goods.

The HDPE exports to Australia were supplied from the Republic of Korea ("Korea"), Singapore, the Kingdom of Thailand ("Thailand) and the USA.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

The applicant understands that exports from Korea and Thailand were also produced in the respective countries. In respect of exports from Singapore, the country of origin for some of the goods is potentially not Singapore.

The applicant has obtained export information from the USA to Singapore that indicates USA exports increased from 6,380 tonnes in 2017 to more than 18,961 tonnes in 2018. This represents an increase of 300 per cent in a twelve month period. The applicant understands that some product exported to Australia from Singapore includes HDPE with a USA origin.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

The countries of export nominated in this application for anti-dumping measures are not considered 'non—market' or "economies-in-transition" countries for the purposes of Australia's Anti-Dumping provisions.

4. Where possible, provide the names, addresses and contact details of:

- producers of the goods exported to Australia;
- exporters to Australia; and
- importers in Australia.

The names of the producers/exporters in each of the countries are as follows:

(i) Korea

Korea Petrochemical Ind. Co. Ltd
YOONAM Building 77,
Jahamun-ro, Jongno-gu
SEOUL 03035 Korea
Tel: +82 2 2122 1422
Email: master@kpic.co.kr

LG Chem Ltd
LG Twin Towers 20
Yeouido-dong, Yeongdeungpo-gu
SEOUL 150721 Korea
Tel: +82 2 3777 1114
Email: brightlee@lgchem.com

(ii) Singapore

Chevron Phillips Singapore Chemicals (Private) Limited
500 Ayer Merbau Road
Jurong Island Singapore 628286
Tel: +65 6 867 2503
Fax: + 65 6 867 9446

(iii) Thailand

GC Marketing Solutions Company Limited
(formerly PTT Polymer Marketing Company Limited (PTT))
555/1 Energy Complex Building A
9th Floor
Vibhavadi Rangsit Road
Chatuchak Bangkok 10900 Thailand
Tel: + 66 2 140 4488
Fax: +66 2 140 4333

SCG Chemicals Co., Ltd
1 Siam Cement Road
Bangsue
Bangkok 10800 Thailand
Tel: +662 586 1111
Fax: +662 586 5561

(iv) USA

Westlake Chemical Corporation
2801 Post Oak Blvd
Houston Texas USA 77056
Tel: + 1 713 960 9111

Chevron Phillips Chemical Company Inc.
10001 Six Pines Drive
The Woodlands, Texas 77380
Tel: + 1 832 813 4100

The applicant understands that some HDPE that has been marketed under the "Montachem" brand ex USA is produced by Chevron Phillips. Montachem's contact details are:

Montachem International Inc
200 S Andrews Ave
Fort Lauderdale Florida
33301 USA
Tel: +1 954 385 9908

Formosa Plastics Corporation, USA
9 Peach Tree Hill Road
Livingstone
New Jersey USA 07039
Tel: +1 973 992 2090

The following importers of HDPE have been identified by the applicant:

- (i) Martogg & Co
1048 Beaudesert Road
Coopers Plains QLD 4108
Tel: (07) 3246 5296

Martogg is understood to source from the USA.

- (ii) Primaplas Pty Ltd
60 Bowman Street
Pymont NSW 2009
Tel: (02) 9566 2222

Primaplas is understood to source ex PTTM of Thailand.

- (iii) Redox Pty Ltd
2 Swettenham Road
Minto NSW 2566
Tel: (02) 9733 3000
Fax: (02) 9733 3111

Redox is understood to source a proportion of its product from the USA and Thailand.

- (iv) Polymer Direct Pty Ltd
270 Bay Street
Port Melbourne Victoria 3207
Tel: (03) 8645 3555

Polymer Direct is understood to be sourcing from SCG of Thailand.

- (v) Chevron Phillips Chemicals Australia Pty Ltd
409/685 Burke Road
Camberwell Victoria 3124
Tel: (03) 8080 5700

Chevron Phillips Aust is understood to source from Singapore and the USA.

