

Ammonium Sulfate from China

King & Spalding

June 15, 2016

Key Points in These Investigations

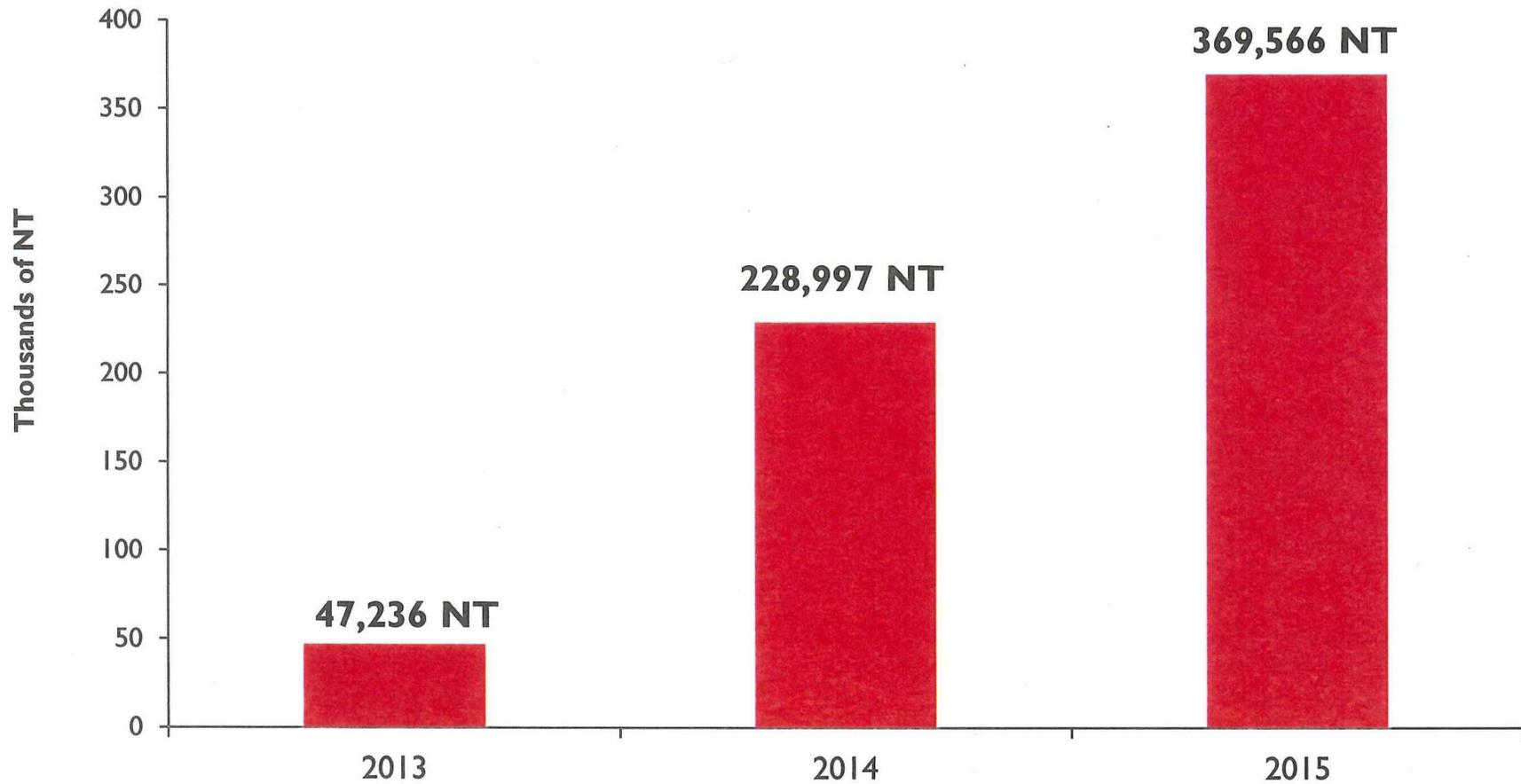
- From 2013 to 2015, the volume of imports from China imports rose by **682.4 percent**
- From 2013 to Q1 2016, imports from China took **almost one sixth** of the total U.S. market
- Imports from China and the domestic like product **compete on the basis of price**
- Rentech Nitrogen, which had been one of the largest U.S. producers of ammonium sulfate, **suffered enormous losses and left the business entirely**
- Despite strong demand, the domestic industry **has suffered severe harm by reason of unfair trade**

Background Points on Ammonium Sulfate

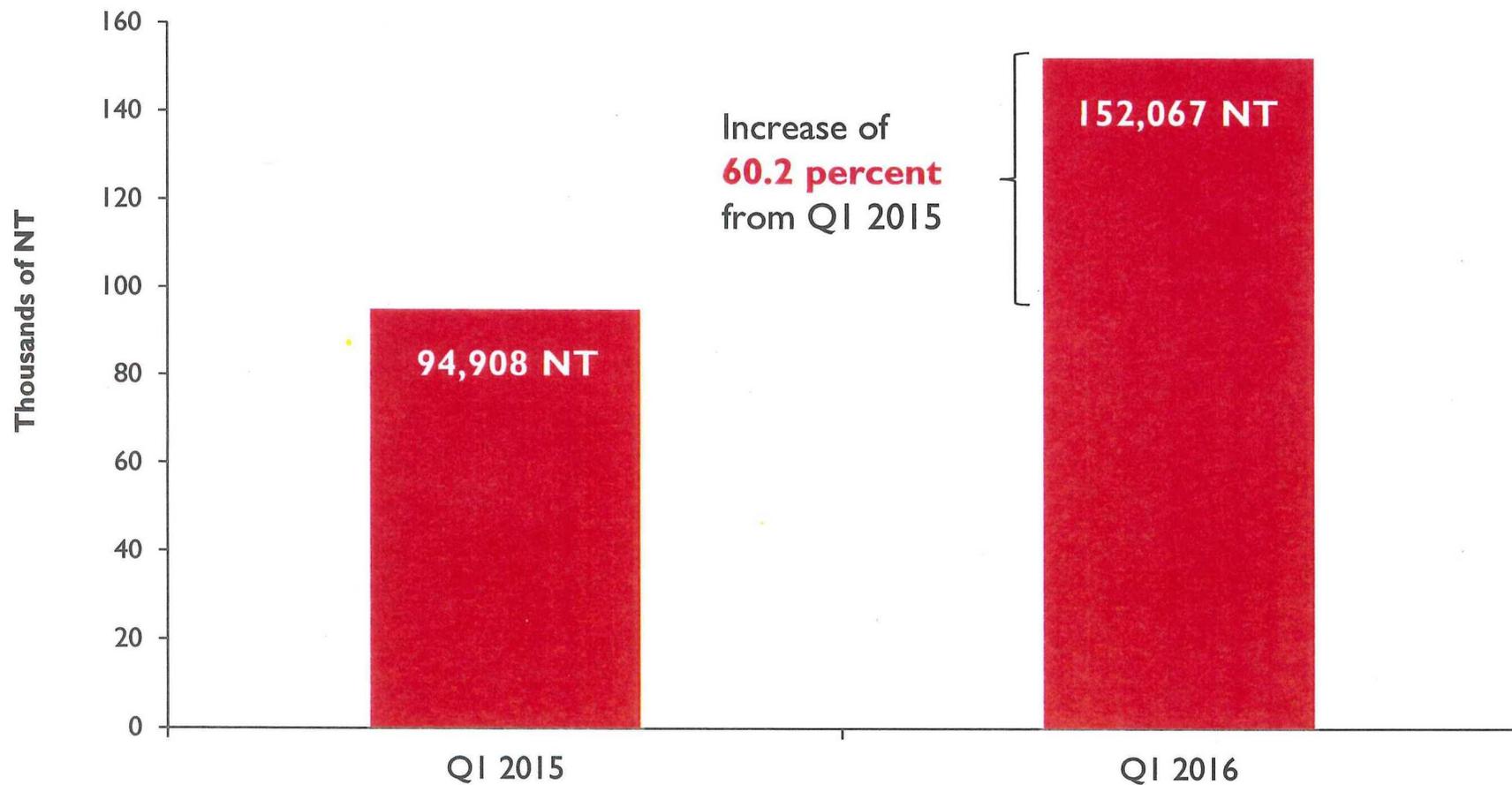
- A fertilizer that is 21 percent nitrogen and 24 percent sulfur
- In the U.S., it is used primarily to help farmers avoid sulfur depletion in their soil
- May be produced on its own, or as a co-product with other chemicals – whatever the production method, major domestic producers must obtain a **market-based rate of return**
- Usually sold in granular or standard form – both forms have the same nutrient value
- Domestic producers and importers may sell to distributors or directly to retailers
- In recent years, demand for ammonium sulfate has grown

