



Australian Government  
Department of Industry,  
Innovation and Science

Anti-Dumping  
Commission

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**High Density Polyethylene exported from  
the Republic of Korea, the Republic of Singapore,  
the Kingdom of Thailand and the United States of America**

**Investigation No 515**

**File Note**

At the time of considering the application which resulted in the present investigation, the Anti-Dumping Commission (Commission) found that, in the Australian Border Force (ABF) import database, there appeared to be goods which may have been classified under incorrect tariff subheadings and the relevant consignment had not been described in sufficient detail to assess the classification further. The Commission also observed that some consignments had been declared with volumes which were either over or understated (e.g. declared in kilograms rather than tonnes, and vice versa).<sup>1</sup>

For these reasons, the Commission expressed some uncertainty as to the volume of goods that were actually exported from the United States of America (USA) during the investigation period (1 April 2018 to 31 March 2019). Qenos' application suggested that the volume of exports from the USA accounted for approximately two per cent of all Australian imports during the investigation period. Noting the potential for the goods to have been misclassified and / or incorrectly declared in terms of volumes in the ABF import database, the Commission concluded that there still appeared to be reasonable grounds for the publication of a dumping duty notice with respect to exports from the USA on the basis of the information available at that time.

As a result of the Commission's examination of exports and its verification activities, the Commission is now in a position to provide greater clarity to all interested parties with respect to the volume of the goods actually exported from all sources during the investigation period.

**Verification of data**

The Commission contacted known importers and exporters of the goods during the investigation period and invited them to participate in the investigation by completing the relevant questionnaire.

The Commission received completed importer questionnaires from, and subsequently undertook verification visits to, the following importers of the goods:

- Chevron Phillips Chemicals Australia Pty Ltd
- David Moss Corporation Pty Ltd
- Polymer Direct Pty Ltd
- Primaplas Pty Ltd

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<sup>1</sup> *Consideration Report No. 515* refers, available on the public record, document [02](#).

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- Redox Pty Ltd
- VIP Plastic Packaging Pty Ltd

The abovementioned importers accounted for more than 86 per cent of the goods (by volume) imported from Korea, Singapore, Thailand and the USA (collectively, the subject countries), and more than 70 per cent of the goods imported from all countries.

The Commission also received completed exporter questionnaires from, and subsequently verified the data provided by, the following suppliers:

- Chevron Phillips Chemical Company LP (CPChem)
- Chevron Phillips Chemicals Asia Pte Ltd (CPCA)
- Chevron Phillips Singapore Chemicals (Private) Limited
- IRPC Public Company Limited
- Korea Petrochemical Ind. Co., Ltd
- PTT Global Chemical Public Company Limited
- Thai Polyethylene Co., Ltd

Visit reports for most of these importers and suppliers have been published on the Commission website ([www.adcommission.gov.au](http://www.adcommission.gov.au)).<sup>2</sup>

The abovementioned suppliers accounted for more than 96 per cent of the goods exported to Australia from the subject countries (by volume) and almost 80 per cent of the goods exported to Australia from all countries.

The Commission has compared the volumes recorded in the ABF import database, which were relied on at initiation, with verified volumes from the above suppliers. The variance between the volumes reported in the ABF import database and those verified for suppliers from the subject countries is less than one per cent. The Commission therefore considers that, it is reasonable to rely on the volumes reported in the ABF import database for other suppliers which were not examined and has done so.

### **Treatment of export volumes from the USA**

The Commission undertook a verification visit to CPChem in the USA. Based on this verification, the Commission is satisfied that the sales and cost data provided by CPChem is complete, relevant and accurate.

As part of the sales verification of CPChem, the Commission has observed a particular sales arrangement between CPChem and its related party CPCA. The Commission observed that, for all sales of the goods manufactured by CPChem, CPCA acted as a trader and was responsible for on-selling the goods to Australia. There were two distinct selling methods in relation to the goods manufactured by CPChem to Australia, namely:

- i. certain goods were shipped directly from the USA to Australia; and
- ii. certain goods were shipped from the USA to a warehouse controlled by CPCA in Malaysia, prior to being sold and shipped to Australia (by CPCA).

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<sup>2</sup> A confidential exporter questionnaire response was also received from Montachem International, INC. (Montachem). Montachem, however, does not produce the goods; rather, it is a trader of goods supplied by a number of other (unnamed) producers in the USA. The Commission has not sought a public record version of Montachem's questionnaire response as a result of its trader status, but has nevertheless had regard to its information (see below) because, when compared with the ABF import database, the Commission considers the information to be largely accurate.

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The Commission therefore undertook a verification visit to CPCA. The Commission tested the completeness, relevance and accuracy of CPCA's sales and was satisfied that the data provided by CPCA is complete, relevant and accurate.

As part of the sales verification of CPCA, the Commission examined the sales arrangements occurring between CPChem, CPCA and, ultimately, the importers of the goods. The Commission undertook verification visits to importers that purchased the goods from CPChem and / or CPCA, and was able to reconcile the importation volumes identified at these importer visits with the export volumes identified at the corresponding supplier verification visits. The Commission is therefore satisfied that the export volumes of the goods from CPChem in the USA and via its related trading entity (CPCA) are complete, relevant and accurate.

