



**Australian Government**

**Australian Customs and  
Border Protection Service**

**INVESTIGATION INTO THE ALLEGED DUMPING OF  
FORMULATED GLYPHOSATE**

**EXPORTED FROM**

**THE PEOPLE'S REPUBLIC OF CHINA**

**IMPORTER VISIT REPORT**

**AUSTRALIAN INDEPENDENT RURAL RETAILERS PTY LTD**

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED  
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND  
MAY NOT REFLECT THE FINAL POSITION OF CUSTOMS AND BORDER  
PROTECTION**

**March 2012**

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**2 BACKGROUND AND PURPOSE****2.1 The application**

On 21 December 2011, Nufarm Ltd (Nufarm) and Accensi Pty Ltd (Accensi) lodged an application requesting that the Minister for Home Affairs (the Minister) publish a dumping duty notice<sup>1</sup> in respect of formulated glyphosate exported to Australia from the People's Republic of China (China). The applicants subsequently provided further information in support of their application. As a result, the Australian Customs and Border Protection Service (Customs and Border Protection) restarted the 20 day period for considering the application.

On 6 February 2012, following consideration of the application, Customs and Border Protection initiated an investigation. Public notification of initiation of the investigation was made in *The Australian* on 6 February 2012. Australian Customs Dumping Notice No. 2012/05 provides further details of this investigation and is available at [www.customs.gov.au](http://www.customs.gov.au).

Customs and Border Protection has previously conducted two investigations into formulated glyphosate from China. The most recent investigation was in 2001-02, following an application lodged by Monsanto Australia Limited (Trade Measures Report No. 45 refers). Accensi, then trading as A&C Chemicals, was an interested party in this previous investigation.

There are no current anti-dumping or countervailing measures on formulated glyphosate exported to Australia from China.

Following initiation of the investigation, a search of Customs and Border Protection's import database indicated that Australian Independent Rural Retailers Pty Ltd (AIRR) had imported formulated glyphosate from China during the investigation period (January 2011 to December 2011). Customs and Border Protection wrote to AIRR advising the company of the initiation of the investigation, requesting co-operation with the investigation and provided the company with a copy of the importer questionnaire to complete. AIRR was also provided with a list of its imports during the investigation period, extracted from Customs and Border Protection's import database, and identified a number of transactions from the list for verification.

AIRR completed the importer questionnaire, providing details regarding the company, overseas supplier information, imports and expenses. Company details are summarised in the following table.

Company	Australian Independent Rural Retailers Pty Ltd
Address	74-76 Drummond Road, SHEPPARTON
Telephone no.	03 5821 0922
Fax no.	03 5821 0944

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<sup>1</sup> under s. 269TAB(1)(a) of the *Customs Act 1901*. A reference to a section or subsection in this report is a reference to a provision of the Act, unless otherwise specified.

## 2.2 Purpose of meeting

The purpose of this visit was to:

- confirm that AIRR was an importer of formulated glyphosate and obtain information to assist in establishing the identity of the exporter;
- verify information on imports of formulated glyphosate to assist in the determination of export prices from China;
- establish whether the purchases were arms length transactions;
- establish post exportation costs incurred in importing;
- identify AIRR's sales and customers and determine sales volume, selling prices and selling costs;
- recommend how export price may be determined under s. 269TAB; and
- provide AIRR with an opportunity to discuss any issues it believed relevant to the investigation.

## 2.3 Meeting

We provided a summary of the investigation process and timeframes as follows:

- the investigation period is January 2011 to December 2011;
- Customs and Border Protection will examine the Australian market from January 2008 for the purpose of analysing the condition of the Australian industry;
- a preliminary affirmative determination may be made no earlier than 10 April 2012 – which is the first working day after the Easter public holiday;
- provisional measures may be imposed at the time of the preliminary affirmative determination or at any time after the preliminary affirmative determination has been made, but Customs and Border Protection would not make such a determination until it was satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of a dumping duty notice;
- a statement of essential facts will be placed on the public record by 28 May 2012 or such later date as the Minister allows - the statement of essential facts will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister and will invite interested parties to respond, within 20 days, to the issues raised (submissions received in response to the statement of essential facts will be considered when compiling the report and recommendations to the Minister);
- Customs and Border Protection's report to the Minister is due no later than 10 July 2012, unless an extension to the statement of essential facts is approved by the Minister.