- (vi) Pact Group Holdings
Level 3, 535 Church Street
Richmond Victoria 3121
Tel: (03) 8825 4100
Fax: (03) 9815 8388

It is understood that Pact Group has imported from [*countries*] direct, and via traders (e.g. *importer* and *importer*).

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

The following Table B-1.5 summarizes import volumes of HDPE from the nominated countries and other sources from 1 April 2015 to 31 March 2019.

Table B-1.5 – Imports of HDPE 2015/16 to 2018/19

Country	2015/16	2016/17	2017/18	2018/19	Change 2018 over 2017
Thailand	58882	63968	106322	112480	↑ 5.8 %
Singapore	38175	36721	57464	46512	↓ 19.1 %
South Korea	3130	1329	8591	12772	↑ 48.7 %
USA	1031	1319	2198	3759	↑ 71.0 %
Malaysia	2386	6218	8414	641	↑ 35.3 %
Other	12764	15971	19171	12079	↓ 37.0 %
Total	114441	122387	201249	194654	↓ 3.3 %

Notes: March 2019 qtr data not complete for certain “other” countries and not available at date of application (and is not complete).

Imports fo HDPE from Korea, Singapore and Thailand each exceed 3 per cent of the total import volume of HDPE during the 2018/19 year ending 31 March.

Imports of HDPE from the USA, however, do not exceed the 3 per cent threshold, as the data in the above Table B-1.5 represents declarations for goods exported from the identified source countries. Qenos understands that some HDPE produced in the USA is transhipped to Australia via Singapore and these import volumes are incorrectly disclosed with a country of origin being Singapore.

Please refer further to Section C-2 concerning “threat of imports” originating in the USA.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.

This application does not extend to an application for countervailing measures on exports from the nominated countries.

B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. Indicate the FOB export price(s) of the imported goods. Where there are different model control codes or levels of trade involved, an export price should be supplied for each.

The export prices for HDPE exported to Australia are not readily available from Australian Bureau

of Statistics (“ABS”) monthly import statistics due to suppression of some country import data. Qenos has obtained export data from [company] – a subscription company that specialises in the supply of import and export trade data – for HDPE exports to Australia.

From the purchased data, monthly export price information has been sourced. This data is reflected in the Table B-2.1 below.

Table B-2.1 – Monthly export volumes (MT) and unit values (A\$/MT) for exports to Australia from Korea, Singapore, Thailand and USA

Month	Korea		Singapore		Thailand		USA	
	Qty	Unit \$	Qty	Unit \$	Qty	Unit \$	Qty	Unit \$
Jan 18	2323	1894	5975	1822	12624.4	1884	109	4006
Feb 18	1939	1963	3606	1867	8903.7	2015	220	1776
Mar 18	217	1920	4341	2110	9102.0	1984	144	2882
Apr 18	216	1926	4850	1929	8307.8	2069	112	2580
May 18	1928	2153	4090	1982	7550.9	2102	118	3128
Jun 18	2398	2135	4572	1991	9714.2	2111	908	1776
Jul 18	2857	2120	2405	2035	9393.8	2067	536	2015
Aug 18	1853	2088	3577	2044	13563	2079	239	3048
Sep 18	1778	2037	4703	2012	10891.7	2069	215	3083
Oct 18	532	1928	3337	1974	10955.2	1979	481	3632
Nov 18	128	1704	3979	1938	11191.4	1946	534	2018
Dec 18	984	1805	4647	1858	6467.3	1808	490	2323
Jan 19	53	1494	4118	1713	8491.4	1716	221	3570
Feb 19	0		2835	1641	9293.7	1669	395	2316
Mar 19	46	1537	3329	1663	6659.7	1623		

Source: [company] monthly export data for HDPE 3901.20.

2. Specify the terms and conditions of the sale, where known.

Export prices shown in Table B-2.1 are at FOB, export port.

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

The applicant considers that export data for HDPE supplied from the USA is, from July 2018, unreliable. It is considered that where the exporter and the importer are related parties that the declared export price cannot be relied upon. This view is maintained by the applicant as it has experienced price undercutting from exports of the goods sourced from the USA at prices that do not reflect the declared export prices as sourced from [company]. Qenos has received market feedback from customers that selling prices in the Australian market for HDPE imported from the USA sold at prices below Qenos’ selling prices. The pricing pressures from imported HDPE sourced from the USA commenced in approximately July 2018 and has continued to the date of this application.

