



3 October 2019

The Director
Investigations 1,
Anti-Dumping Commission
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CANBERRA ACT 2601

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Public File

Dear Director

Investigation No. 515 – High density polyethylene exported from Korea, Singapore, Thailand and the USA – Supporting evidence on material injury to Australian industry

I. Introduction

I refer to the recent Australian Industry Verification Report (“the Report”) recently placed on the Electronic Public File (“EPR Document No. 032”). Section 8 of the Report addresses “Causal Link” to the Australian industry from the subject imports.

II. Causal Link

Qenos Pty Ltd does not consider that the Report adequately reflects the actual injury sustained by Qenos during the investigation period. It is stated in the Report that Qenos provided the team with “high level notes” and “internal file notes” extracted from its customer relationship management (“SCR”) system that the Anti-Dumping Commission (“the Commission”) referred to as “anecdotal” evidence on sales losses. In respect of price-effect injury, the Commission stated that in relation to one “very specific claim” the updated agreement did not demonstrate a reduction in price.

Qenos indicated to the Commission during the verification visit that the injury sustained in relation to the specific customer was volume-related injury only. This is not in dispute.

Qenos seeks to further detail the extent of the price-effect injury sustained during the investigation period that is additional to the lost sales volume at the referred specific customer.

In respect of price-effect injury, once full account is taken of the impact of losing the volumes for that customer – at very competitive prices up until the customer elected to source volumes offshore – the subsequent price reductions at other customers that Qenos re-negotiated prior to, and throughout, the investigation period – are understandably less conspicuous than the substantial sales revenues lost at the specific customer.

In support of its claims on price-effect injury, Qenos has compiled a detailed listing of customers where it reduced selling prices in response to competition from the imports sourced from Korea, Singapore, Thailand and the USA. The specific examples are included at Confidential Attachment A for consideration by the Commission. Qenos submits that the price reductions can be readily substantiated in Qenos’ Confidential Appendix A4 data supplied to the Commission as part of the industry verification visit.



Qenos further submits that the price reductions detailed at customers detailed in Confidential Attachment A account for approximately [number] per cent by volume of Qenos' HDPE customer base and, in the absence of the single specific customer referred to by the Commission – account for a significant proportion of Qenos sales'.

Qenos is firmly of the view that the evidence supplied supports its position that Qenos experienced injury in the form of price reductions (and price suppression) during the 2018/19 investigation period on its remaining sales (excluding those of the specific customer).

III. Price undercutting

Section 8.2 of the Report states that “a detailed price undercutting analysis will be completed once the verification of data provided in the responses to the importer and exporter questionnaires is complete”.

Qenos notes that some importer verification reports have recently been completed (i.e. Redox Pty Ltd, Primaplas Pty Ltd) and the Commission would now be positioned to undertake this analysis. It is further noted that the Commission references declines in international prices during the investigation period. Qenos, however, considers that the referenced price declines reflect the prices linked to surplus capacity in the region and cannot be considered as indicative of domestic price movements in the exporting countries that are the subject of this investigation.

Qenos anticipates that the Commission will be able to contrast the re-negotiated selling prices in Confidential Attachment A with competitive landed-into-store selling prices for imports and evidence the price undercutting sustained by the Australian industry.

IV. Closing remarks

The injury sustained by Qenos during the investigation period was significant. Qenos experienced increases in costs of production during 2018/19 as it was responding to:

- (i) A significant loss of volume at a specific customer; and
- (ii) Renegotiated contracts with customers at reduced realisations across [number] per cent of its customer base.

Combined, the net effect of the volume and price-effect injury was material to Qenos' sales revenues during 2018/19.

Qenos requests the Commission to take account the identified injury examples in its causal link considerations.

If you have any questions concerning this submission, please do not hesitate to contact me on (03) 9258 7480, or Qenos' Representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely

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