

AUSTRALIAN CUSTOMS SERVICE

**APPLICATION
FOR DUMPING
AND/OR
COUNTERVAILING
DUTIES**

**TRADE MEASURES BRANCH
AUSTRALIAN CUSTOMS SERVICE
AUGUST 2001**

Assistance with the Application

The Customs Dumping Liaison Unit (DLU) can provide information about dumping and countervailing procedures and the information required by the application form. Contact the DLU on **Phone (02) 6275-6066** or **fax (02) 6275-6990**.

Other information is available from the Customs website at www.customs.gov.au.

The application should be sent to the

National Manager

OR

**Director Dumping Liaison Unit
Trade Measures Branch
Australian Customs Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601**

OR

By facsimile to (02) 6275 6888

Applicants must provide:

- Two copies of the application plus two non-confidential versions (Refer to the section on 'Important Information' about preparing a non-confidential application); and
- Where possible, an electronic version of both the confidential and non-confidential application.

AUSTRALIAN CUSTOMS SERVICE

Application for Dumping and Countervailing Duties

DECLARATION

I request in accordance with Section 269TB of the Customs Act 1901 that the Minister publish in respect of goods the subject of this application:

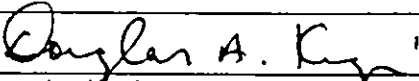
- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice

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:	Dr. Douglas Kagi	
Position:	Managing Director	
Company:	Tech-Dry Building Protection Systems Pty. Ltd.	
ABN:	62 922 836 289	Date: 20/ 07 / 2009

Important information

To initiate an investigation into dumping and/or subsidisation, Customs 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 Customs to establish whether there are reasonable grounds to initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

Customs 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 Customs.

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 organization chart. To facilitate reference, the chart should be labeled *Attachment A2.2*. If a second organization chart is provided in response to the same question, it should be labeled *Attachment A2.2.2* (the first would be labeled *Attachment A2.2.1*).

During an investigation all interested parties are given the opportunity to defend their interests. Customs maintains a public record of the submissions made during an investigation. A nonconfidential version of the application and any subsequent submissions must be provided for inclusion on the public record. A non-confidential submission should enable a reasonable understanding of the substance of the information submitted in confidence. If you cannot provide a non-confidential version, contact the Customs Dumping Liaison Unit **Phone (02) 6275-6066** for advice.

Industry financial data must, wherever possible, be submitted in an electronic format.

- Electronic data facilitates more efficient analysis by Customs (for example analysis can commence sooner and transcription errors are avoided).

- The data should be submitted on a standard double sided, high density 3.5 inch floppy disk in IBM/MS-DOS format, or another format compatible with MS-DOS.
- Microsoft Excel, or an Excel compatible format, is preferred.
- If the data cannot be presented electronically please contact the Customs Dumping Liaison Unit
Phone (02) 6275-6066 for advice.

The application form requests data over several periods (P1, P2....Pn) to evaluate industry trends and to correlate injury with dumped imports. The labels P1...Pn 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, Customs 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 the visit Customs will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

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.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:
Phone (02) 6275 6066 Fax (02) 6275 6990

A-1 Identity and communication.

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

Contact Name: Dr. DOUGLAS KAGI
Company and position: TECH-DRY BUILDING PROTECTION SYSTEMS PTY. LTD.
MANAGING DIRECTOR
Address: 177-179 COVENTRY STREET, SOUTH MELBOURNE,
VICTORIA 3205. AUSTRALIA
Telephone: 03 9699 8202
Facsimile: 03 9696 3362
E-mail address: doug@techdry.com.au
ABN: 62 922 836 289

Alternative contact

Name: Dr. REN KEBAO
Position in the company: TECHNICAL MANAGER
Address: 177-179 COVENTRY STREET,
SOUTH MELBOURNE, VIC, 3205
Telephone: 03 9699 8202
Facsimile: 03 9696 3362
E-mail address: ren@techdry.com.au

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

Name:
Representative's business name:
Address:
Telephone:
Facsimile:
E-mail address:
ABN:

A-2 COMPANY INFORMATION

1. State the legal name of your business and its type (eg. 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:

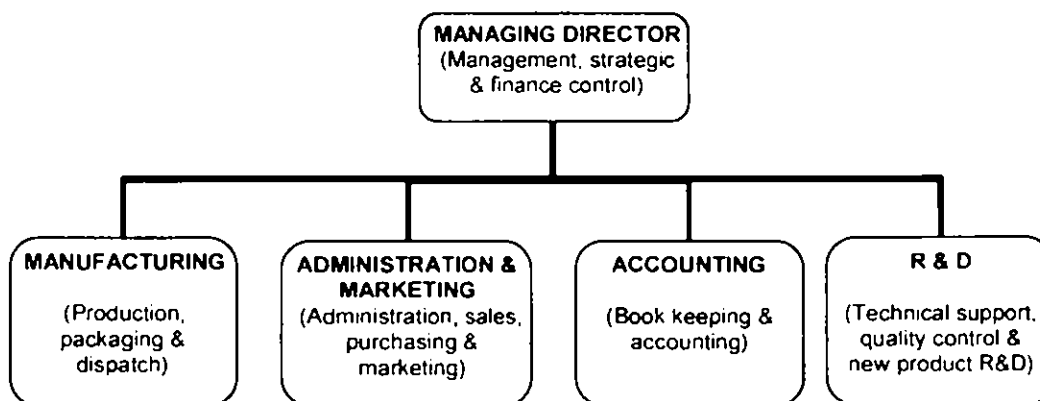
The legal name of the business is Tech-Dry Building Protection Systems Pty Ltd, which is a company which acts as trustee for the Dr. Douglas A Kagi Scientific Research Trust.

Tech-Dry Building Protection Systems Pty. Ltd. (Tech-Dry) is the only business which undertakes manufacturing of the product. Tech-Dry and Tech-Link International (Tech-link) conduct sales of the product which is the subject of this application.

Tech-Link is an agent which was a concrete block manufacturer located in Tasmania formerly called Tasco Bricks, Blocks and Pavers and has now become a marketing company for Block Emulsion and other concrete products. There is no ownership relationship between the two businesses.

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

Chart A2-2, Tech-Dry Internal Organistaion Chart



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

All of the issued capital in Tech-Dry Building Protection Systems Pty. Ltd is held by Dr. Douglas Kagi.

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

Not applicable

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

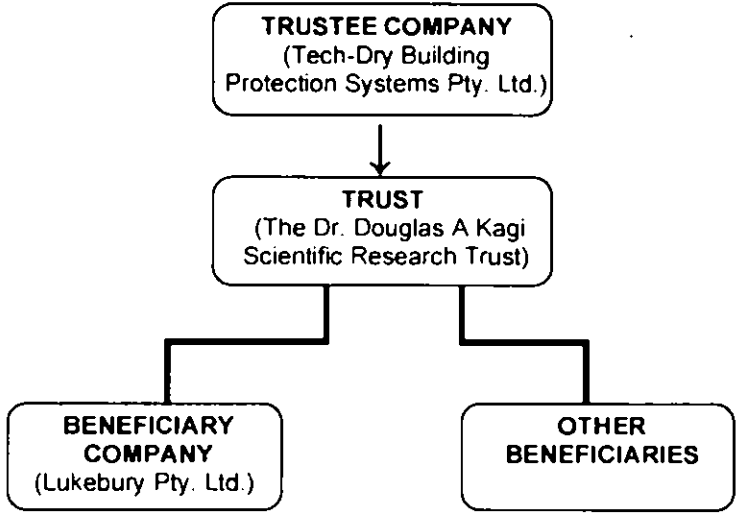
Not applicable

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):

The ABN numbers and outline diagram of associated or affiliated companies and trust are shown below:

Tech-Dry Building Protection Systems Pty. Ltd.	ABN: 62 922 836 289
The Dr Douglas A Kagi Scientific Research Trust	ABN: 62 922 836 289
Lukebury Pty. Ltd.	ABN: 060 012 231.