**The Volume of Chinese Imports Is
Significant**

From 2013 Through 2015, Chinese Import Volumes Soared

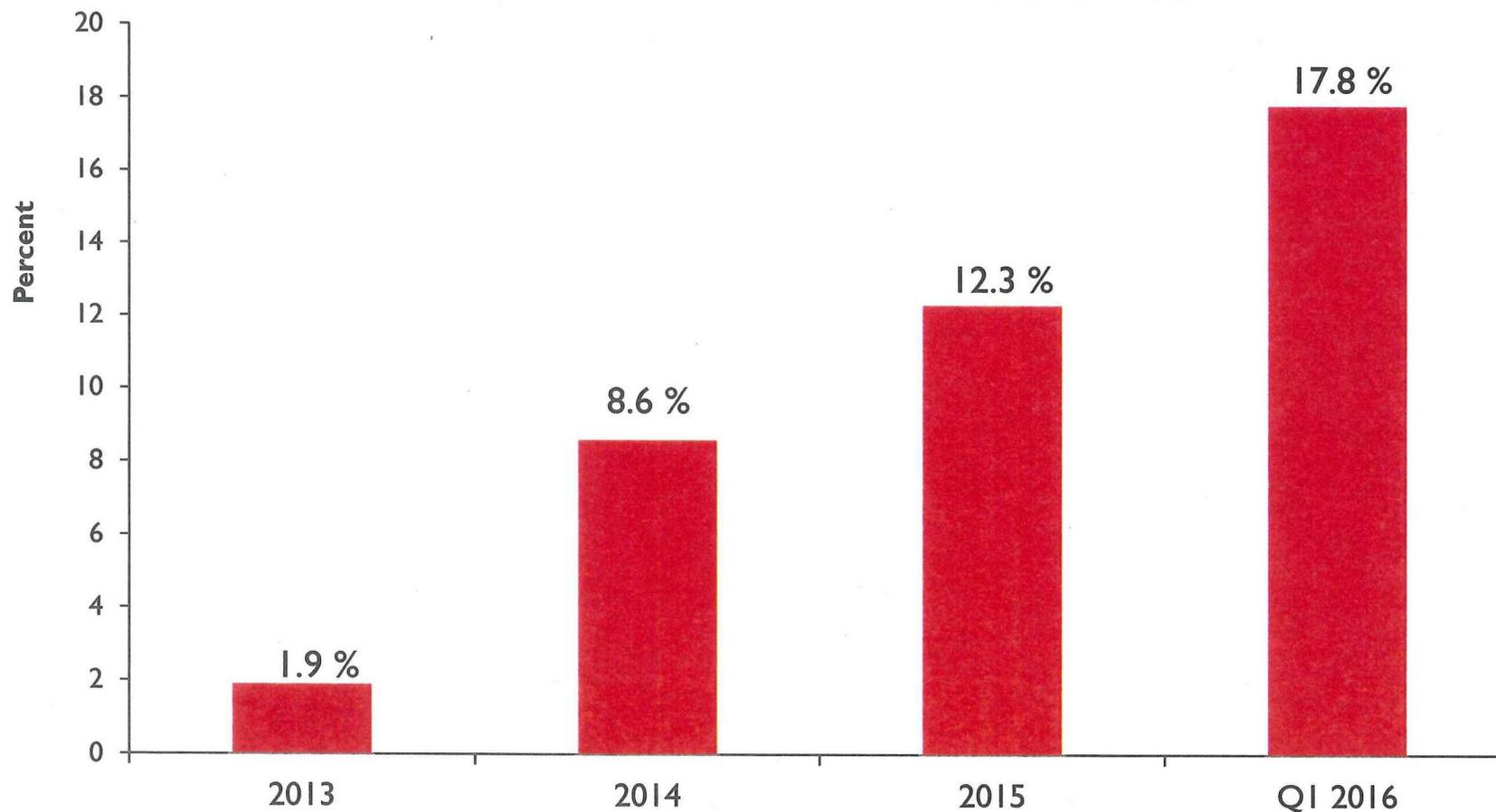


Imports from China Continued to Surge During the First Quarter of 2016



Since 2013, Imports from China Have Taken Almost **One Sixth** of the U.S. Market