The applicant has therefore prepared Deductive Export Price calculations for HDPE from the USA sourced from market offers at Confidential Appendix B-1. It is understood by Qenos that the imports from the USA were sourced from the trading company Montachem and are

understood to be produced by Formosa Plastics, with some produce sourced from Chevron Phillips of the USA.

Deductive export prices for goods sourced from the USA originating from quotations over the period 1 October 2018 to 31 March 2019 were in the range \$1719 to \$1426 per tonne (FOB).

4. **It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.**

Export prices sourced from [company] are included at Confidential Attachment B-2.1.

B-3 Selling price (normal value) in the exporter's domestic market

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

1. **State the selling price for each model control code of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**

(a) **Thailand**

Domestic selling prices for HDPE are not published in industry newsletters or regular publications. The applicant has therefore commissioned a market survey to obtain domestic selling prices for HDPE sold in Thailand.

Thai domestic prices were obtained during the December 2018 quarter. In order to calculate domestic selling price equivalents for all of 2018 (monthly basis), the applicant has adjusted the Thai domestic price sourced from the market survey pricing by movements in the US domestic prices for injection and blow moulding grades. The applicant has calculated a weighted average monthly domestic Thai selling price (i.e. incorporating injection, blowmoulding, film and pipe grades) for comparison with the weighted-average monthly export prices published by Thai Customs.

Thai domestic selling prices obtained from the market survey are included in Table B-3.1.

Table B-3.1 – Thai domestic selling prices – December 2018

Grade	Selling Price (Thai Baht/MT)	
Pipe Grade (Compound)	60,000	
Pipe Grade Natural	52,000	
Injection moulding (Melt 10 up)	45,000	
Blowmoulding	46,000	
Film	46,000	

Source: Confidential Market Survey at Confidential Attachment B-3.1 (a).

(b) USA

The applicant has obtained domestic selling prices for HDPE sold in the USA, on a monthly basis, from S&P Global Platts – a polymer plastics industry newsletter available on subscription. The applicant has used the mid-month domestic sell price in the USA available for HDPE injection, blow-moulding and film grades.

The USA monthly domestic selling prices in US\$ per metric tonne for injection, blow-moulding and film grades are shown in Table B-3.2 below.

Table B-3.2 – USA monthly domestic selling prices for HDPE injection, blow-moulding and film grades

Month	Injection	Blow-Moulding	Film
	US\$/MT	US\$/MT	US\$/MT
Jan 2018	1455	1455	1521
Feb 2018	1543	1543	1609
Mar 2018	1543	1543	1609
Apr 2018	1543	1543	1609
May 2018	1543	1543	1609
Jun 2018	1477	1477	1543
Jul 2018	1477	1477	1543
Aug 2018	1411	1411	1477
Sep 2018	1411	1411	1477
Oct 2018	1477	1477	1543
Nov 2018	1477	1477	1543
Dec 2018	1477	1477	1543
Jan 2019	1344	1344	1411
Feb 2019	904	948	970
Mar 2019	926	948	992

Source: Platts Polymer newsletter – Confidential Attachment 3.1 (b).

(c) Korea and Singapore

Domestic selling prices for HDPE sold in Korea and Singapore are not published by any industry newsletters or publications. The applicant has constructed domestic selling prices for HDPE sold in Korea and Singapore based upon HDPE production cost economics sourced from an industry specialist organisation that analyses domestic production cost economics for polymer producers.

Please refer to Section B-4.1 below.

2. Specify the terms and conditions of the sale, where known.

The domestic selling prices detailed in Table B-3.2 are ex-factory selling prices for spot trades.

3. Provide supporting documentary evidence.

Please refer to Confidential Attachments B-3.1 (a) for Thailand and (b) for USA.

4. List the names and contact details of other known sellers of like goods in the domestic

market of the exporting country.