Chart A2-6. Tech-Dry Business Structure Chart



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

No

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

None

9. Provide a copy of all annual reports applicable to the data supplied in *appendix A3* (Sales Turnover).

See attached *appendix A3*

Any relevant brochures or pamphlets on your business activities should also be supplied.

There are many brochures and pamphlets relating to Tech-Dry Block Emulsion and its equivalent products for domestic and overseas markets. Attached are part of the Tech-Dry silicone admixture product information (see Attachment A2-9-1 and A2-9-2).

10. Provide details of any relevant industry association.

Not applicable

A-3 THE IMPORTED AND LOCALLY PRODUCED GOODS.

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

BASF Construction Chemicals Australia Pty. Ltd. (BASF) imports a silicone emulsion concrete admixture with a trade name of Rheopel Plus or possibly with other trade names as a water repellent and efflorescence control admixture or additive for concrete including pressed or precast concrete for in-plant manufacture of concrete products and for general concrete applications. The product may be imported into Australia using a tariff code of 3824.40.00 or under a different code

BASF Construction Chemicals USA at 23700 Chagrin Boulevard, Cleveland, Ohio 44122-5544 USA (BASF USA) undertakes manufacturing and exporting of the product. BASF Construction Chemicals Australia Pty. Ltd. at 11 Stanton Road, Seven Hills, NSW 2147 Australia (BASF) is a sales agent (distributor) for the product in Australia.

The BASF silicone emulsion contains n-octyltriethoxysilane as the key active component. N-octyltriethoxysilane is part of the alkylalkoxysilane group or one of the organic silicone family including alkylalkoxysilanes with linear or branched alkyl carbon chain length from C1 to C20 or with a phenyl group. Such silicones also include alkylalkoxysiloxanes (siloxanes), polysiloxanes, silicone resins and functional silicones also including materials which contain silicones. The BASF product may also contain the above mentioned silicones as the key active or co-active ingredients. The product also contains non-silicone ingredients such as ionic or nonionic surfactants or stabilisation agents or additives including silicone additives which not only help to stabilise the emulsion but also contribute to the performance of the final product.

The BASF silicone emulsion admixture is claimed to contain 40% (or 30-60%) of the key active ingredient n-octyltriethoxysilane. This product, however, can be diluted with water in plant by the manufacturer, importer or distributor to any concentration before being distributed to the end users. In addition, before importation into Australia, the BASF silicone emulsion admixture may be diluted to lower concentrations.

This silicone emulsion admixture is claimed to be a multi-purpose admixture and is used for water-repellency and efflorescence control applications for concrete or similar cementitious products including concrete block, concrete paving, retaining wall units, concrete roof tiles and pre-cast or pre-stressed concrete. With its flexible dosage range, this product also enables increased production rates and better visual appeal of the manufactured concrete products. The product also helps to increase strength and improve color vibrancy of concrete and provides excellent wind-driven rain resistance and has achieved a high rating to ASTM E514.

Silicone emulsion admixtures are claimed to be higher value products than those of traditional concrete admixtures such as fatty acid types of concrete admixtures which are not like goods and therefore not included in this application.

See attached BASF silicone emulsion Rheopel Plus Technical Data Sheet and Material Safety Data Sheet as Attachment A3-1-1 and A3-1-2.

- Include physical, technical or other properties.

Table A3-1, Physical Properties of BASF Silicone Emulsion Admixture Rheopel Plus*

Appearance	milky liquid
Odour	mild alcoholic
pH	7-8
Boiling point (°C)	98
Freezing point (°C)	0
Solubility in water	soluble
Specific gravity	ca 0.99
Flash point (°C)	not available
Evaporation rate	slower than butyl acetate
VOC concentrations	(less than water and exempt solvents) <350 g/l

* Note: The above physical properties were copied from the Rheopel Plus technical specifications. However, some of the properties were not correct according to our own analysis on a sample of Rheopel Plus. Such properties are:

Specific gravity: ca 0.95 (not 0.99)
Solubility in water: miscible (not soluble)

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

Only one product currently named Rheopel Plus or its equivalents is the subject of this application.

- Supply technical documentation where appropriate.

See the attached Rheopel Plus Data Sheet and Material Safety Data Sheet as Attachment A3-1-1 and A3-1-2.

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

The tariff code may be 3824.40.00 (prepared additives for cement, mortar or concrete). However, BASF could use a different tariff code. This tariff code may be used for other admixtures which are not silicone emulsion admixtures.

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

Tech-Dry **Block Emulsion** is a silicone emulsion admixture for concrete. Block Emulsion contains n-octyltriethoxysilane as the key active component. The admixture is designed for providing water repellency to concrete masonry reducing water penetration and controlling efflorescence in concrete products.

Block Emulsion is an innovative admixture for concrete especially for pressed concrete product. When Block Emulsion is incorporated into concrete products, the permeability to water and the occurrence of unsightly efflorescence is virtually eliminated. The use of Block Emulsion enhances the intrinsic quality of pressed concrete products by reducing the damage caused by weathering-related water uptake and efflorescence. The product may also help to improve the production rate and visual appearance of the finished products particularly for coloured or decorative concrete products. It may also help to increase concrete strength and provides excellent resistance against wind-driven rain or some resistance to water penetration under pressure

It is used by concrete masonry manufacturers as an admixture for manufactured concrete products such as concrete blocks, concrete pavers, retaining wall units, concrete roof tiles, pre-cast concrete and similar concrete products. See details from the attached Block Emulsion Data Sheet and Material Safety Data Sheet as Attachment A3-3-1 and A3-3-2

Deleted paragraph, Block Emulsion marketing information.

Deleted Table A3-3-1, Trade Names of Tech-Dry Silicone Admixtures (Like Goods) and Market Segment

- Include physical, technical or other properties.

*Table A3-3-2 Physical Properties of Tech-Dry Block Emulsion and its Equivalentents **

Appearance	milky white liquid *
Odour	mild alcoholic
pH	7-8
Boiling point (°C)	close to water
Freezing point (°C)	0
Solubility in water	miscible
Specific Gravity	ca 0.95 gm/ml *
Flash point (°C)	>61°C
Active content	50% by weight *
Evaporation rate	slower than butyl acetate
VOC concentrations	(less than water and exempt solvents) <350 g/l

* Note: Some Tech-Dry Block Emulsion is diluted to 25% and dyed to a slight pink colour for marketing purposes. The diluted emulsion (25%) may have slight variations in physical properties such as:

Appearance:	slight pinkish milky liquid
Special gravity:	ca 0.98 gm/ml
Active content:	25% by weight

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

Only one product Block Emulsion and its equivalentents are included in this application.

As noted above, Block Emulsion is sold under different trade names with two active concentrations of 25% and 50% for different markets.

- Supply technical documentation where appropriate.

See the attached Block Emulsion Data Sheet and Material Safety Data Sheet as Attachment A3-3-1 and A3-3-2.

- 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.

BASF Rheopel Plus as a silicone emulsion containing n-octyltriethoxysilane as the key active material is a direct equivalent product to Tech-Dry Block Emulsion which is also a silicone emulsion containing n-octyltriethoxysilane as the key active ingredient. The two products may have different active concentrations but are advised to be added into the concrete at a similar dosage rate based on active material per weight of cementitious materials into the concrete. Both products (Tech-Dry Block Emulsion and its equivalents and BASF Rheopel Plus or its equivalents) provide a water repellent effect and control efflorescence in the manufactured concrete. Both products have the same or similar physical form being a liquid emulsion.