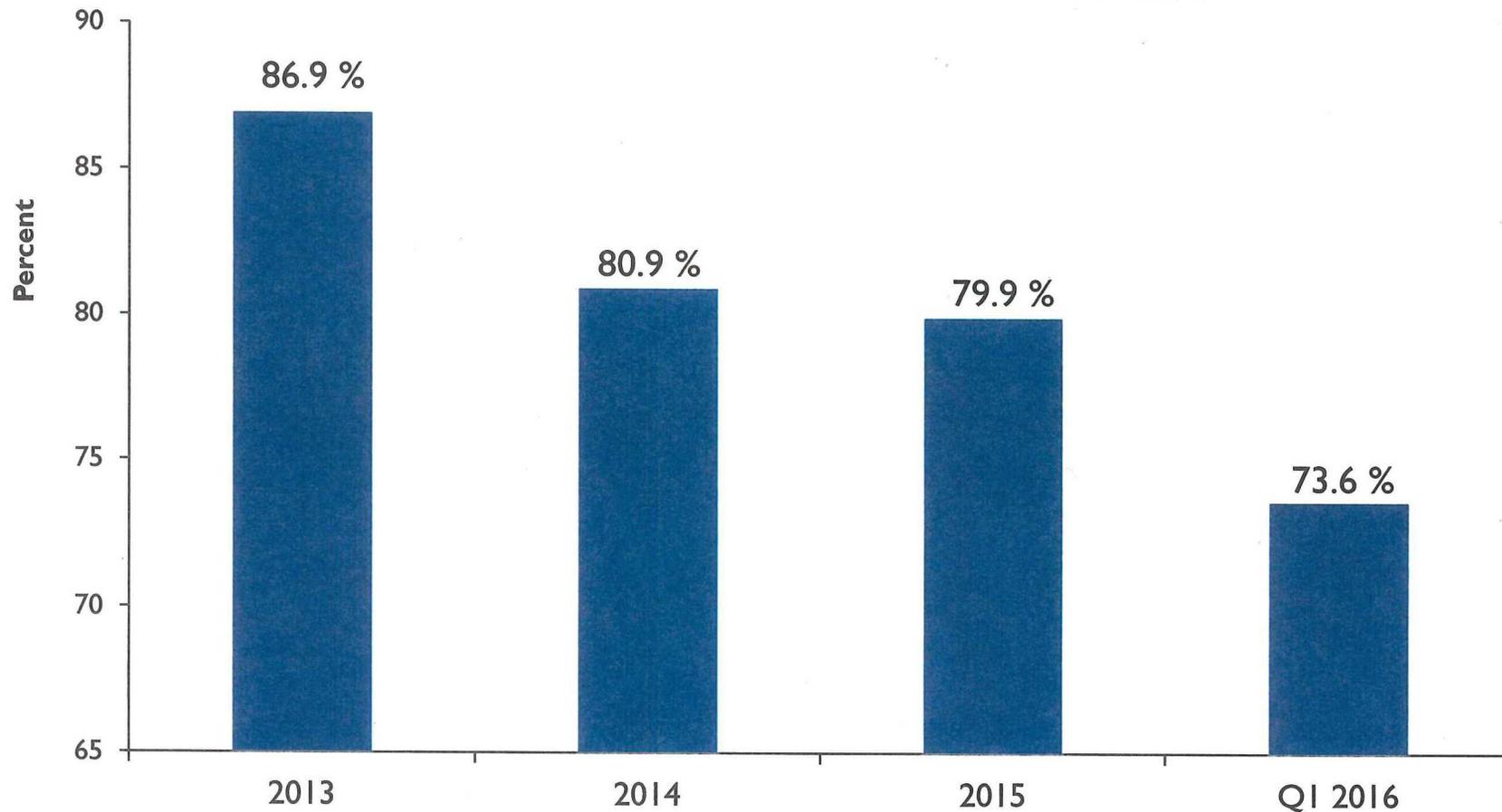
Chinese Share of U.S. Market



Source: Data from 2013 through 2015 from Vol. I of Petition at 17 (Public Version). Data for Q1 2016 based on U.S. production data from The Fertilizer Institute, and import and export data from USITC Dataweb HTS No. 3102.21.0000.

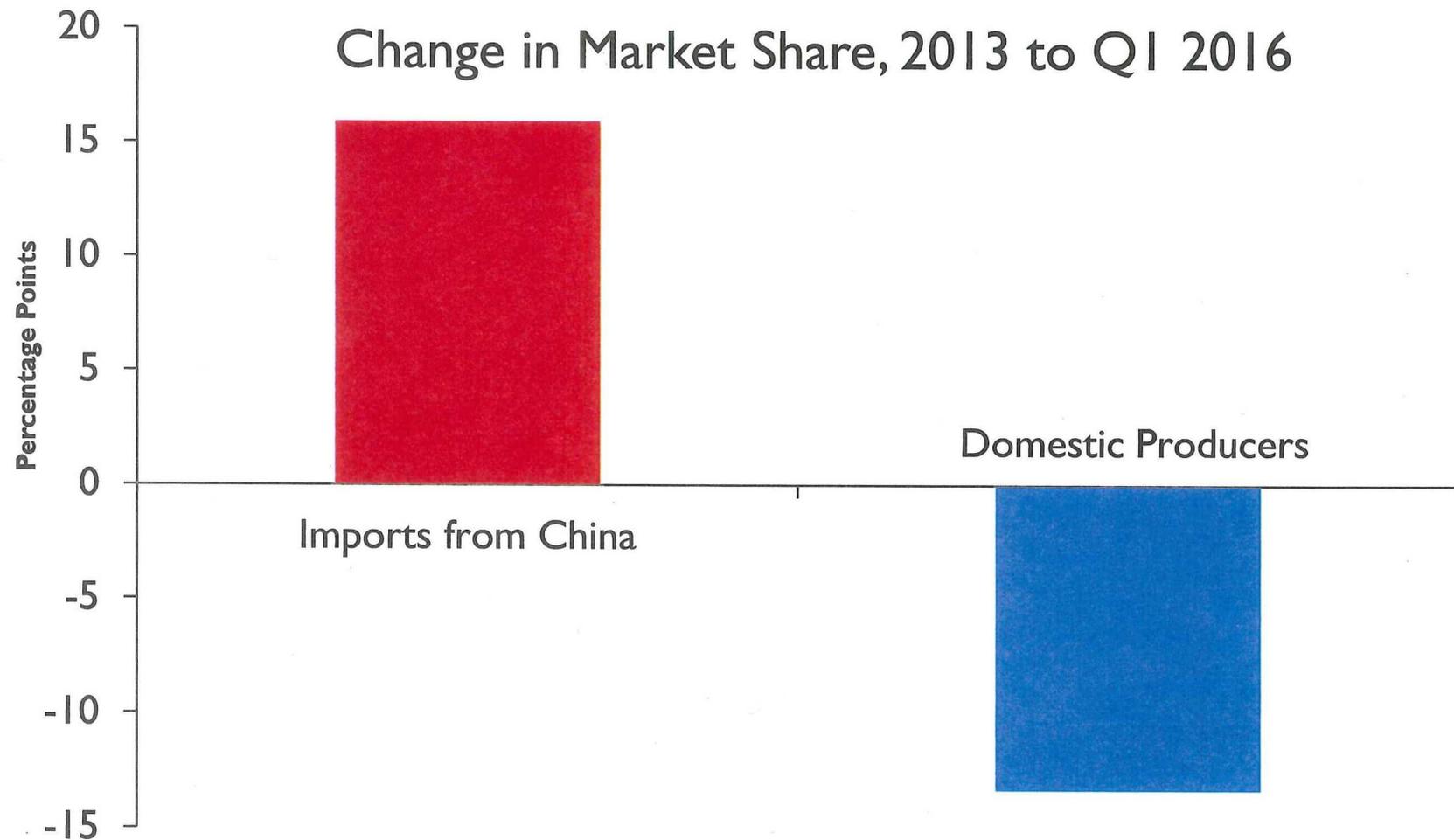
Meanwhile, Domestic Producers Have Been Losing Market Share

Domestic Share of U.S. Market



Source: Data from 2013 through 2015 from Vol. I of Petition at 17 (Public Version). Data for Q1 2016 based on U.S. production data from The Fertilizer Institute, and import and export data from USITC Dataweb HTS No. 3102.21.0000.