We advised AIRR that we would prepare a confidential report on the visit. AIRR would be given an opportunity to review the visit report for accuracy. A non-confidential version of this visit report would be prepared in consultation with AIRR.

The meeting was held at AIRR's Shepparton offices on Tuesday 3 April 2012. The following people were present at various stages of the meeting.

AIRR	Mr Peter Law, Managing Director & CEO Ms Kristen Pickering, Chief Financial Officer
AGRONOMIQ	Mr Myles Stewart-Hesketh, Director Mr Adam Stewart-Hesketh, Director
Customs and Border Protection	Mr Chris Vincent, Manager Operations 1 Mr An Chew, Supervisor Operations 2 Ms Jo Schultz, Graduate Trainee Operations 3

Prior to the meeting we forwarded an agenda to AIRR and advised that we would require supporting documentation for the selected sales that had been previously identified.

AIRR was co-operative and had the required documentation available for the meeting.

### 3 THE GOODS

#### 3.1 The goods

##### General description

The good the subject of the application (the goods) is formulated glyphosate. The application specifies that:

*The imported product the subject of this application is formulated glyphosate, a non-selective herbicide, imported in varying strengths of the active glyphosate acid ingredient ("glyphosate technical"). A non selective herbicide is one that controls weeds in all situations.*

Formulated glyphosate products are used for the non-selective control of weeds and are absorbed by the leaves and green tissue of susceptible plants. Translocated throughout the plant, formulated glyphosate based herbicides inhibit a specific enzyme, EPSP synthase, which plants need in order to grow. Without that enzyme, plants are unable to produce other proteins essential to growth, so they yellow and die over the course of several days or weeks.

##### Glyphosate formulations

The application states that in the Australian market the different formulations (of glyphosate) are described according to grams of glyphosate technical per litre or kilogram, whereas on the global market the formulations are commonly described by the percentage of glyphosate technical contained in the formulations on a weight for weight basis. The application contains the following indicative comparison of the glyphosate formulations described by grams per litre / kilogram or percentage basis of glyphosate technical.

Unit of product	Glyphosate content – measured as grams per litre or grams per kilogram	Glyphosate content – measured on a weight per weight basis (expressed as a percentage)
Litre	360	41.6%
Litre	450	50.6%
Litre	570	61.5%
Kilogram	680	75.7%

The application specifies that:

*This application is concerned with imported glyphosate in **all** its fully formulated liquid forms **including** glyphosate 360, glyphosate 450 and glyphosate 570 and the fully formulated dry form including glyphosate 680.*

The applicants claim that:

- the imported formulated glyphosate products (at varying strengths) have the same end use;
- all formulations strengths are substitutable;
- the imported dry formulation can be substituted for liquid forms; and
- all imported formulations are applied within the approved application rates indicated on the product label, expressed on a litre per hectare basis.

Therefore, at this stage of the investigation, Customs and Border Protection considers that the goods covered by this application, and thus any subsequent investigation, includes formulated glyphosate in any form (that is, not limited to liquid forms) and at any concentration (whether described according to weight of glyphosate technical by volume or percentage of glyphosate technical).

Exclusion of certain goods from investigation

The application specifies that it is important to distinguish between formulated glyphosate (the goods) and glyphosate acid, which is the primary ingredient in the manufacture of formulated glyphosate. Glyphosate acid is **not** the subject of the application.

Customs and Border Protection considers that the goods covered by this application, and any subsequent investigation does **not** include glyphosate acid.

### 3.2 Tariff classification

Formulated glyphosate is classified under the tariff subheading 3808.93.00 (statistical code 48) of Schedule 3 to the *Customs Tariff Act 1995*. The current rate of duty applying to formulated glyphosate imported to Australia from China is 5%.

Since 2007 there have been a number of tariff classification and statistical code amendments in respect of the goods, as detailed in the following table:

Period	Tariff classification	Statistical code
Prior to 2007	3808.30.00	50
1 January 2007 to 31 December 2009	3808.93.00	16
1 January to 31 December 2010	3808.93.00	43
1 January to 31 December 2011	3808.93.00	48
As of 1 January 2012	3808.93.00	49

There are currently no Tariff Concession Orders applicable to the relevant tariff subheadings.