The exporters identified are the major producers and sellers in each of the domestic markets identified.

B-4 Estimate of normal value using another method

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
- OR
- the selling price of like goods from the country of export to a third country.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

Qenos has relied upon a constructed normal value for HDPE in Korea and Singapore in the absence of published domestic selling price information.

(a) Korea

As indicated above, the applicant has constructed selling prices for HDPE (injection moulding grade) sold in Korea based upon production cost economics for a HDPE producer in Korea as identified by [company].

The production cost economics are sensitive to movements in the raw material ethylene price. To counter this, the applicant has included a quarterly US\$FOB price ex Korea for ethylene sourced from Platts monthly polymer newsletter. This has permitted quarterly constructed selling prices to be prepared (i.e. Quarters 1/2018 to 1/2019 inclusive).

The applicant has included amounts to the cash cost of production estimates for depreciation and selling and general administration ("S,G&A"). These amounts are sourced from the applicant's own quarterly depreciation and S,G&A expenses in 2018. A xx per cent level of profit has been applied to allow for an adequate return on investment for a high-capital intensive petrochemical business investment.

Please refer to Confidential Attachment B-4.1 (a) for constructed selling price information upon which normal values for HDPE sold in Korea are based.

(b) Singapore

The applicant has also constructed selling prices for HDPE sold in Singapore using the [company] production cost economics.

The production cost economics are similarly sensitive to movements in the raw material ethylene price. To counter this, the applicant has included a quarterly US\$FOB average price for CFR SE Asia for ethylene sourced from Platts monthly polymer newsletter. This has permitted quarterly constructed selling prices to be prepared (i.e. Quarters 1/2018 to 1/2019 inclusive).

The applicant has included amounts to the cash cost of production estimates for depreciation and selling and general administration ("S,G&A"). These amounts are sourced from the applicant's own quarterly depreciation and S,G&A expenses in 2018. A xx per cent level of profit has been applied to allow for an adequate return on investment for a high-capital intensive petrochemical business investment.

Please refer to Confidential Attachment B-4.1 (b) for constructed selling price information upon which normal values for HDPE sold in Singapore are based.

2. Provide supporting documentary evidence.

Please refer to Confidential Attachments B-4.1 (a) and (b).

B-5 Adjustments

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

Export data for HDPE from Korea, Singapore, Thailand and the USA has been sourced from [company] (and from Platts export data, where appropriate). The applicant believes that the export data is recorded at the FOB point, port of loading, in each exporting country. The export price(s) therefore includes loading and handling charges in the export port, as well as inland freight expenses from the manufacturer's production site to the FOB point (i.e. export port) in each country.

The applicant does not have quotations or estimates of inland freight costs in each exporting country.

The domestic selling prices for HDPE sold in Korea and Singapore have been determined at the ex-factory level. Therefore upwards adjustments for inland freight to export port, and port and handling charges will be required for comparison with export FOB prices. The applicant has not adjusted the constructed normal values for these amounts.

In respect of domestic selling prices for Thailand, these are also at the ex-factory level (prices exclude VAT, delivery, shipment). No adjustment has been made for inland freight or port and handling charges.

For domestic selling prices in the USA, these are also at the ex-factory level and do not include any domestic freight charges. The normal values for USA would also require uplifts for export inland freight, and loading and handling charges at export port.

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

The applicant does not have access to estimates for inland freight and port and handling charges in each of the exporting countries.

It should be noted that as the amounts mentioned in B-5.2 are not included in the determined normal values, the inclusion of such amounts will result in higher dumping margins than those calculated and detailed in Section B-6.

B-6 Dumping margin

1. **Subtract the export price from the normal value for each model control code of the goods (after adjusting for any differences affecting price comparability).**

Qenos has determined dumping margins for HDPE exported to Australia from Korea, Singapore, Thailand and the USA during 2018 and first quarter of 2019.

(a) Korea

Korean dumping margins have been calculated on a weighted-average basis. For example, it is understood that approximately 25 per cent of HDPE exported to Australia from Korea is pipe grade HDPE. This product sells at a premium to injection and blowmoulding grades. The weighted average dumping margins determined for Korea therefore include an allowance for pipe grade normal values.