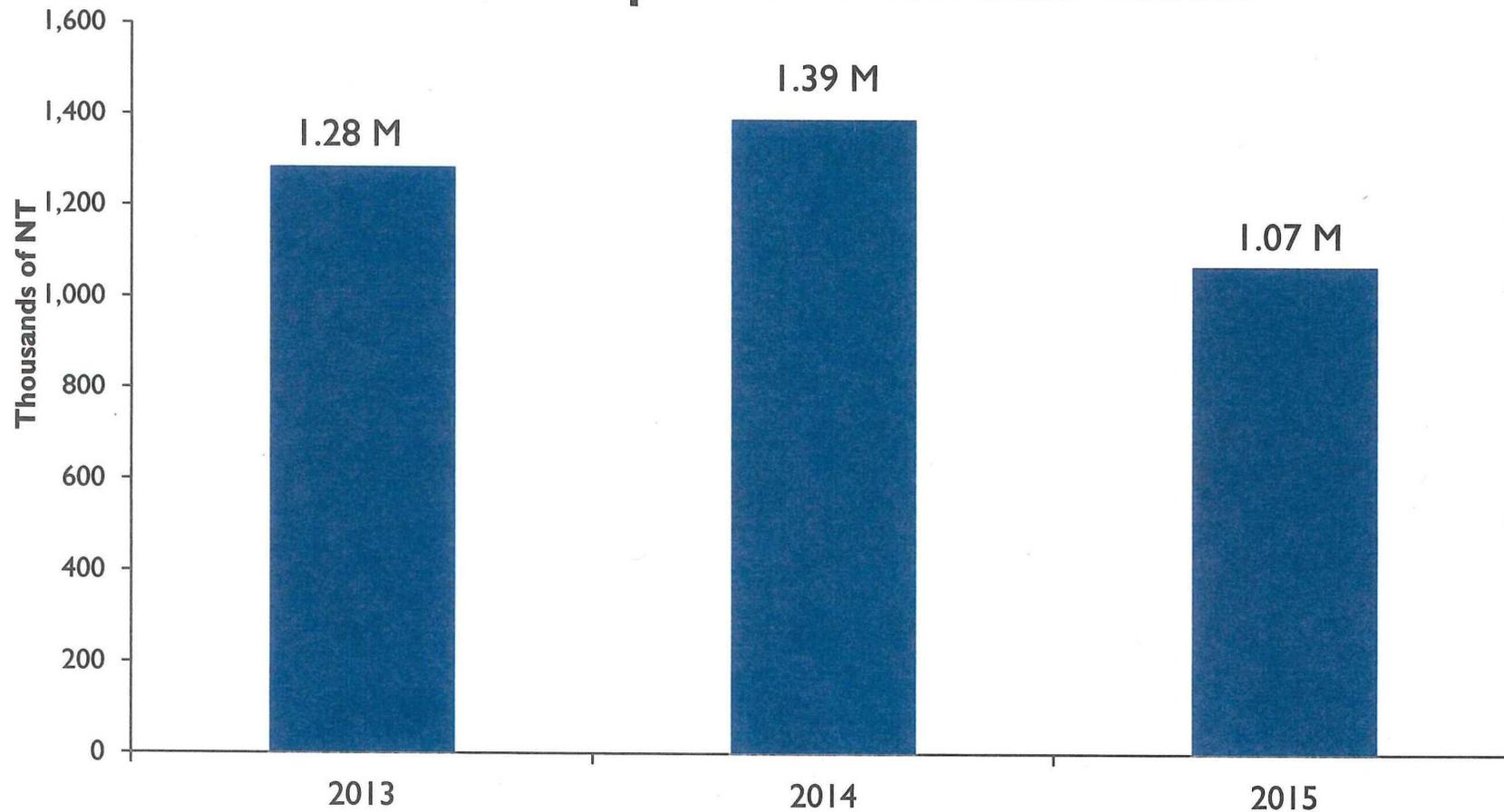
All of the Market Share Lost by U.S. Producers Went to Imports from China



Source: For change in domestic producers' market share, see slide 6. For change in Chinese imports' market share, see slide 5.