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

- 1). Physical likeness:

The two products are water-based liquid silicone emulsions with the same physical properties. Both products contain the same active ingredient. The table below indicates the main physical properties of both emulsions:

Table A3-4, Comparison of Physical Properties of Both Silicone Emulsions

	BASF Rheopel Plus (40% active)	Tech-Dry Block Emulsion (50% active) *
Key active ingredients	n-octyltriethoxysilane	n-octyltriethoxysilane
Appearance	milky white liquid emulsion	milky white liquid emulsion
Odour	mild alcoholic	mild alcoholic
pH	7-8	7-8
Solubility in water	miscible	miscible
Special gravity	ca 0.95 gm/ml	ca 0.95 gm/ml

Note:

- Some Tech-Dry Block Emulsion is diluted to 25% and dyed to a slight pink colour for marketing purposes. The diluted emulsion may have slight variations in physical properties.

- 2). Commercial likeness:

Both products are substantially identical in physical form and in the active material. The products are directly competitive in the market place. Both products are used for the same

applications under the same categories in the same industries. Both are silicone water repellent admixtures for water repellent effect and to control efflorescence of concrete.

3). Function likeness:

Both Block Emulsion and Rheopel Plus have the same end uses. Both products function in the same way involving silicone water repellent nanotechnology for concrete. Both products have the same physical properties and share the same test specifications such as ASTM E514 for the concrete industry.

4). Content or Production likeness:

Both products contain the same active silicone material n-octyltriethoxysilane as the key active ingredients. Both products are made in a similar way by emulsifying silicone active ingredients in water in the presence of surfactants via emulsification devices. The final products are liquid emulsions and are packed in a similar way. Although the final products have different active concentrations, the dosage rate is calculated based on silicone active contents per weight of cementitious materials. The final performance of the admixture to the concrete depends on the active material concentration in the final concrete mix.

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

Not applicable

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

Block Emulsion is a silicone emulsion mainly containing n-octyltriethoxysilane as the key active ingredient. It also contains a small amount of auxiliary agents such as emulsifiers/additives to help to stabilise the emulsion and water. A high pressure emulsifier or other emulsification device is required for making the emulsion. The total cost to make the emulsion is high due to the relatively high cost of silicone raw materials. A production flow chart is shown below:

Deleted Chart A3-6, Tech-Dry Block Emulsion Production Flow Chart

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).

Tech-Dry Block Emulsion is manufactured by Tech-Dry at the South Melbourne production site. All raw materials are supplied by local suppliers. Silicone raw materials are imported by local suppliers. The details of raw materials required for making Block Emulsion or the equivalents are listed in the following table:

Deleted Table A3-7, Raw Materials for Tech-Dry Block Emulsion or the Equivalents

As can be seen from the table above, each of the components of the product are commonly available chemicals. The value adding process is occurring entirely in Australia. There is no value adding process undertaken overseas apart from the manufacture of certain of the raw materials.

The value adding process involved in Tech-Dry Block Emulsion manufacturing is called "emulsification" involving dispersing oily organic materials (organic silicones) in an aqueous phase (water). Emulsification is defined as a mechanical shearing process for instance by use of a shearing mixer, high pressure emulsifier or colloid mill) with the aid of an emulsification system (e.g. a surfactant system).

In the case of making silicone emulsions such as a silane emulsion, this is a scientifically and practically difficult process. The key ingredient silane such as n-octyltriethoxysilane is chemically unstable in water due to hydrolysis of the silane in water to form an unstable silanol which then becomes a silicone polymer which will precipitate from the water. In addition, development and production of such a silane emulsion which is stable as nano particles in water over time in severe conditions is technically very difficult. These problems were surmounted by intensive research and development at Victoria University of Technology from 1992 to 1996 and then at Tech-Dry for commercialisation from 1995 to 1996. The industrial-scale emulsification process had to be developed and a higher pressure emulsification system was specifically designed and fabricated to suit this emulsification process as normal commercially available emulsification devices such as shearing mixers were unsuccessful for making this silane emulsion. Plant trials to perfect and to adapt the laboratory process took 12 months. A substantial amount of capital has been invested in the above research and development and commercialisation work.

Developing and marketing such a value adding process in Australia was not an easy one. A silicone admixture was new to the concrete industry and had never been regarded as an option as a commercial concrete admixture until 1996. It is due to Australian creative thinking and inventive manufacturing that this innovative silicone concrete admixture was invented and successfully marketed in Australia since 1996.

The product functions very well in concrete and provides a durable water repellent effect and efficient efflorescence control. However, before launching the product, the new admixture had to be subjected to extensive test procedures including capillary water absorption tests, water penetration tests under pressure, efflorescence control tests, salt erosion resistance tests, concrete strength tests and artificial and practical durability tests involving CSIRO and many independent NATA registered laboratories who conducted the tests according to the national industry standards.

According to the Tech-Dry data of the last 12 month to June 2009, a value of approximately 82% (based on the cost to make Block Emulsion) is added from raw materials to the Tech-Dry Block Emulsion via the above emulsification process. A large company such as BASF may have a higher figure due to higher overheads.

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

Not applicable

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

Not applicable

(There is no other Australian producer manufacturing silicone admixture for concrete.)

A-4 THE AUSTRALIAN MARKET.

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

Both Tech-Dry Block Emulsion, a silane emulsion, and Rheopel Plus, also a silane emulsion, are used for the same purpose. These products are designed as a water repellent admixture for concrete for reducing water penetration and controlling efflorescence. Both admixtures provide durable water repellency to the concrete via a permanent siloxane bond between organic silicones and cementitious materials within the concrete matrix. Other effects such as increasing concrete strength, helping the productivity and creating a better finish of concrete product may also be achieved by using this type of admixture. The end users of these admixtures include concrete masonry manufacturers who produce concrete blocks, concrete pavers, retaining wall units, concrete roof tiles and pre-cast or pre-stressed concrete or similar products.

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;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- 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;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

Traditional water repellent admixtures for concrete masonry were fatty acid-based materials such as oleates and stearates which are not like goods in the present application. This type of admixture has been used for concrete for many years. Fatty acid types of admixtures are cost effective products and can achieve reasonable water repellent performance for concrete. Water repellent admixtures have been constantly required by the concrete industry in the world. However, fatty acid-based types of admixtures exhibit less durability within the concrete products and often fail to maintain a long term performance. Therefore, a better performance, high quality concrete admixture is required by the concrete industry.

Admixtures are generally distributed via construction chemical supplier networks. The key supply networks in Australia are BASF (formerly Degussa or Master Builders), W R Grace, and Parchem Construction Supplies.

The main end users of the water repellent admixtures in Australia are *deleted client names and client information*. There are also many other smaller concrete masonry manufacturers in Australia.

Like any building materials, the demand for concrete admixtures in Australia grows constantly but may vary according to variation of the activity of the building industry. There are no seasonal fluctuations associated with the demand apart from Christmas and Easter shutdowns.

Tech-Dry in-conjunction with Victoria University of Technology in 1995 developed an innovative silicone admixture nanotechnology. The new technology was then commercialised by Tech-Dry resulting in an innovative water repellent admixture (a silane emulsion with a trade name of Block Emulsion) for the concrete masonry industry in Australia. The new admixture achieved a

revolutionary success in reducing water penetration and controlling efflorescence of concrete. It solved the durability problem of the traditional admixtures and provided the concrete industry with a chance to develop high-valued coloured concrete product. Due to the development of Tech-Dry Block Emulsion, *deleted client names and client product information* which is value-added product and has achieved significant market success in the past few years in Australia. The new silicone nanotechnology has a clear advantage over the traditional fatty acid-based admixture particularly for its excellent water repellent performance and long-term durability.