Table B-6.1 (a) – Dumping margins for HDPE exported from Korea

Period	Dumping Margin A\$/MT	Dumping Margin as % of Export price
Jan 2018	\$322	17 per cent
Feb 2018	\$252	13 per cent
Mar 2018	\$295	15 per cent
Apr 2018	\$384	20 per cent
May 2018	\$156	7 per cent
Jun 2018	\$174	8 per cent
Jul 2018	\$345	16 per cent
Aug 2018	\$377	18 per cent
Sep 2018	\$428	21 per cent
Oct 2018	-\$94	- 5 per cent
Nov 2018	\$129	8 per cent
Dec 2018	\$28	2 per cent
Jan 2019	\$711	48 per cent
Feb 2019	\$0	
Mar 2019	\$669	44 per cent

Please refer to Confidential Attachment B-4.1 (a) for dumping margin calculations for HDPE exported from Korea.

(b) Singapore

Monthly dumping margin calculations have been determined for HDPE exported from Singapore. It is understood that the exports from Singapore are injection/blowmoulding/film grades. No pipe grade HDPE is understood to be exported from Singapore.

Dumping margin calculations for Singapore are included in Table B-6.1 (b).

Table B-6.1 (b) – Dumping margins for HDPE exported from Singapore

Period	Dumping Margin A\$/MT	Dumping Margin as % of Export price
Jan 2018	\$327	18 per cent
Feb 2018	\$282	15 per cent
Mar 2018	\$40	2 per cent
Apr 2018	\$290	15 per cent
May 2018	\$237	12 per cent
Jun 2018	\$227	11 per cent

Jul 2018	\$287	14 per cent
Aug 2018	\$278	14 per cent
Sep 2018	\$310	15 per cent
Oct 2018	-\$207	- 11 per cent
Nov 2018	-\$171	- 9 per cent
Dec 2018	-\$90	- 5 per cent
Jan 2019	\$401	22 per cent
Feb 2019	\$474	29 per cent
Mar 2019	\$451	27 per cent

Please refer to Confidential Attachment B-4.1 (b) for dumping margin calculations for HDPE exported from Singapore.

(c) Thailand

It is understood that the grades of HDPE exported to Australia include injection, blowmoulding, film and pipe grades. The applicant has relied upon market intelligence as to the breakdown of the different grades of HDPE exported to Australia from Thailand in its dumping margin calculations. Please refer to Confidential Attachment B-3.1 (a) for the analysis.

Calculated dumping margins for HDPE exported to Australia from Thailand are included in Table B-6.1 (c).

Table B-6.1 (c) – Dumping margins for HDPE exported from Thailand

Period	Dumping Margin A\$/MT	Dumping Margin as % of Export price
Jan 2018	\$554	29 per cent
Feb 2018	\$726	36 per cent
Mar 2018	\$758	38 per cent
Apr 2018	\$707	34 per cent
May 2018	\$754	36 per cent
Jun 2018	\$619	29 per cent
Jul 2018	\$721	35 per cent
Aug 2018	\$636	31 per cent
Sep 2018	\$677	33 per cent
Oct 2018	\$921	47 per cent
Nov 2018	\$915	47 per cent
Dec 2018	\$1058	58 per cent
Jan 2019	\$1150	67 per cent
Feb 2019	\$1240	74 per cent
Mar 2019	\$1296	80 per cent

Please refer to Confidential Attachment B-3.1 (a) for dumping margin calculations for HDPE exported from Thailand.

(d) USA

The applicant understands that the exports of HDPE to Australia from the USA are predominantly of blow moulding grades.

Table B-6.1 (a) – Dumping margins for HDPE exported from USA

Genos observed a significant increase in offers for HDPE exported from the USA in the second half of 2018. Genos has calculated deductive export prices from the offers received. The following Table compares deductive export prices with relevant HDPE blow moulding domestic US prices in the relevant periods. Dumping margins have been determined.

