



3 February 2020

The Director
Investigations 1,
Anti-Dumping Commission
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Public File

Dear Director

Investigation No. 515 – High density polyethylene exported from Korea, Singapore, Thailand and the USA – Statement of Essential Facts

I. Introduction

I refer to Statement of Essential Facts No. 515 (“SEF 515”) published on 15 January 2020 concerning exports of High Density Polyethylene (“HDPE”) exported to Australia from Korea, Singapore, Thailand and the USA.

Qenos Pty Ltd (“Qenos”) acknowledges the preliminary findings concerning the Anti-Dumping Commission’s (“the Commission”) investigations into the margins of dumping established for exports to Australia from the nominated countries during the 2018/19 investigation period¹.

II. Dumping Margins

The Commission has established the following dumping margins on exports to Australia from Korea, Singapore, Thailand and the USA.

Country	Exporter	Dumping Margin
Korea	Korea petrochemical Ind. Co., Ltd	-5.1%
	Uncooperative and all other exporters	-1.5%
Singapore	Chevron Phillips Singapore Chemicals (Private) Limited	-0.9%
	Uncooperative and other exporters	5.0%
Thailand	IRPC Public Company Limited	1.8%
	PTT Global Chemical Public Company Limited	0.6%
	Thai Polyethylene Co., Ltd	0.7%
	Uncooperative and all other exporters	8.8%
USA	Chevron Phillips Chemical Company LP	9.3%
	Uncooperative and all other exporters	13.9%

¹ Investigation period for Investigation 515 was 1 April 2018 to 31 March 2019.



The Commission further determined that:

- the goods exported by “uncooperative and all other exporters” from Singapore – although at a margin of dumping of 5.0 per cent – was in negligible volumes;
- the goods exported by all exporters from the USA with dumping margins of 9.3 per cent and 13.9 per cent determined to be in negligible volumes (at 2.7 per cent of total import volume during the investigation period).

It was further established that the volumes exported to Australia from Thailand by “uncooperative and all other exporters” were not negligible, however, the Commission established that the injury to the Australian industry that was caused by the dumped exports from Thailand was negligible.

III. HDPE Import volumes

The Commission’s dumping margin assessment for exports of HDPE to Australia from Singapore, Thailand and the USA confirmed that dumping was evident. Qenos notes that exports to Australia by IRPC Public Company limited (“IPRC”), PTT Global Chemical Public Company Limited (“PTT Global”) and Thai Polyethylene Co., Ltd (“Thai Polyethylene”) were at dumped prices. The margins of dumping for each of the Thai exporters was at negligible margins of dumping (i.e. less than 2 per cent).

Qenos notes that exports of HDPE to Australia by Chevron Phillips Chemical Company LP (“CP Chemical”) of the USA were at dumped prices of 9.3 per cent. The dumping by CP Chemical has a pervasive effect for all competitors in the Australian market, resulting in price depression and price suppression to the Australian industry as importers seek to match the declining prices instigated by CP Chemical. Whilst the Commission has assessed the dumped export volumes from the USA in the investigation period as negligible (at less than 3 per cent of total import volumes), the dumped prices did have an injurious impact on Qenos’ selling prices.

It is recalled from Qenos’ application for anti-dumping measures that imports from Thailand to Australia accounted for approximately 58 per cent of total HDPE imports into Australia for the investigation period. Imports of HDPE from Singapore by Chevron Phillips Singapore Chemicals (Private) Limited (“CP Singapore”) were at negative 0.9 per cent and accounted for a further 24 per cent of the total 2018/19 investigation period import volume.

The volume of HDPE imports from Singapore and Thailand accounted for 82 per cent of total imports in 2018/19 and were confirmed by the Commission with margins of dumping in the range negative 0.9 per cent to positive 1.8 per cent. When imports from Singapore and Thailand, combined with imports from the USA (a further 2.7 per cent), are taken in aggregate, Qenos’ claims that it was experiencing material injury from dumping is reasonable.

IV. Causation

In the Commission’s assessment of the material injury experienced by the Australian industry from the above negligible volumes of dumped HDPE exported from Thailand, it is stated in discussion concerning the competitive price advantage of the dumped exports that² *“the Commission does not consider that any such advantage has been afforded in this case, given:*

- *Qenos’ prices are driven by published regional benchmark for South East Asia that is unaffected by the price of dumped imports from Thailand;*

² Statement of Essential Facts No. 515, P. 51,52.



- *there is a lack of evidence to show that dumped prices of HDPE exported to Australia from Thailand were used to influence negotiations with Qenos; and*
- *the small volume of these imports as a proportion of both total imports and the Australian market."*

Qenos seeks to clarify the Commission's statement concerning the "*published regional benchmark for South East Asia*" reference. Qenos agrees that selling prices in the Australian market "*is largely determined by South East Asian regional pricing (ICIS) movements*". It was Qenos' expectation that the Commission would establish (or confirm) that "*Qenos' prices for each end use application are above, and generally consistent with, movements in the ICIS benchmark*" and "*the Commission is satisfied there is a correlation between the two*". The Commission's finding are consistent with Qenos' knowledge of South East Asian regional pricing.

The Commission obtained further information concerning the "*data gathering and reporting methodology that informs the ICIS benchmark*". The Commission states:

"The advice suggests that pricing information from a range of countries (both subject and non-subject) in the South East Asia region forms the basis of the benchmark. The ICIS benchmark does not include data based on export prices to Australia."

The South East Asia regional price represents an export price for HDPE that is surplus to domestic producers' local supply commitments and is available for supply to the export market. To be competitive, this product is sold at a discounted price to that sold domestically by the producer on the home market.

Qenos further notes the Commission's statement that:

"The Commission's view is that, whilst some exports from Thailand to Australia during the investigation period were dumped, there is no positive evidence which indicates that these dumped goods have materially influenced or impacted the benchmark."

The above statement does not provide any indication as to whether the cooperative exporters in Thailand (or Korea and Singapore) are sources of pricing information that is used in the determination of the South East Asian benchmark. The Commission indicates it could not establish whether customers used the benchmark – for the purposes of the **dumped** exports from Thailand – to influence negotiated prices in Australia. This information is difficult for Qenos to obtain as rarely does a customer disclose the exporter or country of the import competition. The securing of market intelligence for exports by the uncooperative Thai exporter(s) was not available to Qenos.

Qenos does not agree with the Commission's assessment (at P. 53) that "*Qenos has not provided any evidence to support its claim that its prices were reduced in response to competition from imports from the subject countries*." Qenos respectfully highlights that it provided the Commission with a detailed breakdown of key customers by market segment in a submission dated 3 October 2019 demonstrating how it had reduced prices in response to competitive offers quoting the benchmark for material sourced from the nominated countries. As the imports from the nominated countries accounted for 93 per cent of total imports in the investigation period, it is reasonable to conclude that the pricing pressures experienced by Qenos arose from the nominated import sources.

V. Closing remarks

Qenos welcomes the Commission's dumping assessments for exports from Korea, Singapore, Thailand and the USA. The findings confirm that some export volumes from Singapore and Thailand, all exports from the USA were at dumped prices.



Qenos does not agree with the Commission's conclusion that it has not provided information demonstrating that negotiated prices were determined based upon pricing offers from the nominated countries. As indicated, import volumes from the nominated countries during the investigation period accounted for in excess of 90 per cent of total HDPE imports and were responsible for pricing outcomes in 2018/19.

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

A handwritten signature in dark ink, appearing to read 'David Francis'.

David Francis
General Manager Marketing, Sales and Product Technology