### 3.3 AIRR's comments

AIRR stated that fully formulated glyphosate is a non-selective herbicide that kills everything it touches, but has a very short half life in the soil. It considers that domestically produced fully formulated glyphosate is a like good to the imported products. The starting point is the production of glyphosate acid, a derivative of phosphate. The first stage is the production of a slurry of glyphosate acid, referred

to as wet cake, which is 85% glyphosate acid. When dried this becomes glyphosate technical which is 95% glyphosate acid. Glyphosate technical is much easier to handle and transport than wet cake.

The first step in the formulation process is to make the glyphosate technical soluble in water. This can be achieved in a number of ways, but the most common method is to use mono-isopropylamine (MIPA). Other methods involve the use of ammonia and potassium hydroxide. The next step is to add a wetter or surfactant so that the herbicide adheres to the plants. AIRR stated that the quality of the wetter determines the quality of the fully formulated glyphosate, especially in Australian conditions where, because of the hot weather, leaves are often narrow and waxy. Other chemicals are added such as dyes and defoamers. AIRR stated that different dyes are used for different strengths of fully formulated glyphosate.

The fully formulated glyphosate can be produced to the desired concentration. AIRR stated that the different concentrations are fully substitutable as the end user makes up the required concentration in the spraying tanks (that is, regardless of the concentration purchased, the same amount of fully formulated glyphosate is sprayed on the weeds). AIRR stated that most of its imports were glyphosate 450 – it has more active ingredient than glyphosate 360 and therefore has a freight advantage.

AIRR stated that glyphosate 62% is not a like good. This product has been solubilised, but the wetter and other chemicals have not been added (that is, it is not fully formulated glyphosate). AIRR stated that the advantage of this product is that the MIPA has been added (it claimed that MIPA was a dangerous product to handle and transport). AIRR added that glyphosate 62% was not suitable for use by end users.

AIRR also claimed that dry product produced by its supplier had a concentration of 888 g/kg, compared with 680 g/kg for Nufarm. It claimed that this difference in concentration was so great that this product was not a like good to fully formulated glyphosate.

### **3.4 Substitutes**

AIRR stated that there were other products available.

- 2, 4-D only kills broad leaf weeds.
- Paraquat is cheaper and in some ways better, but was a more dangerous product.
- Glufosinate was in some respects better but was too expensive to compete.

AIRR stated that fully formulated glyphosate was the choice of most farmers.



**4 COMPANY BACKGROUND**

AIRR was established in January 2006 to supply farmers through a group of independent retailers. The rationale was to allow these independent retailers to compete with the corporate groups such as Landmark and Elders. AIRR stated that it supplies goods at competitive prices to a network of 1300 retail outlets. 240 of these outlets are branded – they are individually owned, but the owners are shareholders in AIRR. The remaining stores are independently owned. AIRR stated that these independent retailers are not restricted to selling AIRR products, but claimed that as most of the margin goes to the retailers there is incentive for them to sell AIRR products.

AIRR operates seven warehouses in Melbourne, Shepparton, Wagga, Tamworth, Brisbane, Adelaide and Perth. It supplies a comprehensive range of goods to farmers, including pet food, farm supplies and agricultural chemicals. AIRR has a range of goods that it supplies under its own brand, "Apparent", which it is continually trying to expand.

AIRR stated that its total turnover was about \$■ million, of which about \$■ million or ■% was fully formulated glyphosate.

AIRR claimed that more than 60% of the market is controlled by independents. Other independent groups include the CRT and IHD groups.

**AGRONOMIQ**

AGRONOMIQ was founded in 1993 by Myles Stewart-Hesketh and focuses on the crop protection segment of the Australian agricultural sector. About two and a half years ago AIRR asked AGRONOMIQ to help AIRR move into the generic agricultural chemical market. AGRONOMIQ established a structure to allow AIRR to source agricultural chemicals directly from overseas suppliers. AGRONOMIQ has a five year contract with AIRR with a five year option. It also owns the "Apparent" brand, but AIRR has an option to purchase.

AIRR imports and purchases fully formulated glyphosate from China and AGRONOMIQ establishes the contact with the supplier.

**5 IMPORTS****5.1 Introduction**

Customs and Border Protection's import database indicates that AIRR imported goods under tariff subheading 3808.93.00 (statistical codes 42, 43 and 48) from a number of suppliers. The quantity (in kilograms) imported from each supplier is summarised in the following table.