Domestic Producers Cannot Use Exports to Make Up for Lost U.S. Sales

U.S. Exports of Ammonium Sulfate



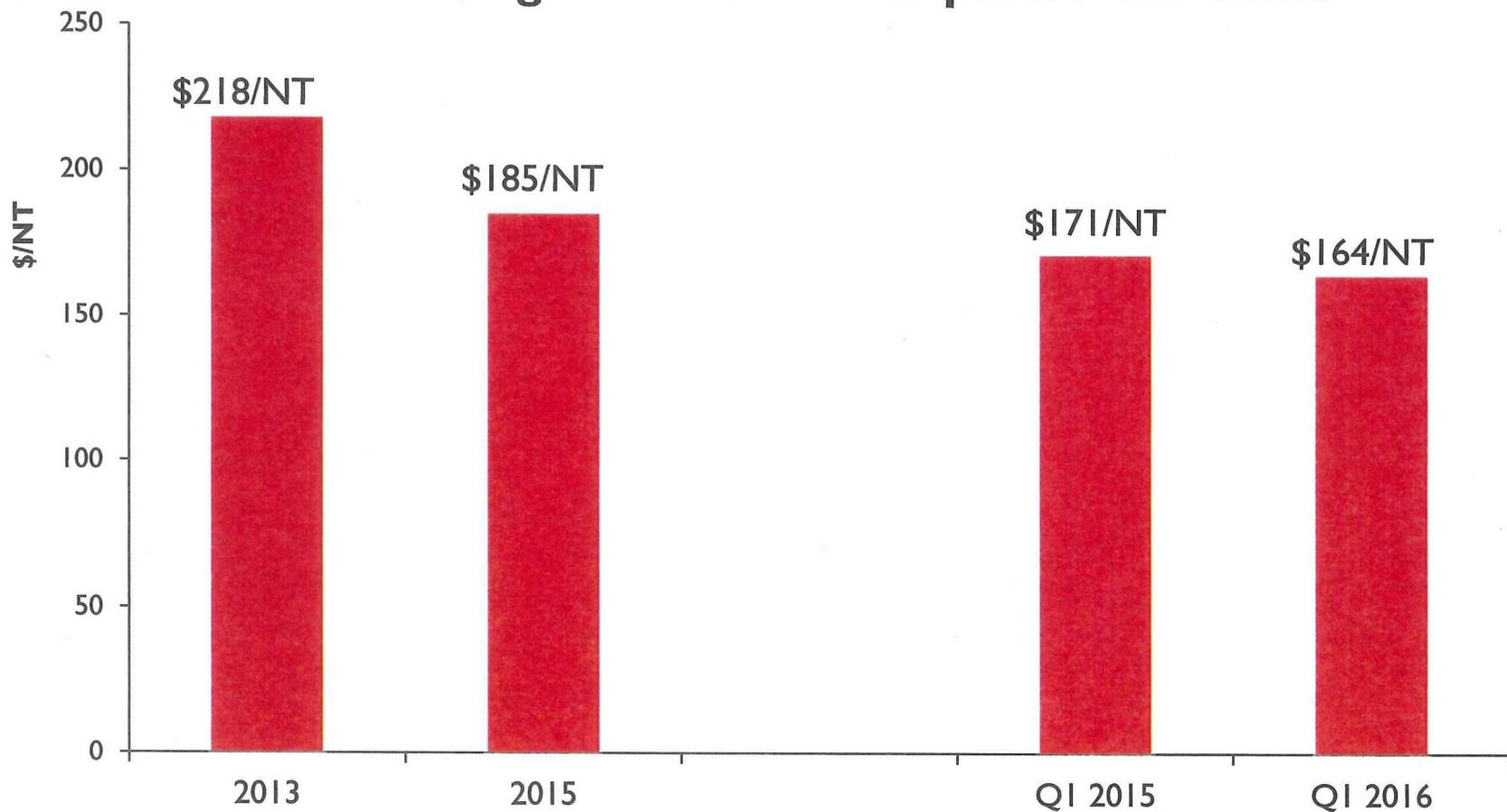
**The Price Effects of Chinese Imports
Are Significant**

Critical Points Regarding Price Effects

- Imports of ammonium sulfate from China are **generally fungible** with the domestic like product
- Thus, competition takes place **on the basis of price**
- During 2014 and 2015, unfairly-traded subject imports **suppressed U.S. pricing**, preventing U.S. plants from taking advantage of strong demand
- Growing volumes of subject imports have **depressed U.S. pricing** in recent months
- In the absence of trade relief, it is **impossible for domestic producers** to obtain a true market price

As Imports from China Increase, the Prices of Those Imports Are Falling

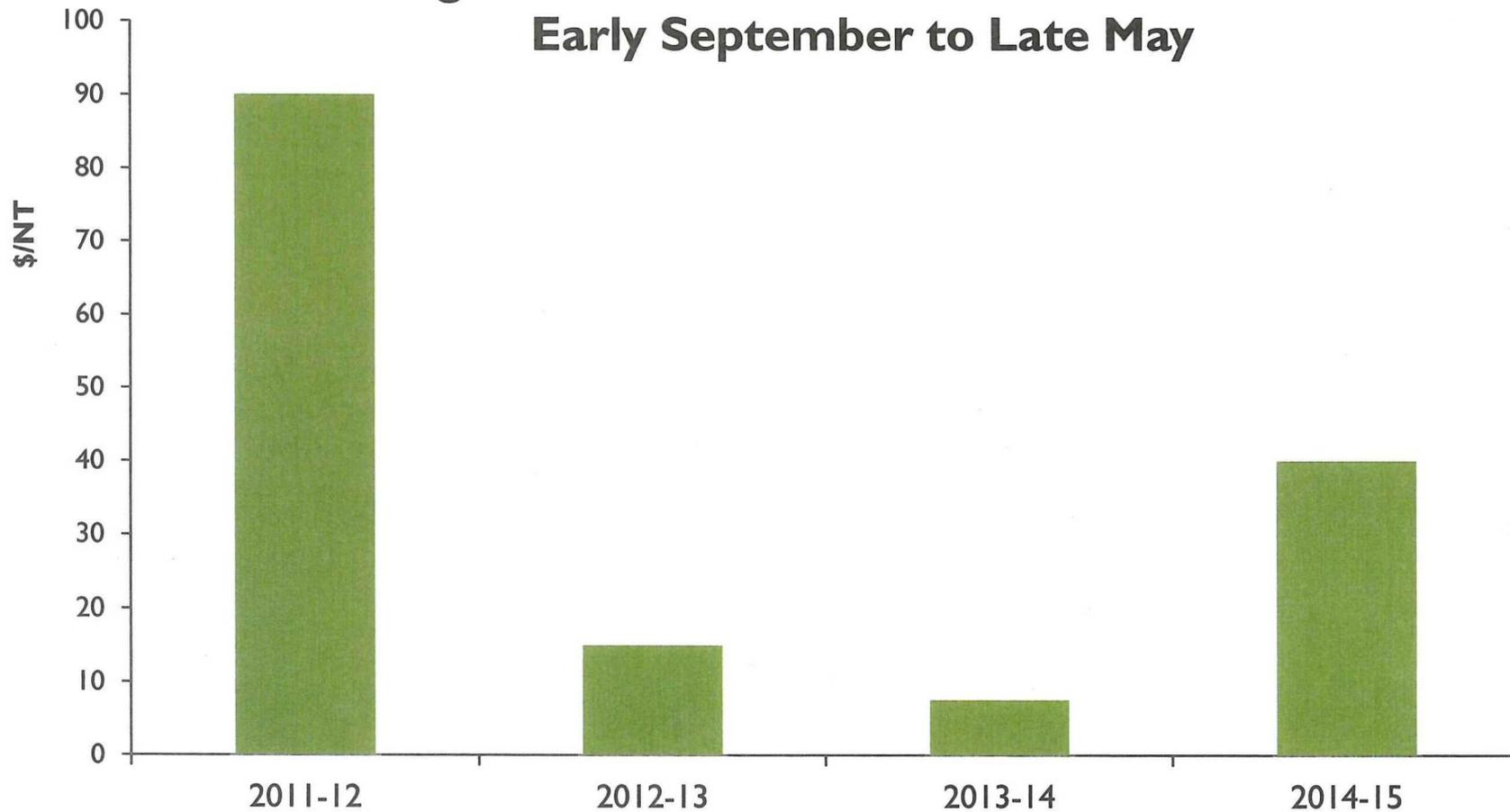
Average Unit Value of Imports from China



Source: Vol. I of Petition at 16 (Public Version).