Although the new silicone admixture has a clear advantage over the traditional admixtures, the high cost of the silicone admixture has limited its application in the concrete industry. The sales volume has been low compared to that of the traditional admixtures. However, because of Tech-Dry's effective and constant marketing work for the past 13 years, Tech-Dry has achieved a continuous sales growth for the new silicone admixture for both home and overseas markets. Evidence has shown that the demand for silicone admixture from the concrete industry has significantly increased over the past 2 years.

Since 1996, Tech-Dry in conjunction with the agent Tech-Link International (Tech-Link was an independent company which was a concrete block manufacturer located in Tasmania formerly called Tasco Bricks, Blocks and Pavers and has now become a marketing company for admixtures and concrete products) has conducted extensive marketing efforts. These activities include regularly attending professional conferences of the concrete industry, attending and exhibiting in international building shows in Australia, Asia and USA, running product seminars, contacting and visiting clients etc. *Deleted part of paragraph for Tech-Dry marketing information.*

In 2004, Tech-Dry went to Cologne and introduced this new silicone emulsion admixture technology to a German business who distributed construction chemicals to the concrete industry. Unfortunately, our product was not introduced to the concrete manufacturers in Europe but instead the sample was passed to a German silicone product manufacturer, Goldschmidt. Then finally a similar product was produced by Goldschmidt in Europe. Goldschmidt was then bought by Degussa which was then bought by BASF Construction Chemicals. BASF decided to promote this admixture as a trade name Rheopel Plus worldwide for concrete masonry industrials. The product is manufactured in the USA and was brought into the Australian market since 2006. BASF Rheopel Plus and Tech-Dry Block Emulsion, being substantially identical in composition and effect, aiming at the same market segment, compete almost exclusively on the basis of price. The BASF Rheopel Plus product is offered to the Australian clients at an incredibly low price compared to the price of Tech-Dry Block Emulsion or the standard price for the silane emulsion in the USA or the international market.

This application contains detailed information regarding pricing offered by BASF and BASF (USA) for Rheopel Plus (see the price quotes from BASF as Attachment A4-2-2 for Australia price and Attachment A4-2-3 from BASF USA for the Tech-Link USA associates. The products, package and services offered from BASF USA for the end user in the Attachment A4-2-3 was a standard offer for this type of product in the USA market. Tech-Dry generally provides similar offers to its clients in Australia.

We believe that the BASF pricing strategy for silicone emulsion admixture Rheopel Plus for the Australian market is a dumping strategy. The price deference between the Australian market and their home country is significant. Further, the BASF price for the Australian market is also below the cost to make and sell the product. This pricing strategy has caused a significant injury to the local silicone emulsion concrete admixture (Block Emulsion) business in Australia. The following table indicates the prices and costs of Tech-Dry Block Emulsion and BASF Rheopel Plus for the last 12 months to June 2009 in the Australian market.

Deleted Table A4-2, Costs and Prices of Block Emulsion and Rheopel Plus:

Deleted paragraph, Tech-Dry Block Emulsion overseas marketing and price information in order to prove the BASF dumping strategy for the Australian market.

The evidence from the email communications (see Attachment A4-2-4) between the Manufactured Concrete Products Industry Director of BASF USA, Kenneth Kruse and Tech-Link also indicated that this manager of BASF USA could not believe the pricing strategy for Rheopel Plus in Australia and he claimed in his words in the email: "...the price for Rheopel Plus in Australia would be approximately \$50.00 USD per gallon or \$13.20 USD per liter" ... "it would never be \$15.60 per gallon". (Note: 1 US gallon = 3.785 litres). See page 1 of Attachment A4-2-4.

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

There are no other similar commercial silicone water repellent admixtures available in the Australian market apart from the traditional fatty acid-based admixtures which are not like goods for this application and exhibit lower quality and performance, and do not compete directly with high quality high performance silicone admixtures as described in the previous section.

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

See attached *appendix A1*

5. Complete *appendix A2* (Australian market).

See attached *appendix A2*

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

*Deleted Table A4-6, Indexed Table of Sales Quantities**

A-5 Applicant's Sales.

1. Complete *appendix A3* (sales turnover).

See attached *appendix A3*

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

*Deleted Table A5-2-1 Indexed Table of Applicant's Sales Quantities**

*Deleted Table A5-2-2 Indexed Table of Applicant's Sales Value**

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.

Not applicable

4. Complete *appendix A4* (domestic sales).

See the Attachment A5-4 for appendix A4.

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.

Deleted paragraph, Tech-Dry Block Emulsion marketing and distribution information.

Deleted Chart A5-5, Distribution Network for Tech-Dry Block Emulsion and its Equivalent Products

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

Deleted paragraph, Tech-Dry Block Emulsion marketing and distribution information.

7. Provide copies of any price lists.

See Tech-Dry price list as the Attachment A5-7.

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 in *appendix A4* (domestic sales) as a discount or rebate.

Deleted paragraph, Tech-Dry Block Emulsion marketing and distribution information.

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.

See the attached Tech-Dry invoices and purchase orders as requested above from the agent Tech-Link International (formerly Tasco) as Attachment A5-9-1 (mainly 25% Block Emulsion) and Attachment A5-9-2 (50% Block Emulsion equivalent products) for the sales documents from the other agents or distribution outlets. The payment terms are 30 days from the end of the each month of the sale. Agents generally pay their accounts within the term.

A-6 General accounting/administration information.

1. Specify your accounting period.

Data recorded in this application including accounting is based on the following periods:

- P1: 2005/2006 financial year,
- P2: 2006/2007 financial year,
- P3: 2007/2008 financial year,
- Pn: 2008/2009 (last 12 months to 30 June 2009 from 01/07/2008 to 30/06/2009).

Earlier data may also be recorded if indicated in the application. The exchange rate of Australian currency used in this application was 0.756 based on the average rate for the last 12 month to 30 June 2009 (2008/2009) based on the foreign exchange rate information from Australian Taxation Official website at www.ato.gov.au or otherwise as indicated.

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

The financial records are held at Tech-Dry Building Protection Systems Pty. Ltd. at 177-179 Coventry Street, South Melbourne, Victoria 3205, Australia. Contact phone: 61-3-9699 8202.

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;

See both the Charts of Accounts for Internal Management and un-audited Accounts as the Attachment from A6-3-1 to A6-3-2.

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

Not Applicable (as the accounts are un-audited)

- 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.

See the attached internal financial statements for 2007 and 2008 as Attachment from A6-3-3 to A6-3-6 and for the period from 1st July, 2008 to 30th April, 2009 as Attachment A6-4.

4. If your accounts are not audited, provide the un-audited 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.

See the tax returns and un-audited accounts for the 2007 and 2008 financial years as Attachment from A6-3-3 to A6-3-6 and the most recent statements as Attachment A6-4.

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

Not applicable

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

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

Income is recognised as it is earned.

- Provisions for bad or doubtful debts;

There has been no need for recognition of bad and doubtful debts as tight control is kept of debtors.

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

There is very little in the way of general expenses and they are not allocated to Cost of Goods Sold

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

Direct costs

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

FIFO

- Valuation methods for scrap, by-products, or joint products;

Cost of raw materials

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

If the goods are damaged before use, they are returned for credit at cost. If goods are sub-standard during production they may either be reworked or written off at cost

- Valuation and revaluation of fixed assets;

Fixed assets are valued at cost less accumulated depreciation

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

Every asset costing over \$1,000 has a different depreciation rate depending on life expectancy. All assets under \$1,000 are pooled together in a Low Asset Pool and depreciated at 18.75% for the first year and 37.5% in the following years. All Equipment is depreciated using the Diminishing Value method.