Date of offer	Deductive Export Price A\$/MT	US Domestic Selling Price Blowmoulding grade in A\$/MT	Dumping Margin A\$/MT	Dumping margin as % of Export Price
01/10/2018	1700	2074	374	22 per cent
01/10/2018	1593	2074	483	30 per cent
04/10/2018	1495	2074	581	39 per cent
10/10/2018	1719	2074	355	21 per cent
09/11/2018	1534	2047	513	33 per cent
09/11/2018	1710	2047	337	20 per cent
21/11/2018	1632	2047	415	25 per cent
15/02/2019	1427	1894	467	33 per cent
22/02/2019	1475	1894	419	28 per cent
22/02/2019	1529	1894	365	24 per cent

The dumping margins for HDPE exported from the USA to Australia based upon market offers for blowmoulding grade from October 2018 to the present have been within the range of 20 to 39 per cent of the deductive export price.

2. Show dumping margins as a percentage of the export price.

The applicant has included dumping margin calculations as a percentage of the export price for exports from each country the subject of this application at Section B-6.1 above.

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be mandatory for certain applications.

C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

1. **Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:**
 - (i) **the nature and title of the subsidy;**
 - (ii) **the government agency responsible for administering the subsidy;**
 - (iii) **the recipients of the subsidy; and**
 - (iv) **the amount of the subsidy.**

This is an application for anti-dumping measures only.

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. **Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:**
 1. **the rate of increase of dumped/subsidised imports;**
 2. **changes to the available capacity of the exporter(s);**
 3. **the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**
 4. **inventories of the product to be investigated; or**
 5. **any other relevant factor(s).**

HDPE exports from USA

Qenos has encountered an increase in competitive offers for imported HDPE sourced from the USA since from early October 2018. The price offers for the USA sourced HDPE have undercut Qenos' selling prices between October 2018 and March 2019 and, In Qenos' opinion. Do not reflect the *declared* FOB export prices as recorded in official import and export data.

It is further understood by Qenos that some HDPE of USA origin is transhipped via Singapore (where it may be repackaged) for export to Australia. The USA-origin HDPE is supplied by related parties from the USA via Singapore to Australia to back-up grades manufactured locally in Singapore (and/or by affiliated companies) in the USA.

Imports from the USA into Australia during 2018/19 accounted for approximately 2 per cent of the total HDPE import volume during the period. This volume of imports is below the "negligible" level as required by subsection 269TDA(4) of the Customs Act. The competitive market offers encountered by Qenos from 1 October 2018 indicate that an upsurge in imports of HDPE originating from the USA is likely given the levels of the selling prices for the imported goods. Qenos has identified 10 offers for USA-sourced HDPE that it considers are reliable and has calculated deductive export prices from the market offers. Following a comparison with normal value information sourced from an independent industry source, Qenos has identified prima facie dumping margins of between 20 and 29 per cent.

The prices for the USA-sourced HDPE have been at levels that have undercut Qenos. Qenos has responded in some instances to the price undercutting in order to maintain business, however, in others the sales volumes have been lost to the USA-sourced material.

Qenos understands that the increase in the availability of the USA sourced HDPE can be attributed to the retaliatory tariffs imposed by the government of China on USA-sourced polyethylene (including HDPE). With punitive measures in place, producers of HDPE in the USA must find alternative export markets for excess production. Confirmation that the Chinese retaliatory tariffs have impacted USA exports of polyethylene products (including HDPE) is included in a recent S&P Global Platts Newsletter (for December 2018). It is noted¹:

“The Americas’ PE surplus is expected to average 609,000 mt over the next three months as new start up’s ramp up production such as Formosa’s new PE [polyethylene] plants in Point Comfort, Texas forecast ed (sic) to come on stream early in 2019. US polyethylene exports to Latin America rose in October as target diversification continued to take shape amid trade tensions with China, according to latest US International Trade Commission data. Overall, US exports of PE reached a record 441,232 mt in October, beating the previous record, set in June, by more than 10%. The cumulative gains came as PE exports to China fell for a fourth straight month to settle at a 5.1% share, the result of demand destruction tied to 25% tariffs on two key grades of US-origin PE. October’s overall export PE gains came as domestic demand has slowed in recent months, sources have said. It also comes on the heels of US production capacity rising 19.7% from the beginning of 2017 through the third quarter of this year, according to the American Chemistry Council.”