Exporter	2010	2011
Jiangsu Good Harvest Weien Agrochemical Co Ltd (Good Harvest)	██████████	██████████
██		██████████
██	██████████	██████████
██	██████████	██████████
██	██████████	██████████
██		██████████
██		██████████

AIRR stated that it only imported fully formulated glyphosate from Good Harvest and that all goods imported from Good Harvest were fully formulated glyphosate

AIRR stated that it has a long term contract with Good Harvest. Before placing an order, AIRR obtains email quotes from five other plants that supply comparable quality formulated glyphosate and Good Harvest must match the lowest quote. AIRR stated that Good Harvest has an obligation to have half a million litres available at the beginning of the month, but delivery times are normally six weeks. AIRR also requires Good Harvest to use a particular type of wetter which Good Harvest must import, which may cause further delays.

**5.2 Verification of the import costs**

In its importer questionnaire response, AIRR completed Part B – Sales route spreadsheet of 12 selected shipments. During the visit, AIRR provided copies of source documents for each shipment including:

- commercial invoices;
- packing list;
- bills of lading;
- Customs Broker invoices;
- N10 Import Declarations; and
- foreign exchange confirmations.

The documents provided by AIRR are at **confidential attachments IMP 1**.

We then sought to verify the data contained spreadsheet by reconciling it to the source documents. We were able to match the details on the commercial invoices to the spreadsheet.

**5.2.1 Foreign exchange rate**

The formulated glyphosate purchases by AIRR are invoiced in USD, and as part of the package of source documents, AIRR provided copies of the foreign exchange confirmations showing the actual foreign exchange rate for each invoice. The exchange rate shown on these documents were used to convert the invoice price in USD to AUD.

We also note that AIRR provided copies of the 'Settlement Instructions Confirmation' which shows Good Harvest as the beneficiary of the USD funds.

**5.2.2 Ocean freight and marine insurance**

Of the 12 selected shipments, 7 were at cost, insurance and freight (CIF), and 5 were free-on-board (FOB). For the 7 CIF shipments, we used the T&I amount declared on the N10 Import Declaration to calculate ocean freight and insurance. For the 5 FOB shipments, we used the freight amount listed on the Customs Broker invoices. We also noticed that there is a 'THC' amount that only appears for the FOB shipments, and therefore have included this amount in the ocean freight calculation.

**5.2.3 Importation costs**

We calculated the importation costs for each shipment based on the total fee invoiced by the AIRR's Customs Broker.

Agronomiq advised that it also charges AIRR █% of the FOB price for its services, less the Customs Broker's professional fee of \$█ per shipment. We asked for and Agronomiq provided us with a copy of its invoice to AIRR for October which details the charges (confidential attachment IMP 2).

**5.2.4 Selling, General and Administration (SG&A) expenses**

To calculate the SG&A expenses, AIRR provided us with copies of its income statements from the 2010/11 Annual Report, December 2010 Half Year Report and the December 2011 Half Year Report (confidential attachments IMP 3). We calculated the SG&A expenses as a percentage of revenue separately for the period Jan-Jun 2011 and Jul-Dec 2011. For the Jan-Jun 2011 period was calculated by subtracting the December 2010 half year from the 2010/11 financial year income statements. For the Jul-Dec 2011 period, we calculated SG&A directly from the December 2011 half year income statement.

**5.2.5 Summary**

Post FOB expenses for the 450g/L glyphosate imported by AIRR are summarised in the following table (expressed in Australian dollars per litre). Sales and the profitability of these shipments are discussed in section 6.

Cost item	450
Ocean freight and insurance	█
Importation charges (including duty)	█

SG&amp;A expenses

The updated sales route spreadsheet is at confidential attachment IMP 4.

### 5.3 Who is the importer

We noted that AIRR:

- is named as the customer on supplier invoices;
- is named as the consignee on the bill of lading; and
- arranges delivery of the goods to one of its warehouses or direct to its customers.

We consider AIRR was the beneficial owner of the goods at the time of importation and is therefore the importer.

### 5.4 Who is the exporter?

Customs and Border Protection will generally identify the exporter as:

- a principal in the transaction located in the country of export from where the goods were shipped who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal will be a person in the country of export who owns, or who has previously owned, the goods but need not be the owner at the time the goods were shipped.

Where there is no principal in the country of export Customs will normally consider the exporter to be the person who gave up responsibility for the goods as described above.

We reviewed the documentation provided in relation to the sample shipments ordered from Good Harvest. We are satisfied that:

- the commercial invoices identify Good Harvest as the supplier;
- the bills of lading identify Good Harvest as the shipper of the goods;
- Good Harvest arranges and pays for the goods to be transported to the wharf and loaded onto the ship in the country of export; and
- AIRR pays Good Harvest.