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

All foreign exchange items are converted to Australian currency at the time of payment or receipt at the rate of exchange listed by the Australian Taxation Office as applicable at the time. All foreign currency bank accounts are converted to Australian currency at the end of the financial year at the conversion rates specified by the Australian Taxation Office as at that date.

- Restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shutdowns.

Not Applicable

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.

Not Applicable

A-7 Cost information

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

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 imports commenced.

We can not be sure about the exact date that the dumped imports commenced in the Australia market. However, according to information available on the BASF website (www.basf-cc.com.au), the Rheopel Plus product was first introduced into the Australian market in late 2006. However, we had feedback from our clients in late 2007 or early 2008 and we also noticed that our sales volume for Block Emulsion started to ease from approximately the same period. Therefore, the material injury from dumped imports is believed to commence from late 2007. This is the date we believe that *deleted client names* changed from Tech-Dry Block Emulsion to BASF Rheopel Plus.

Out of continuous efforts in marketing, Tech-Dry has established a market position for silicone concrete admixture in the Australian market and achieved a constant sales growth since 1996. We believe that market maturity for silicone admixtures has formed in 2007 and we expected a significant growth after that. However, the overall combined sales volume of silicone admixtures (Block Emulsion and Rheopel Plus) has risen but the Tech-Dry's sales have fallen

despite it being well established in the market for over 10 years and the strong relationships between the company and its customers.

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

Table A8-2-1, Index of Production (Volume#) Variations (Model, Type, Grade of Goods)

Domestic Block Emulsion and its equivalents based on 50% active	05/06	06/07	07/08	Last 12 months to 30 June 2009
Index*	100	103	98	90

Identify the relevant period eg 200X or Q1/0X

* Use data from label A of *appendix A6.1*

Table A8-2-2, Index of Cost Variations (Model, Type, Grade of Goods)

Domestic Block Emulsion and its equivalents based on 50% active	05/06	06/07	07/08	Last 12 months to 30 June 2009
Index*	100	104	125	127

Identify the relevant period eg 200X or Q1/0X

* Use data from label J of *appendix A6.1*

Table A8-2-3, Index of Price Variations (Model, Type, Grade of Goods)

Domestic Block Emulsion and its equivalents based on 50% active and ex-factory price	05/06	06/07	07/08	Last 12 months to 30 June 2009
Index*	100	101	101	101

Identify the relevant period eg 200X or Q1/0X

* use data from label L of *appendix A6.1*

The price listed above for Tech-Dry Block Emulsion and its equivalent were based on the Tech-Dry ex-factory prices.

Table A8-2-4, Index of Profit Variations (Model, Type, Grade of Goods)

Domestic Block Emulsion and its equivalents based on 50% active and ex-factory price	05/06	06/07	07/08	Last 12 months to 30 June 2009
Index*	100	100	67	60

Identify the relevant period eg 200X or Q1/0X

* use data from label M or N (specify as appropriate) of *appendix 6.1*

The profit calculated above for Tech-Dry Block Emulsion and its equivalent were based on the Tech-Dry ex-factory prices.

Table A8-2-5, Index of Profitability Variations (Model, Type, Grade of Goods)

Domestic Block Emulsion and its equivalents based on 50% active and ex-factory price	05/06	06/07	07/08	Last 12 months to 30 June 2009
Index*	100	96	68	66

Identify the relevant period eg 200X or Q1/0X

* use data from label O of *appendix A6.1*

The profitability calculated above for Tech-Dry Block Emulsion and its equivalent were based on the Tech-Dry ex-factory prices.

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.

Table A8-3. Index of [factor] Not applicable (refer to discusses in section A9-4)

Domestic Block Emulsion and its equivalents based on 50% active and ex-factory price	05/06	06/07	07/08	Last 12 months to 30 June 2009
Index*	100			

Identify the relevant period eg 200X or Q1/0X

* use data from *appendix A7*

A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. 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 imports on your quarterly sales volume and market share.

A silicone water repellent admixture was new to the concrete industry in 1996 both in Australia and in the world. Tech-Dry conducted an effective marketing campaign to the concrete manufacturers to accept the new technology and to replace traditional admixtures with the new silicone admixture. It has taken Tech-Dry many years effort to establish a market position for silicone admixture in the concrete industry in Australia. Although Tech-Dry has achieved a constant sales growth for the Block Emulsion over the previous 11 years to 2007, the total sales volume was relatively low compared to that of traditional admixtures such as fatty acid type materials. However, we noticed that the growth of the market for the silicone water repellent concrete admixture in Australia became significant starting from late in 2007 to the last 12 months to 30 June 2009 (combination of Tech-Dry and BASF products). This indicated that market maturity for the silicone admixtures has formed in 2007 and significant growth will be expected in the near future.

According to *Appendix A2*, the silicone admixture sales volume change in Australia for the past 5 years is presented in chart A9-1 (04/05 year data is added for the five year figures). It clearly indicates that the demand for silicone admixtures from the Australian concrete industry has grown constantly and the growth accelerated since 2007. The chart also reveals that Tech-Dry domestic sales volume topped in 2007 and have since fallen. According to *Appendix A2*, Tech-Dry annual volumes have fallen by *deleted figure* in 2008 and *deleted figure* in the last 12

months to June 30, 2009 compared to the sales in 2007. However, due to the market growth, Tech-Dry could potentially have lost up to *deleted figure* per year or *deleted figure* per quarter since 2007. This is due to the dumped imports entering the Australian market.

Deleted Chart A9-1, Domestic Sales Volume Change of Silicone Admixtures

BASF has established a market position in Australia and has begun an aggressive marketing strategy, based on the price difference between the two products. They started to offer existing clients of Tech-Dry the Rheopel Plus product at an incredibly low price of the order of approximately less than half of the price in the home US market where Rheopel Plus is manufactured. Tech-Dry's two major clients, namely *deleted client names*, are testing BASF product and we anticipate that they will replace Tech-Dry admixture with BASF product if Tech-Dry cannot match the BASF pricing. Some of the *deleted client names* have changed to BASF product and have been using Rheopel Plus since 2007. The total Tech-Dry admixture business for the domestic market is now threatened. The present injury to the Tech-Dry admixture business is significant and future injury will be significant should the imports from BASF continue.

2. Use the data at *appendix A2* (Australian market) to show the influence of the price of dumped 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.

The influence of the price of dumped imports of BASF product sold at a very cheap price on the Tech-Dry Block Emulsion business was real. Due to the fall in the value of the Australian dollar and the world-wide raw material price rises since 2007, the cost to make and sell Block Emulsion has increased significantly. This has resulted in a sharp drop in the operating margins for the product although Tech-Dry did not reduce the Block Emulsion price. In fact, Tech-Dry could have potentially increased the price to compensate for the drop in profitability if there were no dumped goods. However, because of the BASF aggressive dumping pricing strategy, Tech-Dry could not raise the product price ending up with a sharp decrease in operating profits. According to *Appendix A2* and *A6.1*, Tech-Dry annual profit of the Block Emulsion business has dropped by *deleted figures* in 2008 and by *deleted figures* in the last 12 months to 30 June 2009 compared to the profit margin in 2007. *Table A9-2* reveals the change on the cost, price and profitability of the Tech-Dry Block Emulsion over the past 4 years.

Deleted Table A9-2, The Influence of the Price of Dumped Imports on Price and Profit for the Australian Market:

Due to client feedback from *deleted client names*, Tech-Dry is now under significant pressure to drop the price of Block Emulsion to match the low dumped import price. Tech-Dry has already had discussions with the two main clients *deleted client names* regarding significant price reduction in order to maintain the business activity.