Prices for Ammonium Sulfate Usually Increase from the Fall to the Spring

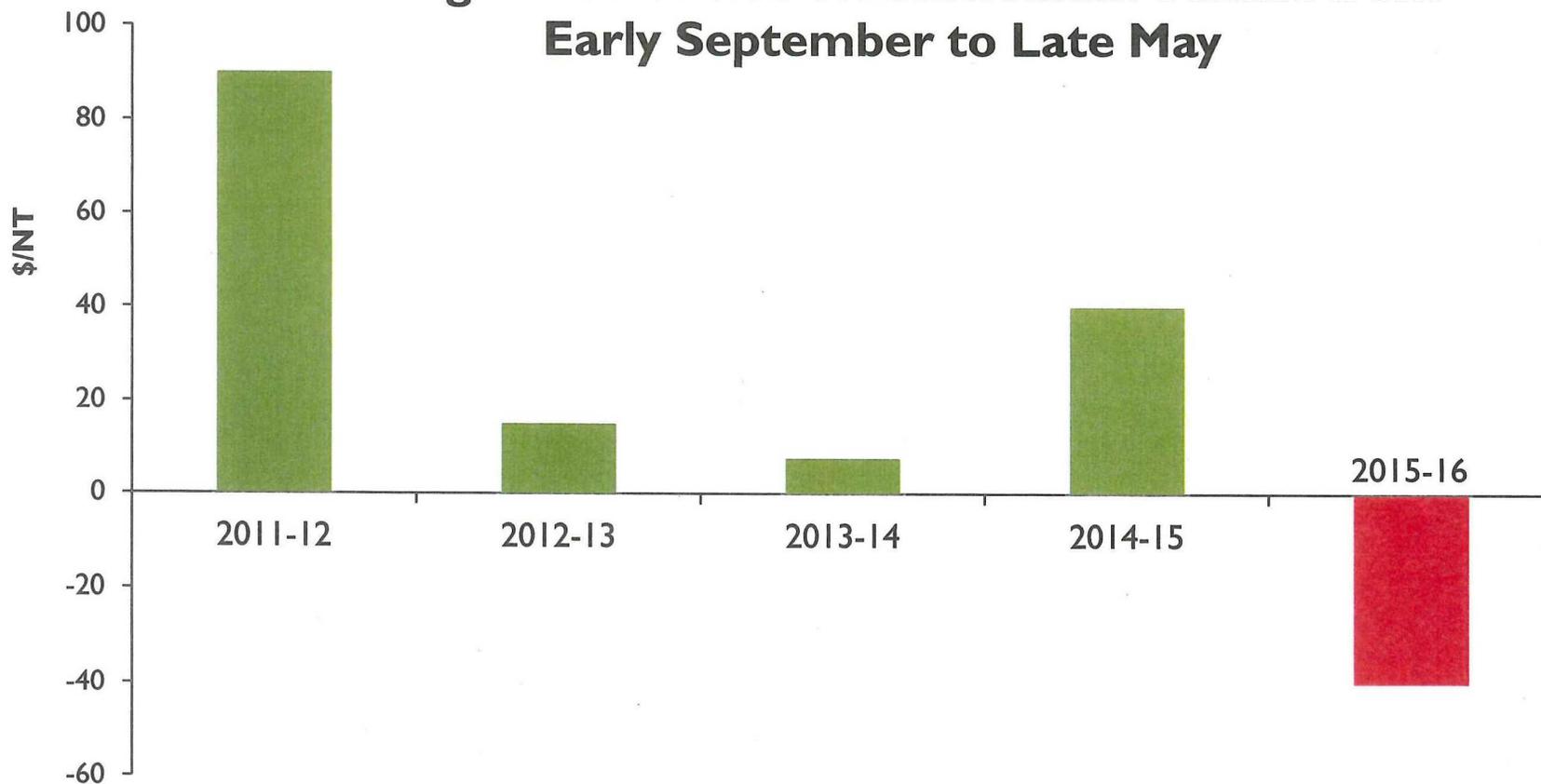
Change in U.S. Price of Ammonium Sulfate from Early September to Late May



Source: Green Markets.

But this Year, Under the Influence of Imports from China, *Those Prices Are Falling*