Based on the information available we are satisfied that Good Harvest was the exporters of the goods.

### 5.5 Arms length

For sales between Good Harvest and AIRR we did not find any evidence that:

- there is any consideration payable other than price; or that

- the price is influenced by a commercial or other relationship between AIRR and Good Harvest.

We confirmed during our verification that the price invoiced by Good Harvest, was the price paid by AIRR. Therefore, we consider that sales between Good Harvest and AIRR were arms length transactions.

**6 AUSTRALIAN MARKET AND SALES****6.1 General**

AIRR estimated that the market for fully formulated glyphosate was 70 million litres or \$300 million (at the wholesale level). Recent rains had increased demand for fully formulated glyphosate. AIRR claimed that the market was very competitive and over serviced. Fully formulated glyphosate is a commodity product and margins are very low, but retailers have to carry fully formulated glyphosate in order to sell other products.

**6.2 Sales process**

AIRR claims that the market determines the selling price. Retailers place orders on the warehouses as required. AIRR has a rebate system with the retailers, but this does not apply to fully formulated glyphosate. Delivery terms are typically free on truck terms are generally 30 days, but retailers invariably take longer to pay.

AIRR stated that it tried to carry two million litres of fully formulated glyphosate in stock.

**6.3 Sales verification**

At the verification visit, we are required to determine its selling price of formulated glyphosate to its customers in order to analyse the profitability of the selected import shipments. Although AIRR was not able to link a sale to a particular shipment, it was able to generate monthly customer sales reports broken down by product codes and region (**confidential attachments Sales 1**). From these reports, we were able to calculate monthly weighted average selling prices for each region for each product.

We note that the Customs Border invoices details the delivery region for each shipment and therefore we determined the sales value for each shipment based on the product, month of importation and delivery region.

**6.4 Profitability of sales**

Of the 12 selected shipments, we found that 7 were profitable and 5 were unprofitable. The weighted average profitability across the 12 shipments was [REDACTED]. We do not consider that the magnitude of the losses indicates that AIRR will directly or indirectly be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or part of the price<sup>2</sup> nor does it warrant a departure from the conclusion on arms length in section 5.5 above.

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<sup>2</sup> s. 269TAA(2)

**6.5 Forward orders**

AIRR had [REDACTED] forward orders of glyphosate 450g/L in both 20 litre and 1000 litre drums, supplied by Good Harvest.

**7 CAUSATION**

AIRR stated that it did not consider that fully formulated glyphosate it imported from China was dumped. During the visit and in its submission it raised a number of matters that may be causing injury to the Australian industry and that affected the price of fully formulated glyphosate in Australia.

**7.1.1 High overheads**

Nufarm's 2011 Annual Report shows a 15% gross margin return on glyphosate sales in Australia. AIRR considers that this is an extraordinarily high return for a commodity product. AIRR stated that its approach to such commodity products is low margin, high volume while Nufarm's is high margin with reliance upon the Monsanto Roundup branding for an identical product.

AIRR submitted that the stockbroking community and financial press have been criticising Nufarm for at least the last two years because of its massive overheads resulting from very high staff levels. According to Nufarm's website, Nufarm employs over 2,600 staff worldwide, but 2,000 or 75% of these are in Australia and New Zealand. Nufarm's annual report indicates that Australia and New Zealand accounted for about \$700 million or 33% of its global revenue of \$2,100 million in 2010-11.

**7.1.2 Access to distribution network**

AIRR stated that Nufarm is a manufacturer and as such depends on distribution to get its products to retailers, and subsequently end-users. It explained that Nufarm has preferred to rely on historical relationships with certain distributors such as Landmark, IHD and a handful of independent retailers in preference to the broader independent distribution models such as AIRR. It is AIRR's belief that this inhibits Nufarm's access to a large and growing segment of the market given the market share shift to the independent retailers away from the traditional corporate retail stores across the country.

**7.1.3 Cost advantages****1000 litre intermediate bulk carriers (IBCs)**

Approximately 70% of all glyphosate sold in Australia is packaged in IBCs. The major producer of IBCs globally is Schutz-DSL which operates a manufacturing business in both China and Australia. Schutz sells IBCs in China for US\$125 each whereas in Australia they sell an identical product for A\$200 to A\$220, adding eight cents per litre to the cost of local formulation.