Deleted paragraph about Tech-Dry offer to one of main clients to supply Block Emulsion at a reduced price to match the dumped imports.

Deleted paragraph about Tech-Dry offer to another main client to supply Block Emulsion at a low price to match the dumped imports.

The price reduction will significantly reduce the profit of the Block Emulsion business and can potentially drive Tech-Dry out of the local admixture manufacturing business.

3. Compare the data at *appendix A2* (Australian market) to identify the influence of dumped 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).

As discussed in A9-2, the costs to make and sell Tech-Dry Block Emulsion increased due to the increase in the raw material price since 2007 and the fall in the Australian currency in 2008. In the past 2 years, the influence of the dumped import mainly affected the ability for Tech-Dry to raise the product price in order to offset the raw material cost increase and compensate for the fall in the Australian currency to maintain profitability. According to *Appendix 6.1*, Tech-Dry unit cost increased by *deleted figure* in 2008 and *deleted figure* in the last 12 months to June 2009 compared to the cost in 2007. This has caused Tech-Dry a profit fall of *deleted figure* in 2008 and *deleted figure* in the last 12 months to June 2009 due to the inability to raise the product price.

4. The quantity and prices of dumped 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 imports on these factors and where applicable use references to the data you have provided at *appendix A7* (other injury factors). If factors other than those listed at *appendix A7* (other injury factors) are relevant, include discussion of those in response to this question.

As Tech-Dry is a small business, it is very difficult to provide precise figures listed in *appendix A7* on a yearly base to provide the various economic impacts from the dumped imports. Further, although we have suffered a drop in domestic sales for Block Emulsion business due to the dumped imports, we have had a significant increase in the export business. Therefore the overall figures for Block Emulsion in *appendix A7* can not precisely present the impacts from the dumped imports. However, the dumped imports have already affected some economic factors in *appendix A7* relevant to the Tech-Dry Block Emulsion business. Such factors may be hard to present in figures but can be best described in the following aspects:

According to *Appendix A-2* and *Chart A-9-1*, the domestic Block Emulsion growth rate fell since 2007 although total demand for the silicone admixtures (Tech-Dry Block Emulsion plus BASF Rheopel Plus) in the Australian market significantly increased. Further, Tech-Dry lost the ability to raise the product price to compensate for the increase in the raw material cost and the fall in the Australian currency resulting in a sharp drop in business profitability. The drop in sales revenue and the fall in profitability have reduced the business value and significantly damaged the confidence to undertake further investment in research and

development, marketing, upgrading the production facilities for the Block Emulsion and the growth potential for the local manufacturing.

Tech-Dry conducted a major upgrade for the Block Emulsion product facilities in 2004 and is now due for a further upgrade both for the production facilities and factory space. However, the changed industry dynamics resulting from BASF's dumping, as outlined in this application, have caused Tech-Dry to put expansion plans on hold. In particular, had growth in domestic block emulsion sales continued Tech-Dry would have acquired the next door factory site (181 Coventry St, South Melbourne) to scale up the Block Emulsion business. This plan would have required an extra factory site, upgrading manufacturing equipment and the employment of additional factory workers and administration personnel. However, we are reluctant to invest a large capital for the upgrade due to the uncertainty of the future domestic Block Emulsion business due to the dumped import.

Further, Tech-Dry has lost the confidence to sign supply contracts with locally based raw material suppliers. Such contracts would have enabled Tech-Dry to reduce production costs by entering larger, ongoing commitments with suppliers for the purchase of raw materials. Instead, Tech-Dry is forced to acquire raw materials on a short term, ad hoc basis, which is less cost effective. This also has flow on effects for the locally based raw material suppliers with whom we deal.

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

The injury factors by the dumped import to the Tech-Dry Block Emulsion business since 2007 are material:

- 1) According to *Appendix A2 and A6.1*, the Tech-Dry domestic Block Emulsion sales volume fell from *deleted figure* in 2007 to *deleted figure* in the last 12 months to June 2009 while the total market demand for the silicone admixtures in Australia increased from *deleted figure* to *deleted figure* in the same period. This indicates that the demand for the dumped import has grown significantly but decreased for the domestic product (Tech-Dry Block Emulsion).
- 2) According to *Appendix A2 and A6.1*, the domestic Tech-Dry Block Emulsion operation profits dropped from *deleted figure* to *deleted figure* in 2008 and to *deleted figure* in the last 12 months to 30 June 2009. This loss in profits was partly due to the loss of sales revenue and partly due to the increase in the raw material cost and the fall in the Australian currency in the last year. However, like many other businesses in the last two years during the world-wide inflated economic conditions until late 2008, Tech-Dry should have been able to increase the product price to compensate the loss from the increase in the raw material cost and the fall in the currency in September 2008 if there was no dumped import.
- 3) Tech-Dry has also lost individual clients to BASF's dumped product. Since 2007, Tech-Dry lost *deleted client names* with potentially up to *deleted figure* of Block Emulsion sales in 2008 and *deleted figure* in the last 12 months to 30 June 2009. See attached letter from Tech-Link International as [Attachment A9-5-3](#).
- 4) Tech-Dry has a track record of constant growth for Block Emulsion sales from 1996 to 2007. Such sales growth, however, stopped and became negative when the dumped import entered the country.
- 5) Tech-Dry is now under significant pressure from the dumped import to reduce the price of Block Emulsion to match the low price of the dumped import. Tech-Dry has already

contacted the two main clients *deleted client names* intending to reduce the price (and has already cut the price at the time of lodgment of this application) in order to maintain the business revenue with these clients (see the attached letter/email from Tech-Dry to *deleted client name* as the Attachment A9-5-5-1 & A9-5-5-2) and to *deleted client name* as Attachment A9-5-5-3). However, we believe that this further price erosion will significantly reduce the profit of the Block Emulsion business and can potentially drive Tech-Dry out of the local admixture market. Refer to A9-2 for more details.

- 6) The current economic downturn together with the dumping import will cause greater threat of injury to the Tech-Dry Block business.
6. Discuss factors other than dumped 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.

The main raw materials (silicones) to make silicone emulsions are imported from overseas. Therefore, the other major factor apart from the dumping which would cause injury to the admixture business is the Australian dollar value and the price variation of those imported silicones.

The silicone admixture was new to the Australian admixture market when first introduced by Tech-Dry. In the past 13 years, Tech-Dry was able to keep a reasonable pricing strategy to maintain market share to have a satisfactory return on investment. The price set by Tech-Dry was acceptable to the Australian end users who, in fact, have created new value-added products, such as *deleted client name and product information*, due to the use of innovative silicone technology. Both Tech-Dry and concrete end users have benefited from the new silicone admixture.

There has been a significant cost increase in the production of Block Emulsion due to the increase in the raw material price and the fall in the Australian currency over the past 12 months. Tech-Dry is now facing greater pressure on pricing due to both the product cost increase and the dumped pricing from the dumped goods. This is because Tech-Dry will have to cut prices or has already reduced prices under pressure from the dumped goods in order to maintain market share.

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 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 injury factors) to support your analysis.

The impact on the Tech-Dry business in the future is significant.

According to *Appendix A2 and A6.1*, since 2007, Tech-Dry has already suffered from a *deleted figure* drop in operating margins for the Block Emulsion Business and lost *deleted figure* market share for the silicone admixture business in the current Australian market. The two main domestic clients *deleted client names* take approximately *deleted figure* by quantity and value of the Tech-Dry Block Emulsion business and, as discussed in section A-9, we believe that they are ready to replace Block Emulsion with BASF Rheopel Plus if Tech-Dry does not match the low price of the imports. The following table (*Table A9-7*) presents the impact on various economic data providing there is no growth under the current economic conditions of a downturn for the silicone admixture in the next 12 months in the domestic market. The data indicates that the impact on the Tech-Dry business is significant either with or without *deleted client names* in the Tech-Dry Block Emulsion sales revenue if the dumped import continues.