The S&P Global Platts extract confirms:

- there is a growing supply of HDPE in the USA due to new production facilities commencing from early 2019;
- there is a surplus of production in the USA;
- exports of PE from the USA are subject to the 25 per cent retaliatory tariffs in China which have resulted in a decline in USA exports to China;
- the selling prices for HDPE exported from the USA are at levels that undercut the Australian industry’s selling prices thereby resulting in price depression and suppression;
- US exporters benefit from increasing export inventories due to excess production capacity (as evidenced for the October to December 2018 period); and
- the Australian market is an attractive export destination due to the absence of tariffs and non-trade barriers for US exports.

The recent increase in export activity for the supply of HDPE to Australia confirms that US exporters are seeking alternative export destinations for supply in response to the 25 per cent tariffs imposed by China. The dumping by US exporters of HDPE onto markets other than China (as new export destinations are searched for) also displaces regional incumbents into other markets such as Australia. This has resulted in a decline in US export volumes to China and increased supply to alternate export destinations (including Australia).

2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

The available information confirms that US producers of polyethylene have increasing supply and inventories of HDPE that, in the absence of retaliatory tariffs imposed by the government of China, would be supplied into the Chinese domestic market. However, due to the tariff impost in China, US producers have experienced a decline in demand in China and are actively seeking new export destinations to supply growing domestic surplus production. Qenos has – since 1 October 2018 – encountered an increase in export offers for USA HDPE that is at prices that undercut the Australian

¹ S&P Global Platts Polymers Supply and Demand Outlook, Issue 34/December 2018, P.4 at Confidential Attachment C-2.1.

industry. The US producers are building inventories to supply export markets that are open and transparent, with Australia an attractive export destination.

Genos therefore is experiencing an increase in supply from US producers of HDPE at prices that undercut the Australian industry, resulting in price depression and price suppression. It is considered that unless the increase in exports from the USA is limited by anti-dumping measures, the likely trend is for an upsurge in imports from the USA at injurious prices in a short timeframe in 2019.

Genos submits that exports of HDPE at dumped prices from the USA present a foreseeable and imminent threat of injury to the Australian industry manufacturing like goods.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Commission’s client support section before completing this section.**

1. Fully describe the locally produced raw agricultural goods.

The goods the subject of this application are not close processed agricultural goods.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

The goods the subject of this application are not close processed agricultural goods.

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

The goods the subject of this application are not close processed agricultural goods.

4. Provide information to establish either:

- **a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or**
- **that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.**

The goods the subject of this application are not close processed agricultural goods.

C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

- 1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.**

The country of export identified in this application are not considered 'non-market economy' countries for the purposes of Australia's Anti-Dumping provisions.

- 2. Nominate a comparable market economy to establish selling prices.**

This question is not applicable to the exported goods the subject of this application.

- 3. Explain the basis for selection of the comparable market economy country.**

This question is not applicable to the exported goods the subject of this application.

- 4. Indicate the selling price (or the cost to make and sell) for each model control code of the goods sold in the comparable market economy country. Provide supporting evidence.**

This question is not applicable to the exported goods the subject of this application.

C-5 Exports from an 'economy in transition'

An 'economy in transition' exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an 'economy in transition' are covered by the application. **Applicants are advised to contact the Commission's client support section before completing this section**

- 1. Provide information establishing that the country of export is an 'economy in transition'.**

The country of export identified in this application are not considered 'economy-in-transition' countries for the purposes of Australia's Anti-Dumping provisions.

- 2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.**

This question is not applicable to the exported goods the subject of this application.

- 3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.**

This question is not applicable to the exported goods the subject of this application.

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

This question is not applicable to the exported goods the subject of this application.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
Total				

* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at Appendix A.2 (Australian Market) to complete the table.

The exporting countries the subject of this application – with the exception of the USA – each account for more than 3 per cent of the total import volume in 2018/19.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value