### **Assessment of export volumes from the USA**

To establish the volume of the goods exported from the USA, the Commission has relied on the verified volume of the goods exported to Australia from CPChem, either directly or through CPCA, as a result of being able to reconcile the sales of the goods to verified importers. For the purpose of this analysis, the Commission has taken a conservative approach and has *included* the goods which have been supplied via Malaysia. In addition, the Commission notes that Montachem reported a marginally higher volume of exports of the goods in its questionnaire response than was reported in the ABF import database. To be conservative, the Commission has relied on the *larger* of the two volumes for the purposes of its import volume analysis.

Additionally, whilst undertaking the importer verification visits, the Commission observed that one importer had incorrectly classified an importation from Thailand as an importation from the USA. Further verification of this importation was undertaken by the Commission and relevant supporting evidence has been collected and reviewed. The Commission is satisfied that this importation originated from Thailand and at no stage did this importation relate to goods manufactured and/or exported from the USA.<sup>3</sup> The Commission was also able to verify this transaction when undertaking the verification visit of the relevant exporter in Thailand.

In addition to the above export volumes (verified in the case of CPChem / CPCA, unverified in the case of Montachem), the Commission has had regard to the information that was declared in the ABF import database as being exported from the USA that has not already been captured in the above. In this calculation, data drawn from the ABF import database (relevant to the unverified exporters) therefore accounted for less than 25 per cent of the total volume found for the USA.

### **Assessment of export volumes from all other countries and negligible volume**

The Commission notes that, under section 269TDA(3) of the *Customs Act 1901*, the Commissioner must terminate an investigation if the volume of goods exported to Australia from the subject country is negligible. Section 269TDA(4) defines negligible volume as less than 3 per cent of the total volume of Australian imports, and section (5) does not apply. Section 269TDA(5) states that, if the sum of the volumes of dumped goods from each other country also less than 3 per cent, nevertheless exceeds 7 per cent, the total volume of the dumped goods is not negligible.

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<sup>3</sup> Details of the verification of this transaction are contained in the verification visit report for Polymer Direct Pty Ltd; refer to document [38](#) on the electronic public record for Investigation 515.

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The Commission has relied on the actual, verified export volumes for the goods exported to Australia by the examined exporters from all other subject countries. The balance (which accounts for a little over 20 per cent of all exports, the majority of which is from countries not subject to this investigation) has been derived from the ABF import database.

The volume of the goods exported from the USA when expressed as a percentage of the total Australian import volume is **2.7 per cent**.

### **Sensitivity analysis**

The Commission has undertaken a sensitivity analysis on its calculations. The analysis examines both the numerator (the volume of goods found to have been exported from the USA) and the denominator (the overall volume of goods imported into Australia).

The Commission has considered whether some portion of the unverified export volumes declared in the ABF import database (i.e. those from uncooperative exporters, or from suppliers that are not from the subject countries) might have been misdeclared in terms of volume or source. The Commission has calculated the degree to which either the export volume of dumped goods from a given country (the numerator) or the total Australian imports of the goods (the denominator) would need to change to result in the calculation exceeding 3 per cent:

- In terms of increasing the numerator, USA volumes would need to increase by approximately 10 per cent. This could occur in two ways:
  - the goods declared to have been exported from non-subject countries have been misdeclared, and those goods have actually been supplied from the USA; or
  - the volume of the goods exported from the USA by the unexamined suppliers (i.e. accounting for the remaining 25 per cent of the goods from the USA) has been understated.
- In terms of reducing the denominator, at least 30 per cent of the total volume of the unverified imports would have to be overstated.<sup>4</sup>

Further, the Commission has completed an assessment of the volumes exported from Korea, Singapore and Thailand by:

- each verified supplier; and
- all other suppliers.

Following verification, the Commission is satisfied that the volumes of exports of the goods by each verified supplier from each of Korea, Singapore and Thailand is above 3 per cent when expressed as a percentage of the total Australian import volumes of the goods. Therefore, if the goods exported by any verified supplier are dumped, the export volume of dumped goods from that specific country, when expressed as a percentage of the total Australian imports, would also be above 3 per cent.

Additionally, if exports from only the “all other suppliers” from each of Korea, Singapore and Thailand are dumped, the Commission is satisfied that the total export volume of

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<sup>4</sup> The Commission recognises that, should both the numerator and the denominator be under or overstated (respectively), different combinations of error rates may result in the calculation exceeding 3 per cent. However, given the processes undertaken by the Commission in its analysis of the ABF import database described above, and noting that both instances would have to exceed the estimated one per cent error rate identified above, there is little likelihood that this has occurred.

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dumped goods, when expressed as a percentage of total Australian imports and inclusive of the volumes of exports from the USA, is **less than 7 per cent**.

### **Contact**

Enquiries about this file note may be directed to the case manager on telephone number 03 8539 2440 or email at [investigations1@adcommission.gov.au](mailto:investigations1@adcommission.gov.au).