Deleted Table A9-7, Trend for the Impact on Various Economic Data in the Future for Tech-Dry Block Emulsion Domestic Sales

The above data only assumes that no other clients switch from Tech-Dry's Block Emulsion to BASF's Rheopel Plus. However, this may not be the case. In fact, the feedback from our clients has shown that BASF had already approached the other clients head-to-head against Tech-Dry aiming at replacing Block Emulsion with Rheopel Plus. If this happens, Tech-Dry will be forced to close down the local Block Emulsion business. This will result in substantial staff reductions and the cessation of any investment associated with the Block Emulsion business.

Tech-Dry as an Australian business invented the new technology (silicone emulsion nanotechnology concrete admixture) and successfully commercialised the technology in Australia and in the world. The silicone concrete admixture technology has now become a growth area where the world leading concrete admixture businesses have started investigations in the field to fulfill the continuing demand from the concrete end users. BASF is one of those companies and has developed a similar product after Tech-Dry Block Emulsion and started world-wide marketing.

We do not oppose BASF entering the Australian market. We understand that Australia is a free market and we welcome fair competition. However, BASF simply chose a dumping strategy to enter the Australian market, which has injured the local industry which justifies the imposition of anti-dumping duties. We believe that the current BASF pricing strategy will not be sustainable and they will have to increase their price to be able to maintain their business profitability once Tech-Dry is driven out as a competitor. Their action will not only damage the capacity of Australian innovative manufacturing industry but also harm the concrete masonry manufacturers who will have to face a significant cost increase of the silicone admixture in the future once the overseas manufacturer achieves a dominant and possible monopoly position.

End of Part A

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.

For advice about completing this part please contact the Customs Dumping Liaison Unit on: **Phone (02) 6275 6066 Fax (02) 6275 6990**

B-1 Source of exports.

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

The dumped goods (silicone emulsion concrete admixture with current trade name of Rheopel Plus) are exported from the USA.

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

The USA is also the country of origin of the dumped goods.

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.

Not applicable

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 producer of Rheopel Plus is BASF Construction Chemicals in the United States of America at 23700 Chagrin Boulevard, Cleveland, Ohio 44122-5544 USA ("BASF USA"). Contact phone: 800-628 9990 (USA).

The importer of the dumped goods is BASF Construction Chemicals Australia Pty. Ltd. (BASF) at 11 Stanton Road, Seven Hills, NSW 2147 Australia. Contact phone +61-2-8811 4200.

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.

Not applicable

(Rheopel Plus is the only imported silicone emulsion concrete admixture currently in the Australian market)

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.

Not applicable

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 grades, levels of trade, models or types involved, an export price should be supplied for each.

The Deductive Export FOB price for Rheopel Plus (40% active) was estimated based on the price feedback (\$5.90/litre) from *deleted client names* as to March 2009 which was the time we started preparing this application. We are not sure about the current price status for the BASF existing clients. The current BASF price quote to other individual concrete manufacturer is \$6.85/litre (see Attachment A4-2-2). The figures are also adjusted for 50% active emulsion as a comparison.

Table B2-1, Deductive Export FOB Price:

	Rheopel Plus (40% active)	Rheopel Plus (adjust to 50% active)
Australia retail price (per 1,000 litre) ¹	5,900	7,375
less net profit (approx 5%) ²	295	368.75
less freight from wharf to store (approx) ²	100	125
less import administration (approx 5%) ²	295	368.75
less delivery to buyer (approx) ²	100	125
less Goods and Services Tax (GST) ²	79	98.75
less overseas freight (approx) ²	300	375
Deductive Export FOB price	4,731	5,914

Note:

- 1 The Australian retail price for Rheopel Plus was obtained from client feedback. It is difficult to obtain written evidence from either the clients or BASF. However, we managed to obtain a new quote from BASF in April 2009 for the current supply of Rheopel Plus at A\$6,850 per 1,000 litre (see Attachment A4-2-2). This was the quote to individual producer of concrete products *deleted client information* not to the two main clients *deleted client names* who are larger producers which generally obtain better prices. This price is also believed to have been adjusted by BASF after the Australian currency had fallen from the peak in 2008 to the bottom in early 2009. This price is quite close to A\$5,900 and is still lower than the cost to make and sell. Therefore, we believe that the price of \$5,900 for the past 12 months to March 2009 or earlier is a true price
- 2 It is again impossible to obtain evidence for all the cost factors from BASF. The Deductive Export FOB price is calculated based on standard charges (e.g. shipping, freights and GST etc.) and realistic estimates (e.g. 5% retail margin and 5% administration cost).
- 3 Warehousing, shipping insurance and other shipping related costs etc. were not counted in the above cost calculation in order to be fair to support this application.

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

Not known

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.

See Appendix B1

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.

We have been advised by our clients *deleted client names* that a price of A\$5.9/litre was the price offered (or sold) to them from 2007 to March 2009 from BASF Construction Chemicals Australia Pty. Ltd.

It is difficult to obtain written evidence either from BASF or from clients for the Rheopel Plus price for the past time up to March 2009. As mentioned in Section B2-1, the current price quote of A\$6.85/litre from BASF is evidence that the past price of A\$5.9/litre was a true price.

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 grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

See the price quote from BASF as the Attachment A4-2-2 for the Australian price and Attachment A4-2-3 for the overseas price.

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

Not known

3. Provide supporting documentary evidence.

See the price quote from BASF as the Attachment A4-2-2 for the Australian price and Attachment A4-2-3 for the overseas price.

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

Deleted Tech-Dry Block Emulsion overseas marketing, distribution and price information in order to prove Constructed Normal Value (CNV).

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*)

Although we consider the information provided in section B3 above to be reliable, we have completed *appendix B2* to also provide a Constructed Normal Value.

The Constructed Normal Value (CNV) for Rheopel Plus was A\$15,525 as per 1,000 litre in the exporter's domestic market.

Please note that, because it is difficult to obtain direct evidence for the cost factors from BASF USA for Rheopel Plus, the costs were calculated according to fair estimated figures and practical industrial costs such as Tech-Dry cost factors for making the similar product (50% silane emulsion) in the similar period by considering the fact that BASF is a larger organisation. Following are the factors for the CNV calculation:

- 1). 10% lower for raw material costs possibly due to BASF being a large company and having better buying power.
- 2). 10% lower for production cost possibly due to larger scale production in the USA due to the considerably larger market.
- 3). 20% higher for administration cost due to possibly high overheads of a large organisation.
- 4). 20% more for distribution charges due to possibly high overheads of a large organisation.
- 5). There is a factor that Rheopel Plus is 40% active therefore more volume is involved during production and distribution and there would be extra costs associated with handling such extra volume. However, we would rather leave these costs out in favour of the CNV calculation.

We believe that above considerations for CNV calculation are realistic and fair because the retail price in the exporter's domestic market is \$15,714 (see Attachment A4-2-3) which is higher than but in line with the CNV of A\$15,525.

2. Provide supporting documentary evidence.

The price quoted for 2008-2009 supply was USD11.88/litre which was approximately A\$15.71/litre (or A\$15,714 per 1,000 litre) as at a 0.756 exchange rate at the date of the quote. See the price quote from BASF as the Attachment A4-2-2 for the Australian price and Attachment A4-2-3 for the overseas price. This price quote was higher than but in line with the CNV A\$15,525 in the exporter's domestic country.

The price quote from BASF USA also indicates that our CNV calculation (based on the fair estimated figures) for Rheopel Plus is realistic and therefore acceptable.