Change in U.S. Price of Ammonium Sulfate from Early September to Late May

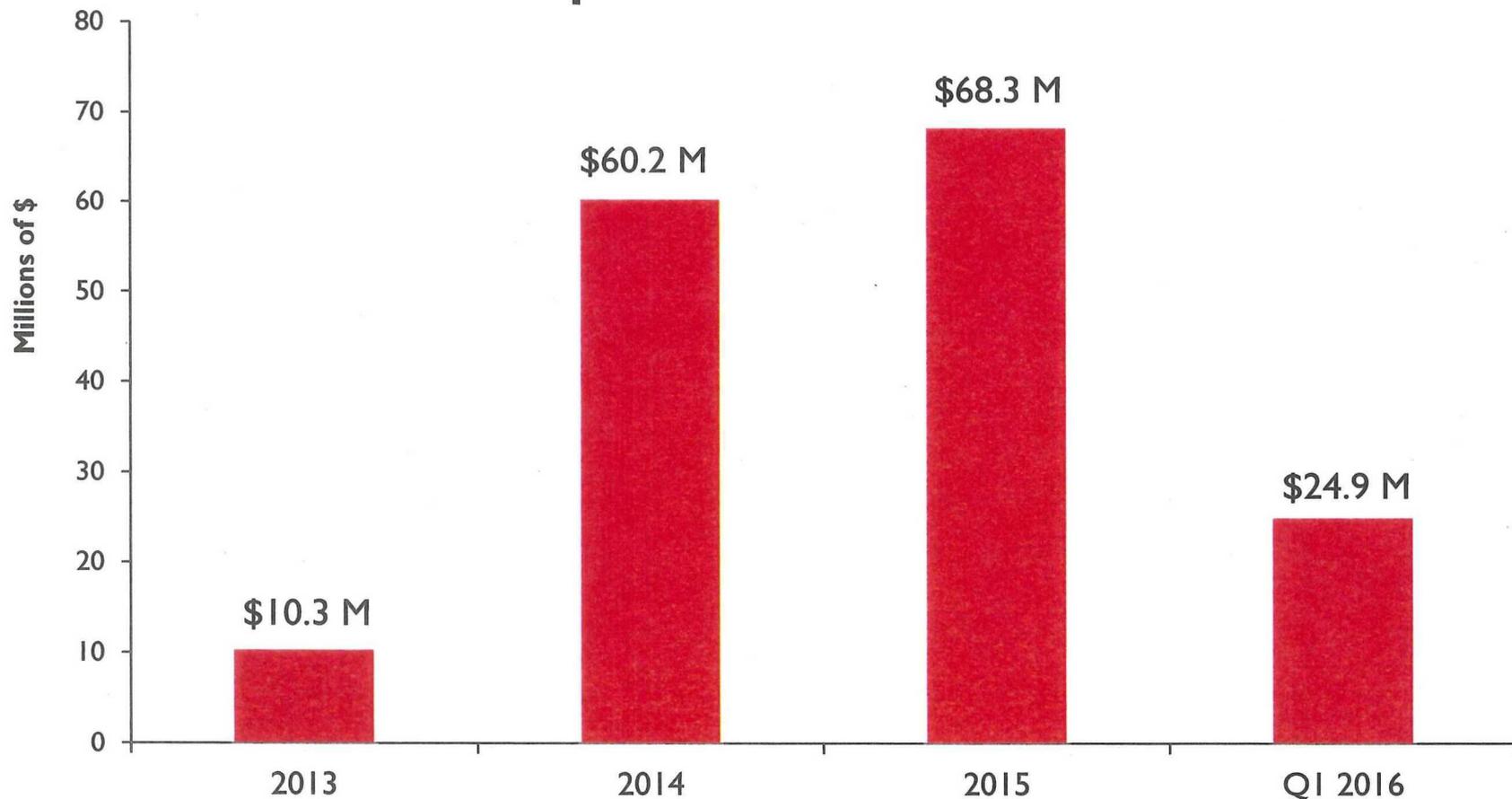


Source: Green Markets.

The Impact of Chinese Imports Is Significant

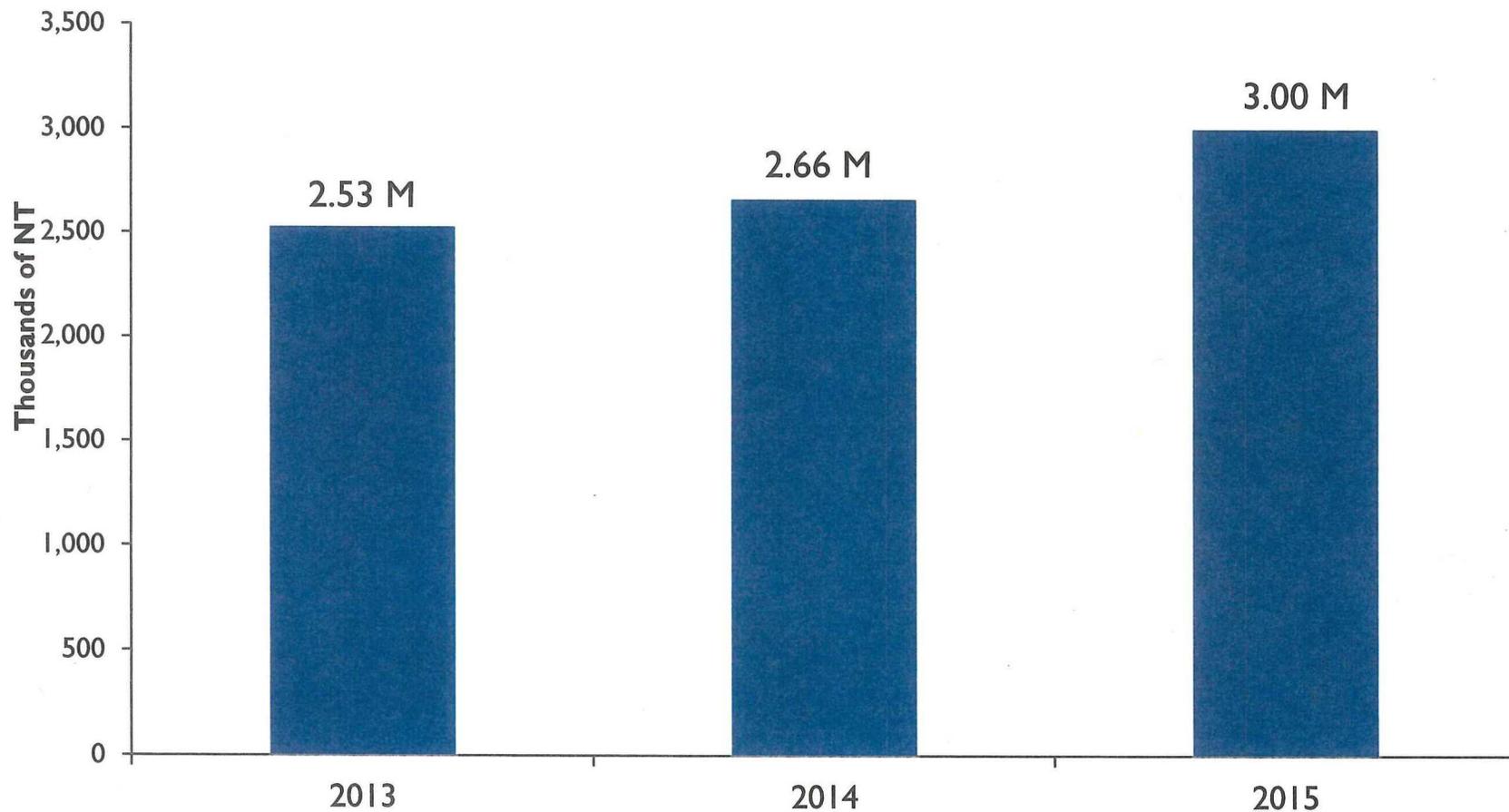
Since 2013, Imports from China Have Deprived U.S. Producers of More than ***\$160 Million in Revenues***