**Wet cake**

Glyphosate technical manufacturers who also formulate end-user product have a four cents/kg advantage over companies (such as Nufarm who buy in glyphosate technical) by using wet cake. Wet cake cannot be exported economically because of its relatively low yield and moist condition, but it may be easily transferred from



the technical plant to the formulation plant on the one site in China. A four cents/kg penalty is equivalent to a two cents/litre penalty for glyphosate 450.

### MIPA

Australian formulators of glyphosate generally import MIPA from China or buy from traders who import from China. MIPA is extremely dangerous with a boiling point of 32 degrees and its shipping cost to Australia adds around two cents per litre to the cost of glyphosate formulated in Australia. The risk of using this product may be partially mitigated by using an aqueous solution of MIPA 70%. However, this still has a relatively low boiling point of 42 degrees and the water in MIPA 70% adds to transport and production costs.

### Chinese labour costs

Chinese labour costs are significantly less than in Australia. While formulation of glyphosate is generally capital intensive, it nonetheless includes a labour component, especially the packaging function. AIRR estimated that labour costs to formulate glyphosate 450 in Australia is 20 cents per litre compared with five cents per litre in China (based on quotations received from toll formulators in Australia and costs obtained from China).

### Tax rebate

Until mid 2011, Chinese manufacturers received a 5% tax rebate on the export of glyphosate technical. The value of the tax rebate was generally incorporated into the price of Glyphosate Technical. This rebate did not apply to exports of fully formulated glyphosate. Now that the rebate has been removed, Australian formulators are paying an additional US\$0.19/kg for glyphosate technical while the cost of fully formulated glyphosate remains the same. The removal of the rebate effectively adds eight cents per litre to the cost of formulating glyphosate 450 in Australia.

### Exchange rate

Glyphosate is priced in US dollars and therefore the recent collapse of the US dollar against the Australian dollar has benefited both importers of fully formulated glyphosate and glyphosate technical for local formulation. However, most of the benefit has been offset by revaluation of the Chinese RMB against the US\$.

Since 18th March 2010 the AUD has increased in value against the US\$ by 15.4% while the RMB has increased in value by 7.3%, a difference of 8.1%. This means that the labour component of formulating Glyphosate 450 in Australia has increased against the Chinese component by 8.1% of 20 cents/Litre or approximately 2 cents/Litre.

### Economies of scale

Although it cannot be quantified, the glyphosate manufacturing and formulating segment in China has benefited from economies of scale, which were enhanced by rationalisation of the industry in 2010-11. The current capacity of AIRR's supplier is 45,000 tonnes or 98,000,000 litres of glyphosate 450. This is more than sufficient to

supply the entire Australia market. This supplier is not the largest manufacturer in China, but is currently installing an additional 30,000 tonnes capacity of glyphosate technical. AIRR claims that given the fragmented nature of the Australian formulation industry (eight large sized formulation plants formulating glyphosate), it is extremely difficult for Australian formulators to be cost competitive.

**8 UNSUPPRESSED SELLING PRICE**

We explained the concepts of unsuppressed selling price and non-injurious price to AIRR. At the visit AIRR did not have any comments on the calculation of an unsuppressed selling price, but would consider the matter and may lodge a submission at a later date.

**9 GENERAL COMMENTS**

AIRR stated that it will be difficult to establish normal values using domestic sales in China. Glyphosate 450 is the predominant product exported to Australia, but this is not sold in China. Glyphosate 360 is sold in China, but it has to compete with a by-product of glyphosate acid production in China – waste water from the production process is processed by Chinese manufacturers to make a 10% glyphosate solution which is sold in the Chinese market. AIRR stated that production of this product was banned half way through 2011 because the waste water contains toxic materials.

AIRR claims that normal values should be based on costs, but the allocation of costs to glyphosate technical and fully formulated glyphosate is critical.

**10 RECOMMENDATIONS**

Based on the information available, for fully formulated glyphosate exported by Good Harvest to AIRR:

- the goods have been exported to Australia otherwise than by the importer;
- it appears that the goods have been purchased by the importer from the exporters; and
- the purchases of the goods by the importer were arms length transactions.

Subject to further inquiries with the exporters, we are satisfied that the export prices can be established under s. 269TAB(1)(a) using the invoice prices less any costs in respect of matters arising after exportation. Export prices will be determined following the visit to Good Harvest.