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.

The export price A\$4,731 (or A\$5,914 adjusted to 50% active) was much less than that of the normal value CNV A\$15,525 in the exporter's domestic country (See *appendix B2*). From *Table A4-2*, the cost to make and sell Rheopel Plus (40% active) in Australia is A\$10,933. Therefore the export price is also much less than that of the cost to make and sell. We can not match the normal value with the export price. We do not understand the price setting for Rheopel Plus by BASF in Australia. Following is the summary of the cost and price factors for the dumped goods:

Table B-5-1, Summary of the Cost & Price Factors of Rheopel Plus

	Value in A\$ as per 1,000lt (40% active)	Value in A\$ as per 1,000lt (adjustd to 50% active)
Deductive export price (FOB)	4,731	5,914
Cost to make & sell in Australia	10,933	13,666
Constructed normal value (CNV)	15,525	
USA retail price ¹	15,714	
Australian retail price (past 12 months to March 2009) ²	5,900	7,375
Australian retail price (current price quote in April 2009) ¹	6,850	8,563

* Note:

1. Refer to the price quote from BASF as the *Attachment A4-2-2* for Australian price and *Attachment A4-2-3* for overseas price.
2. This price was based on advice from our clients: *deleted client names* that this was the price offered (or sold) to them from 2007 to the March 2009 by BASF.

As discussed in Section A4-2, the above figures have again proven that the BASF dumping pricing is a purposely designed strategy to specifically target the Australian manufacturer to shut down the Australian silicone admixture manufacturer (Tech-Dry) to create a monopoly in their market position in both Australia and the world.

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 real domestic price in the USA was approximately A\$15,714 from the quote from BASF USA, which was higher than but in line with the CNV of A\$15,525. The slightly lower CNV figure proves that our calculation and estimate based on Tech-Dry cost factors and realistic estimated figures is fair. The real CNV may be higher but we would rather leave this CNV figure to be not adjusted to be fair in order to support this application.

B-6 Dumping margin.

1. Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).

For Rheopel Plus (A\$/1,000lt): $15,525 - 4,731 = A\$10,794$

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

$10,794/4,731 \times 100\% = 228\%$

PART C

SUPPLEMENTARY SECTION

IMPORTANT

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

You should contact the Customs Dumping Liaison Unit before answering any question in this part: Phone (02) 6275 6066 Fax (02) 6275 6990

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.

Not applicable

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:
 - (i) the rate of increase of dumped/subsidised imports;
 - (ii) changes to the available capacity of the exporter(s);
 - (iii) the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
 - (iv) inventories of the product to be investigated; or
 - (v) any other relevant factor(s).

Not applicable

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 threat to the Tech-Dry domestic Block Emulsion business is current and is foreseeable and imminent if the dumped import continues.

According to *Appendix A2 and 6.1*, Tech-Dry Block Emulsion sales revenue and operating margin continued to drop while the demand for the new silicone admixtures in the Australian market has substantially increased since 2007. This indicates that the dumped import has gained an acceptance by the local market and growth of the

dumped import has significantly increased. It is believed that this growth in the future will accelerate significantly.

Due to the dumped import, since 2007, Tech-Dry has already suffered from a *deleted figure* drop in operating margins for the Block Emulsion Business and lost *deleted figure* market share for the silicone admixture business in the current Australian market. As discussed, Tech-Dry's two main clients, *deleted client names* (which together represent approximately *deleted figure* of the local Block Emulsion business for Tech-Dry) have been offered Rheopel Plus at an incredibly low price and are believed to be ready to switch from Block Emulsion to BASF Rheopel Plus if Tech-Dry does not match the dumped import prices quoted immediately. This will result in an immediate further sharp drop in sales volume and operating margin for the Block Emulsion business. This threat to Tech-Dry will become a significantly greater in the 2009/2010 year due to the savage price reduction to match the dumped imports.

Tech-Dry is now under greater pressure to drop the Block Emulsion price to below the cost to match the dumped import. To do this, the Tech-Dry Block Emulsion business will be operated under a negative margin. This will force Tech-Dry to close down the local Block Emulsion manufacturing business in the near future.

As discussed in the section A-9 of Part A, the impact of the various economic factors on the Tech-Dry business in the future is significant. Table A9-7 in section A9-7 of Part A indicates Tech-Dry will have a negative profit in the Block Emulsion business if Tech-Dry loses *deleted client names* business or keeps *deleted client names* in its sales revenue by matching the dumping price for the next 12 months.

Further, we understand that other Tech-Dry clients apart from *deleted client names* are now aware of the BASF product and have already received an offer of Rheopel Plus from BASF at pricing comparable to that offered to *deleted client names*. This puts the Tech-Dry business in an immediate threat to completely close down the local manufacturing business resulting in staff redundancies and ceasing investment in the Block Emulsion product.

According to Appendix B-2, the BASF price for the Australian market is below the cost to make and sell the product. The BASF pricing strategy will not be sustainable. BASF Australia will have to increase the price to be able to maintain the business profitability once Tech-Dry is driven out as a competitor. Therefore the threat is not only to the innovative Australian admixture industry but also to the concrete masonry manufacturers who will have to face a significant cost increase in the foreseeable future once the overseas manufacturer achieves a dominant and possible monopoly position.

C-3 Close processed agricultural goods

Not applicable

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 Dumping Liaison Unit before completing this section Phone (02) 6275 6066 Fax (02) 6275 6990.

1. Fully describe the locally produced raw agricultural goods.
2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.
3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw 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.

C-4. Exports from a non-market economy

Not applicable

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.
2. Nominate a comparable market economy to establish selling prices.
3. Explain the basis for selection of the comparable market economy country.
4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.

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 Dumping Liaison Unit before completing this section ((02) 6275 6066 Fax (02) 6275 6990.**

Not applicable

1. Provide information establishing that the country of export is an 'economy in transition'.
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.
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.
4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

C-6 Aggregation of Volumes of dumped goods

Not applicable

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.

APPENDICES

- Appendix A1 Australian Production, *deleted*
- Appendix A2 Australian Market, *deleted*
- Appendix A3 Sales Turnover, *deleted*
- Appendix A4 Domestic Sales, *deleted*
- Appendix A5 Sales of Other Production, *not applicable*
- Appendix A6.1 Cost to Make and Sell (& profit) Domestic Sales, *deleted*
- Appendix A6.2 Cost to Make and Sell (& profit) Export Sales, *deleted*
- Appendix A7 Other Injury Factors, *not applicable*
- Appendix A8 Authority to Deal With Representative, *not applicable*
- Appendix B1 Deductive Export Price
- Appendix B2 Constructed Normal Value, *deleted*

Appendix B1

Deductive Export Prices

A separate calculation should be prepared for each model/grade/type of the imported goods under consideration. Indicate the period over which the prices and costs used in the calculation are based.

Provide evidence to support the calculation of each charge.

Model/type/grade.	Rheopel Plus (40% active)	Rheopel Plus (adjust to 50% active)
Specify unit (kilograms, tonnes, litres etc) Period (where applicable)	1,000 litre	
Price at first point of resale to an unrelated buyer in Australia (per unit) \$A	5,900	7,375
less amounts for		
net profit (if any) - specify rate 5%	295	368.75
delivery to buyer	100	125
warehousing		
selling, general and administration (incl. financial expenses) - if measured as percentage of selling price, specify rate 5%	295	368.75
freight from wharf to store	100	125
customs duty - specify rate Z %		
goods and services tax (GST)	79	98.75
import clearance and handling (incl. Customs agency fees and disbursements)		
overseas freight	300	375
overseas insurance		
other (specify)		
Deductive export price (FOB)	4,731	5,914

Deleted notes for Appendix B1