Value of U.S. Imports of Ammonium Sulfate from China



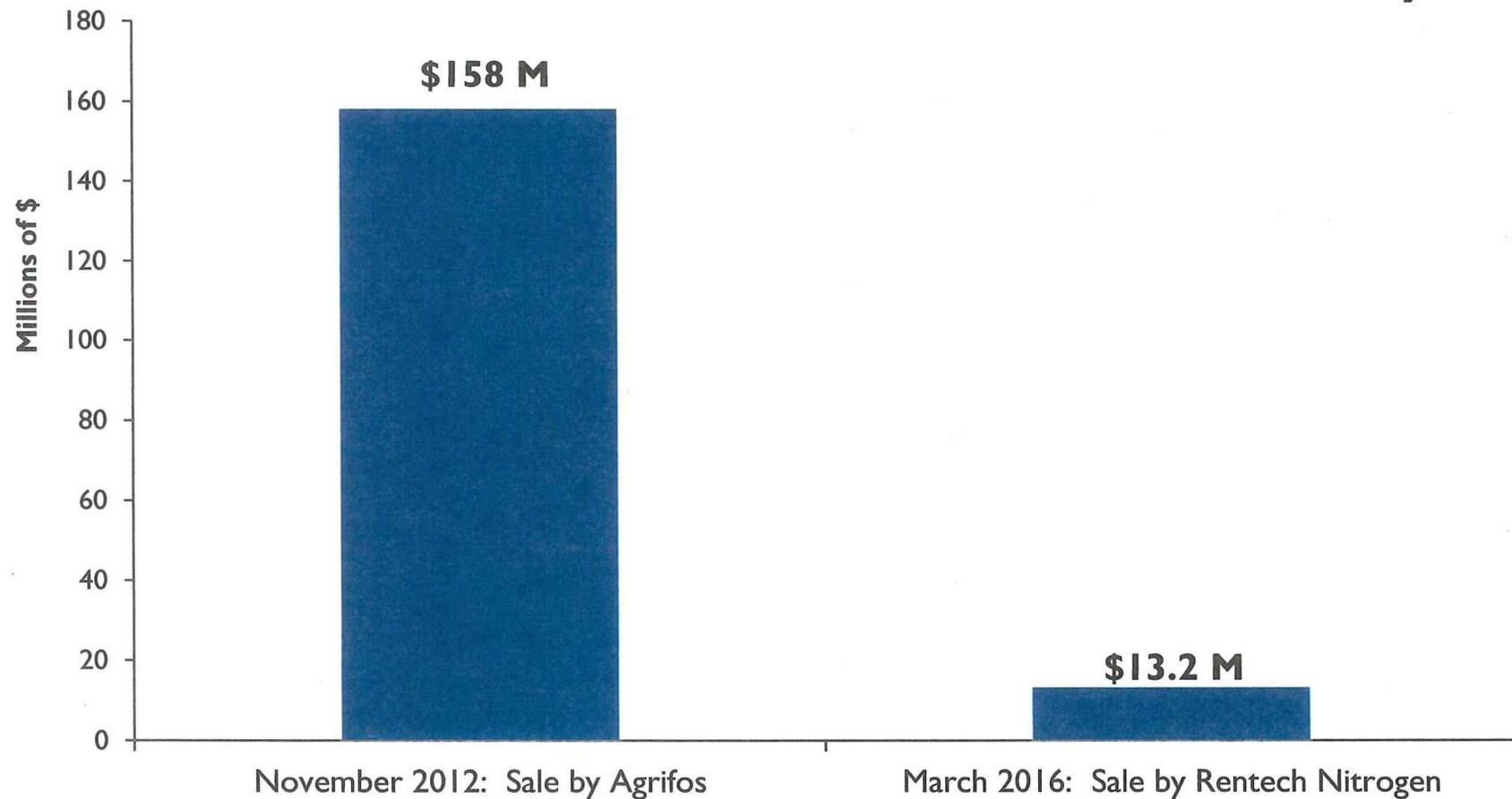
Demand Was Strong During the Period of Investigation

U.S. Apparent Consumption of Ammonium Sulfate



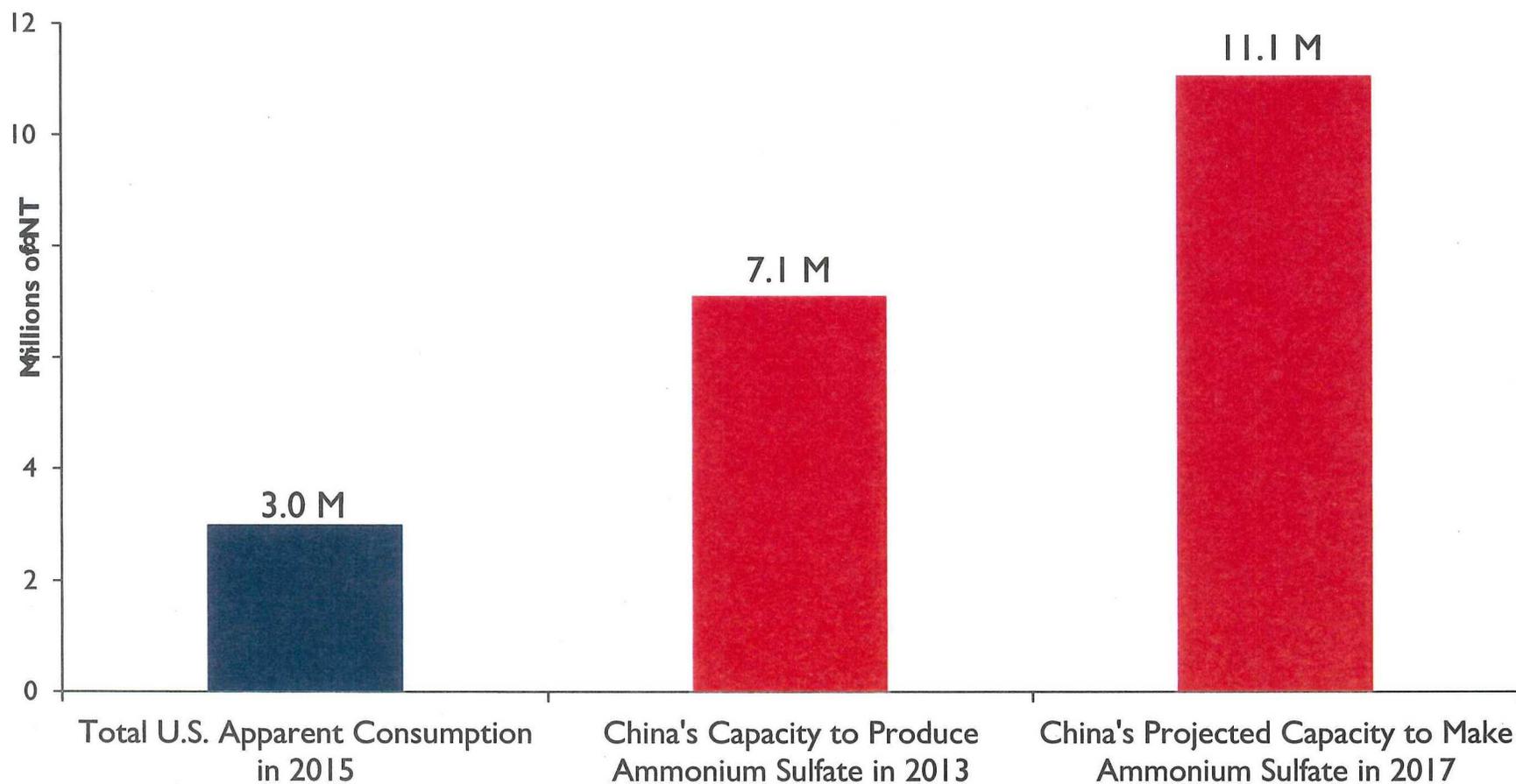
But Imports from China Have Had a Devastating Impact on U.S. Producers

Two Sales of the Same Ammonium Sulfate Facility



Chinese Imports Threaten Additional Material Injury

China's Ammonium Sulfate Industry Is Enormous – And *Growing*



Other Evidence Confirms the Threat Posed by Imports from China

- Domestic producers are **extremely vulnerable** to further material injury
- Imports from China have proven their ability to **rapidly increase market share**
- Chinese producers are **export oriented**
- The United States is a **very attractive market**
- As imports from China continue to grow, domestic producers must either reduce prices or lose even more sales – either option will lead to **further material injury**